

PUBLIC HOUSING AGENCIES

Public housing agencies at the federal, state or local government levels cater to specific market segments. The largest public housing agency is the *Fondo Nacional de Habitaciones Populares (FONHAPO)*, Federal Low-Income Housing Fund. *FONHAPO* loans are administered by state and municipal housing authorities. They average US \$4,000 per beneficiary, illustrating the low value of the housing units involved. Public housing agencies were responsible for about 7 percent of housing loans in 1994. *FONHAPO* alone provided US \$166 million, followed closely by the *Banco Nacional de Obras y Servicios Públicos (BANOBRAS)*, National Bank of Construction and Public Works, with US \$138 million.

Federal housing agencies lend directly to organizations representing low-income beneficiaries such as state and municipal housing authorities, housing cooperatives and credit unions, and also to individual homebuyers. Some of them provide technical assistance to borrowers in designing, contracting and supervising the construction of dwellings.

Public agency loans can be used for progressive construction, serviced lots, public service installations, home improvements, and self-help construction projects. Interest rates for 14-year mortgage loans are determined by the annual increase in the minimum wage plus 3 to 4 points. As of July 1994, interest rates vary from 10 to 11 percent, according to the borrower's income.

Under the *Plan Nacional de Vivienda*, National Housing Strategy, of the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development, public agencies are harmonizing their programs to improve efficiency. They are getting out of their previous role as builders and focussing on lending and promoting housing development. This change of policy will generate increased financing for developers catering to the lowest-income segment of the market.

MAJOR HOUSING FINANCE INSTITUTIONS, 1994

US \$

Feature	Commercial Banks	FOVI	Pension Funds	Public Agencies
Mortgage lending in US \$ millions	\$6,176.5	\$1,088.2	\$2,984.3	\$806.3
Lending share	55.9%	9.8%	27%	7.3%
Number of loans	138,839	42,721	172,000	150,391
Main type of dwelling financed	High-cost finished dwellings	Affordable housing	Affordable housing	Serviced lots and progressive construction

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