



SOCIAL HOUSING PERU

Peruvian Chambers of Construction (CAPECO)

Presentation to the

International Housing Association

November 3-4, 2016

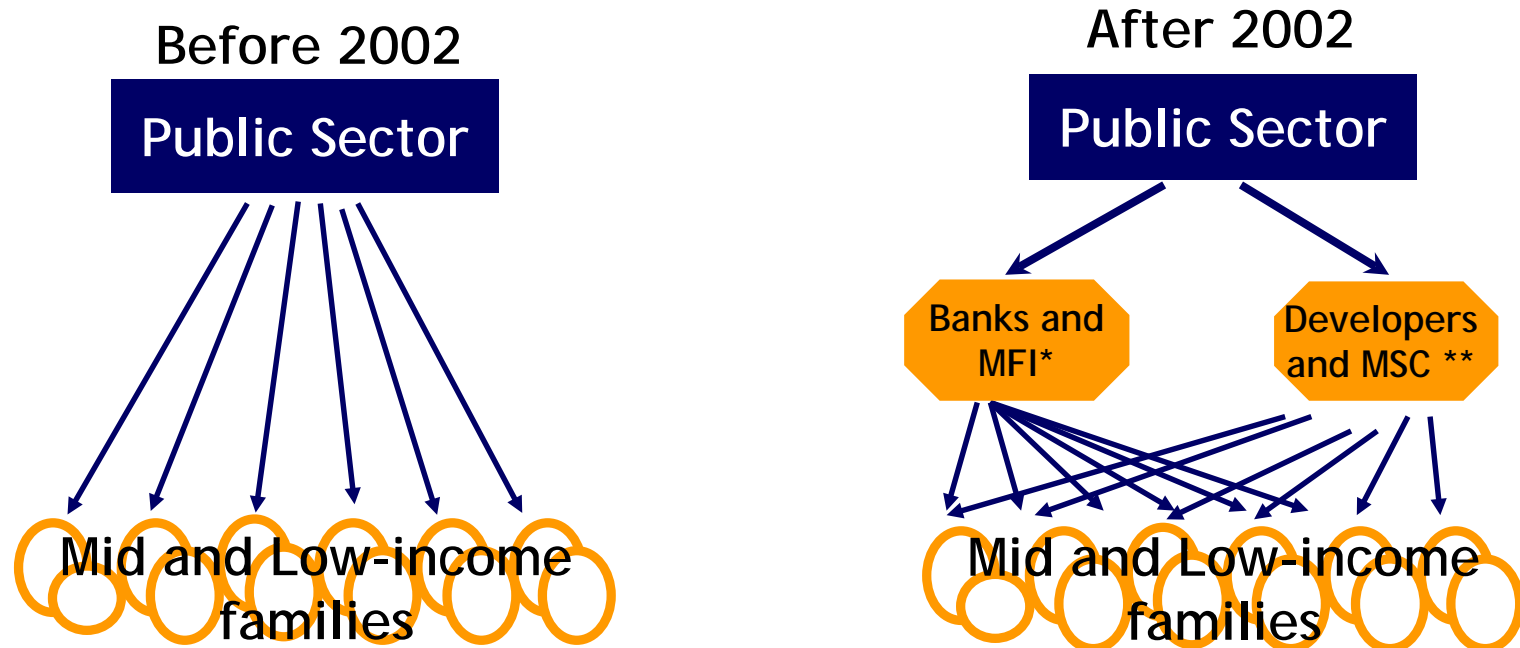


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3- STATUS OF SOCIAL HOUSING IN PERU

In 2002, national government launched a new housing policy: the state assumed a role as a facilitator of private sector involvement, through the funding for mortgage credits and direct subsidies to poor and mid-income families.



(*) Micro Financial Institutions

(**) Micro and Small Contractors

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3- STATUS OF SOCIAL HOUSING IN PERU

Fourteen years later, this strategy is just beginning to show some results. Last census (2007) estimated an existing housing deficit of nearly 1.9 millions units.



Source: National Institute of Statistics and Informatics.

45% of the quantitative deficit is concentrated in Lima, the capital of the country and most populated city (10 millions) and 80% of poor quality housing is in rural areas.

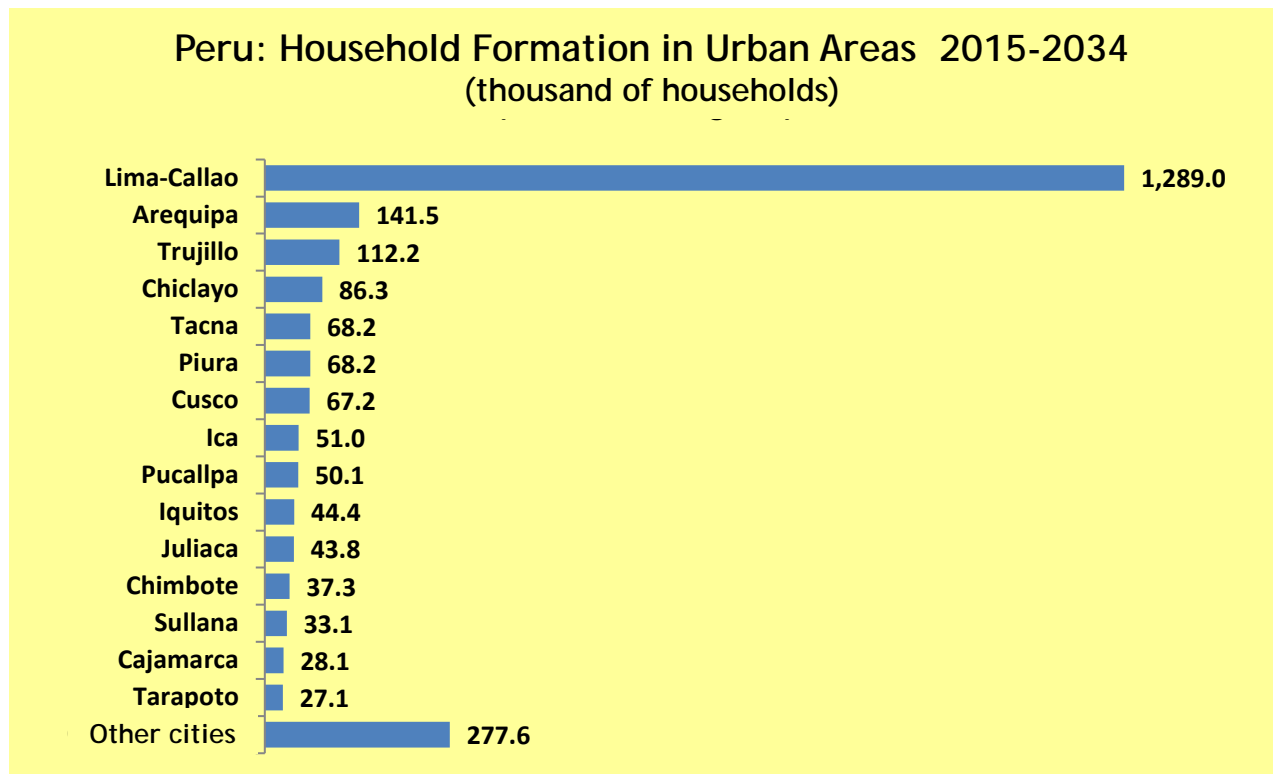
National Institute of Statistics determined that 150 000 houses were built annually in the last fifteen years and 85% of them in urban areas: 70% of them were built informally.

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3- STATUS OF SOCIAL HOUSING IN PERU

In the next 20 years, there will be 2.4 million new households in 35 major cities of the country, which means it will need the same number of homes: 50% in Lima.



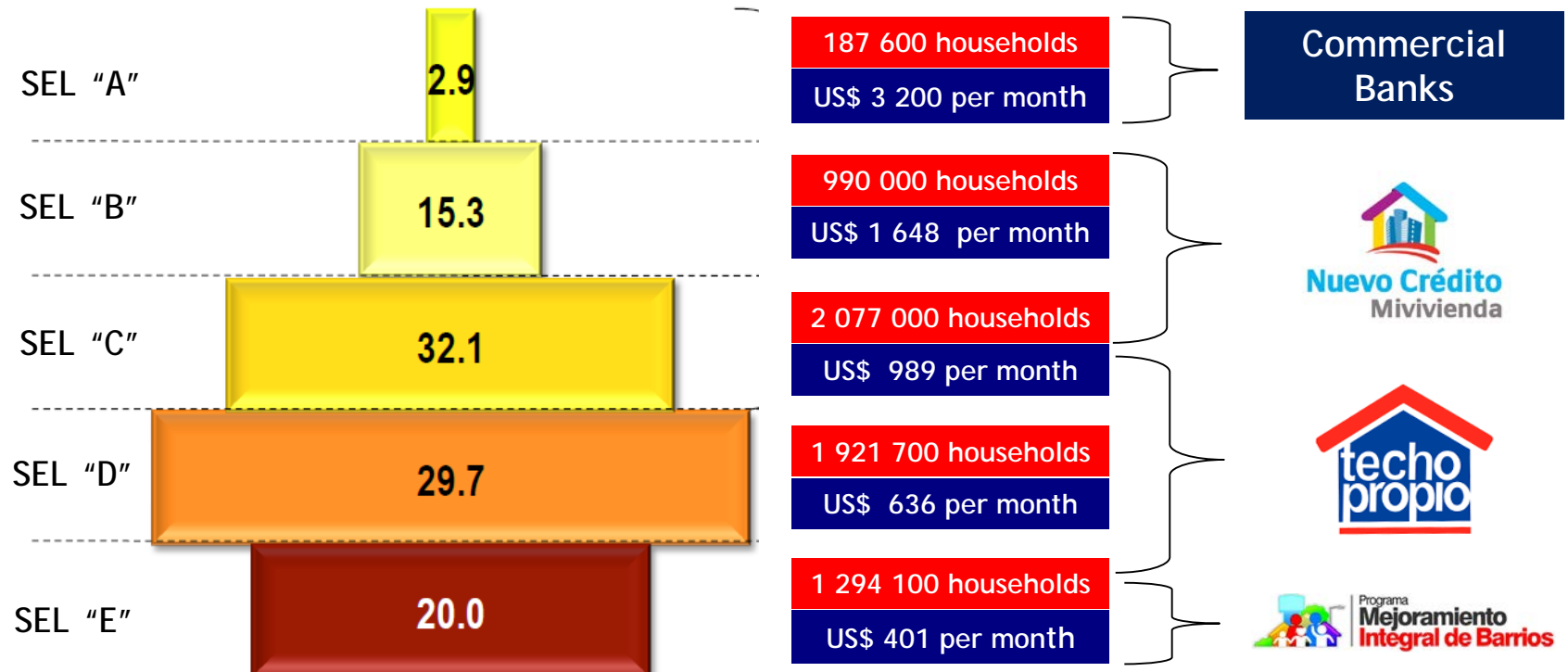
Source: Invertir Institute

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3- STATUS OF SOCIAL HOUSING IN PERU

In urban areas of Peru live 6.47 million households, divided into 5 socioeconomic segments. Housing policy established different and complementary programs, whose design was based on the incomes, habits and expectations of families, according to these socio-economic levels (SEL).



Source: Peruvian Association of Market Research Companies

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3- STATUS OF SOCIAL HOUSING IN PERU



SEL B



SEL C



- Mortgage loans for purchase or construction of homes ranging in value from **US\$ 24 000 to US\$ 116 000**. Loans are denominated in “soles”.
- Funds are provided by the State, but clients must be qualified for a loan by a commercial bank. No member of the family unit may be a property owner.
- The house to be purchased must be a first time sale.
- Down payment of 10% and repayment period up to 20 years.
- Interest rate of 12%, but it can be reduced to about 11%, through an incentive for timely payment of credit.
- Typically, developers offer apartments of 600 to 950 sqf.

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3- STATUS OF SOCIAL HOUSING IN PERU



- **Option 1: Targeted to houses for purchase priced up to US\$ 24 000.**
- **Direct subsidy up-front of US\$ 8 300.**
- **Clients must be qualified for a loan by a commercial bank. No member of the family unit may be a property owner.**
- **Family incomes under US\$ 720.**
- **Down payment of 3%, repayment period up to 20 years and interest rate of 12%.**
- **Loans are denominated in “soles”.**
- **Typically, developers offer single basic houses of 400 sqf. Families can be complete their homes through self-construction**

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3- STATUS OF SOCIAL HOUSING IN PERU



Before



After



- **Option 2: Targeted to construction of houses on formalized lots.**
- **Direct subsidy up-front of US\$ 5 500.**
- **Down payment US\$ 220. Not required to take a mortgage.**
- **Family incomes under US\$ 720.**
- **Houses provided by micro or small contractors.**
- **Typically, they offer single basic houses of 360 sqf. Families can be complete their homes through self-construction.**

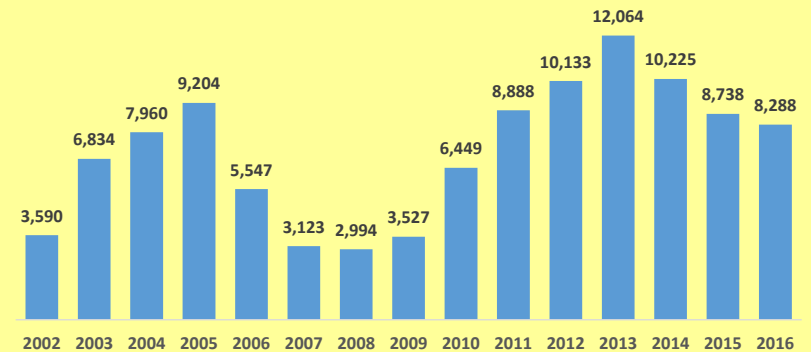
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3- STATUS OF SOCIAL HOUSING IN PERU

Since 2002, social housing programs have provided 360 000 units, less than 20% of total houses built in urban areas, but 50% of formal market.

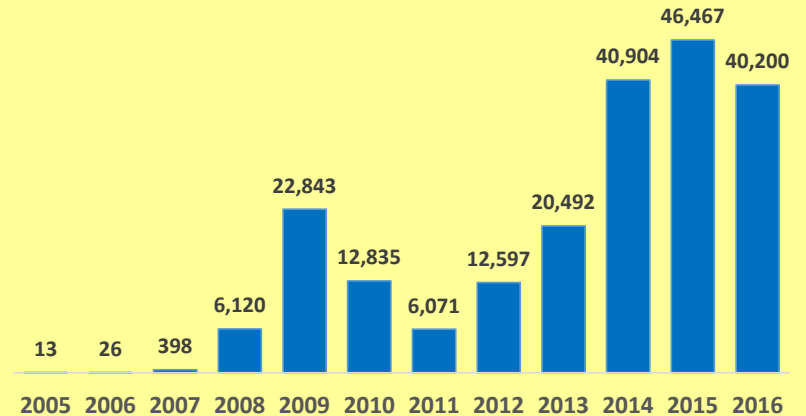
NÚMERO DE CRÉDITOS MIVIVIENDA DESEMBOLSADOS



NÚMERO DE BFH-VIVIENDA NUEVA DESEMBOLSADOS



BFH DESEMBOLSADOS-CONSTRUCCIÓN EN SITIO PROPIO



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3- STATUS OF SOCIAL HOUSING IN PERU

President Kuczynski, elected this year, expect built 500 000 houses in next five years: 450 000 in urban areas.

CAPECO considers that to achieve this goal is required overcome the following structural problems affecting Peruvian housing market:

- Soil. Lack of urban land for formal projects, social housing especially
- Sanitation. Growing difficulty in obtaining water and sewage facilities for these projects.
- Subsidies and financing. Insufficient state funds. To promote 500 000 houses: US\$ 3.2 billions in loans and US\$ 2.5 billions in subsidies.
- Simplification. Construction permits procedures too long, expensive and unpredictable
- Security. Violence and informality in building works.



THANK YOU.



IHA Secretariat