

The *Programa para la Edificación de Vivienda o Autoconstrucción* is intended to reestablish financing for housing developers that had to abandon construction because of the devaluation. There are some 30,000 housing units in the final stage of construction that could be sold this year, if they can be finished. The government will distribute funds for bridging loans through the commercial banks. When the units are finished the banks will use a portion of the funds for individual mortgages over 25 years at a real interest rate of 11 percent.

The third element in the new housing program consists of a series of supplements to the normal activities of *FOVI*. The government expects to preserve 120,000 jobs and create 80,000 new ones through these *FOVI* activities. This initiative is designed to reactivate new housing construction. The objective is to start building 70,000 new homes by the end of 1995 through the regular *FOVI* program, and 48,000 more for 1996 through an extraordinary program. As a complementary measure, all bridge loans offered by banks will have the same guarantees and safety mechanisms as individual mortgages. The supplementary program for 1996 will be focussed on housing of types A and B1, which are small homes intended for low-income purchasers.

Even though *FOVI* announced in April that it would raise real interest rates, the federal government has decided that it should maintain its current 5 percent real rate in order to benefit families with incomes in the range of three to five minimum wages. These beneficiaries will pay about 25 percent less than the prevailing rates at commercial banks.

FOVI will also provide funds for new housing loans through the *Sociedades Financieras de Objeto Limitado*, which are institutions with limited credit authorized by the government to make housing loans. Six thousand additional loans will be available for 1996.

RENOVATION MATERIALS

Of the 380,000 homes expected to be built in Mexico in 1995, more than two-thirds will be renovations. In response to the devaluation, the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development, has initiated a new program for home improvements. It combines technical advice from universities with subsidized construction materials in an effort to promote do-it-yourself remodelling.