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THE ADMINISTRATION OF
HOUSING PROGRAMS
AND
HOUSING INSTITUTIONS
IN DEVELOPING COUNTRIES

By Eric Carlson

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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INTRODUCTION

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This report is an endeavor to bring together, for the use of developing countries, some of the major aspects involved in the administration of housing programmes and housing institutions. The report should be helpful to government officials and administrators concerned with the establishment and organization of new programmes in the housing and urban development sector.

The report draws freely upon the results of the wide existing experience acquired in this field, and upon the international documentation listed in the bibliography.

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TABLE OF CONTENTS

| <u>Chapter</u> | | <u>Page</u> |
|----------------|---|-------------|
| I | Housing in the Economic and Social Setting | 1 |
| | A. Projecting Housing Needs and Availability of Resources | 5 |
| | B. Implications for Development Plans and Housing Policy | 11 |
| | C. Orientation of Government and Administration to Meet and Interweave Needs for Housing and Community Facilities | 12 |
| II | Authority for Establishment of Housing Programmes and Institutions | 21 |
| | A. Required Minimum Elements of Legislation or Decree | 23 |
| | B. Co-ordination with Major Governmental Agencies | 37 |
| | C. Co-ordination with Private Sectors | 42 |
| | D. Areas of Executive Responsibility for Housing Institutions | 46 |
| | E. Multi-purpose or Specialized Agencies | 48 |
| III | Financial Aspects of National Housing Programmes | 53 |
| | A. Initial Capital, Budgetary Allocations and Financial Attributions of Housing Agencies | 53 |

ChapterPage

| | | |
|------------|--|-----|
| Con't. III | B. Central Funding Agencies or Housing Banks - Sources of Credit | 54 |
| | C. National, State and Local Considerations | 73 |
| | D. Sound Policies and Management as Essentials of Avoiding Decapitalization | 78 |
| | E. External Resources as a Possible Additive - Limiting Factors | 83 |
| IV | Basic Elements in Planning and Executing Housing Programmes | 86 |
| | A. Central Functions and Those Suitable for Delegation, Decentralization and Deconcentration | 93 |
| | B. Differences between Urban and Rural Programmes - Deciding on Allocation of Resources Between Them | 98 |
| | C. "Posdcorb": Supervision and Controls | 102 |
| V | Organization and Staffing of Housing Agencies | 115 |
| | A. Typical Organization and Departmental Structures | 126 |
| | B. Recruitment of Personnel and Building of Nucleus Team | 152 |
| | C. Staff Expansion and Administration of Personnel | 154 |
| | D. Education and Training Aspects | 156 |
| | E. Public Relations and Information Responsibilities | 161 |

Con't.

ChapterPage

| | | |
|------|--|-----|
| VI | Fundamentals of Programme Execution | 165 |
| | A. Project Development | 171 |
| | B. Award of Contracts | 176 |
| | C. Inspection of Performance | 180 |
| VII | Management Considerations and Provision of Community Services to Completed Projects | 183 |
| | A. Form of Occupancy and Stimulation of Tenant Responsibility | 186 |
| | B. Non-Profit Associations and Cooperatives | 191 |
| | C. Principles of Management - Tenant Relationships | 202 |
| | D. The Maintenance Factors | 205 |
| | E. Extension of Community and Social Services | 208 |
| VIII | Periodic Review and Evaluation Functions of Housing Agencies | 212 |
| | A. Importance of Inter-Professional Approach | 217 |
| | B. Establishing New Objectives | 222 |
| IX | International Technical Assistance | 231 |
| | A. Types of Aid Available | 233 |
| | B. Organizing for Efficient Use of Such Aid | 241 |

X Summary

243

Con't.

ANNEXES

Appendix

Page

i

Table 1. Estimated housing needs of Africa, Asia and Latin America (1960-1975)

Table 2. Dwelling output per 1,000 population required to meet housing needs of Africa, Asia and Latin America for specific years, 1960-1975

Table 3. The economic significance of construction

Annex I

UNITED NATIONS. Policy resolution on housing, building and planning in the United Nations Development Decade

iii

Annex II

Inter-American Development Bank.
An Urban Development Policy

v

Annex III

Agency for International Development.
Statement of Policy. Urban Development and Housing

xi

Annex IV

Bibliography.

xvii

I. HOUSING IN THE ECONOMIC AND SOCIAL SETTING.

I. Housing in the Economic and Social Setting.

Although the housing problem is world-wide in scope, it is particularly acute in the developing regions of Africa, Asia and Latin America, where it is estimated that more than 1,000 million people are homeless or living miserably in sub-standard housing. The governments of all the less developed countries face mounting needs for housing and urban development, as, in general, housing conditions are continuing to deteriorate at an alarming rate, both qualitatively and quantitatively, and the provision of urban facilities and community services has fallen far behind the requirements of rapid urbanization.

In the developing regions, from 24 to 27 million dwelling units should be constructed annually from 1965 to 1975 to eliminate existing shortages, to house the increases in population, and to replace units which become obsolescent or are destroyed.^{1/} While the annual construction in these regions should be at least ten dwelling units per 1,000 inhabitants, less than two dwelling units per 1,000 are being built at the present time in the majority of countries concerned. Moreover, the situation will inevitably become more acute, as in ^{by the year 2000} the next 40 years the world's population is expected to rise to 7,000 million and about ^{two-thirds} 60 per cent will become urban in character. With world population increasing at 2 per cent per year and urban population by over 4 per cent, more urban construction will be required in the next 40 years than hitherto in the whole history of man.

Difficult political, economic and social decisions are involved in defining the place of housing among other programmes of

^{1/} See tables 1 and 2, Appendix. From World Housing Conditions and Estimated Housing Requirements. Department of Economic and Social Affairs, United Nations. New York, 1965. Sales No. 65.IV.8.

national development. There is no doubt that ^{national housing programs} attention to housing and the better assurance of urban land tenure can make an important contribution to political stability, which in turn ^{improvement} is a factor promotes economic development, because it will provide people with a stake and hope of meeting their fundamental aspirations - Even if they could be provided, jobs, food and health are not enough to prevent unrest. It is clear, of course, that both public and private resources available for investment in the housing and urban development sector are limited, and must therefore be utilized effectively to achieve a sustained increase in the levels of housing production and improvement. Resources and aspirations must somehow be matched and priorities must be established toward meeting the basic objectives and the evolving standards which will be part of the transition from traditional to modern societies. // Without effective government action, however, for the establishment and administration of sound policies and programmes, there can be no sound progress in this sector. The limited resources are likely to be dissipated in the construction of a few high-cost projects which will serve only small segments of the population, or the lack of controls will foster excessive speculation in land which will further drive housing costs beyond the reach of those who need it most. Living conditions for the masses of the people will continue to worsen, with all the implications and potential explosiveness that this will entail in the conditions of the modern world. No government today can therefore afford to overlook the

organizational concepts and tools of sound public administration and ~~how these should be brought into play~~ for the formulation and execution of the policies and programmes for sound housing and urban development ^{Programs} which are so closely related to other fundamental aspects of the national economic and social setting.

The betterment of living conditions underlies efforts to increase industrial and agricultural productivity, to raise and maintain standards of education, health and sanitation, and to promote general social welfare. However, in overall national development programmes, housing is a form of investment which must compete with these other areas for the limited available supply of investment funds, and in these terms it falls between the quick returns of agriculture and industry, and the slow returns on infrastructure investment such as for health and education. Yet, housing programmes can also be an important incentive to overall economic development in that they can serve to stimulate savings, mobilize otherwise unused resources, and, through the building industry, serve as a breeding ground of skills, technology, management and enterprise.

Good housing is not produced "automatically" as the result of progress in other fields. Slums are being created faster than ever before in the expanding urban areas of the majority of less developed countries, as they were in Western Europe a century ago. The rising tide of urbanization is a phenomenon which all countries must deal with, but the problems are particularly difficult in the developing regions where urban growth rates are often twice as high

as general increases in population, while environmental living conditions in the rural areas remain primitive and unacceptable. Moreover, in the midst of rapid urbanization, the developing countries today have inherent problems of trade, development, slow economic growth rates, and in "catching up" to the industrialized countries, which further hamper their efforts to deal with their urbanization problems in an orderly way. While their natural resources are still largely underdeveloped, their productive tools and capital resources inadequate, the developing countries must pay more in primary commodities and materials for decreasing amounts of capital goods and other essential imports from their industrial trading partners.

The lack of decent housing has its roots in the typical characteristics of many developing countries - the low per capita incomes, the high rates of population increase, the under-utilization of natural and human resources, the prevalence of speculation in land, the absence of an organized building industry, ✓ of appropriate financial institutions and savings systems, etc. ✓

It is up to national governments to establish the strong organizational structure required to cope with the problems involved, one which will provide for a clear allocation of functions and responsibilities between the public agencies concerned in one way or another with the improvement of the living environment, and which will be able to bridge the gaps in terms of co-ordination, direction and communication between public and private sectors in meeting both urban and rural housing needs.

A. Projecting Housing Needs and Availability of Resources

In all developing countries, the needs for housing far surpass the availability of resources to meet them, whether from the public or private sectors. In view of the vast requirements and the fact that housing has not been considered a singularly productive type of investment, economists traditionally have urged that underdeveloped countries should concentrate their resources so as to achieve increases in "real income", from which savings will later become available for the undertaking of broad housing programmes. However, as housing needs have become more pressing and urgent of solution, it has also become clear that this sector deserves major continuing attention from all concerned with the structuring of national development programmes because housing and urban development are themselves key factors in the processes of fostering national economic growth and productivity, as well as social development. This recognition is evident from the large number of national economic plans which now give increasing importance to the housing sector in terms of specific targets for public and private investment, employment, productivity, savings, health, etc., as well as for meeting the housing needs. Moreover, in view of the unprecedented growth of urban areas in developing countries - (while total population will increase by 40 per cent in the next 15 years, the number of urban dwellers will double in this same period) - it is apparent that any development plan or programme which ignores the problem of urbanization is incomplete. National programmes are needed to plan, regulate and build urban areas and to provide them

with acceptable levels of municipal services if economic and social development goals are to be achieved.

Further, it has been shown that housing programmes may, under certain circumstances, be as productive as alternative forms of investment. If housing is considered as direct investment in people rather than in capital goods, it has at least three advantages: ✓
first, it can be handled with a maximum of local resources and a minimum of imported resources; locally available materials can be processed with indigenous labour to produce satisfactory housing with little or no drain on foreign exchange and thus idle human and natural resources are made useful; second, the desire of an individual for a better place to live may itself stimulate saving or unlock hoardings; unlike more sophisticated forms of investment, housing is tangible, near and conceptually similar to the typically familiar investment in land as such; and, thirdly, investment in housing creates immediate employment as well as raising the standards of living at once for large numbers of people and thus creates incentives as well as satisfying hopes and desires for individual and family betterment.

Not only may housing programmes aid in the formation of savings and capital and stimulate investment that would not otherwise take place, but it has now been shown that the total multiplier effect throughout the economy of a dollar of investment in new construction is comparable to that for many manufacturing industries. This is especially true if primary, secondary and

tertiary effects of investment in residential construction are considered, when the multiplier effects of expenditures are apparent throughout the whole range of a nation's economy. Although there are some dangers of adding to inflationary tendencies by overstimulating housing programmes, it is clear that savings are the key to this problem and that under favourable circumstances, well-planned and well-organized housing programmes will call forth surprisingly large volumes of internal private funds. On the other hand, if the supply of housing lags very far behind the effective demand, the price of housing rises, which is also inflationary.

With their existing accumulated needs, high population growth rates, and rapid urbanization trends, the less developed countries face difficult decisions as to ^{how much} whether to dedicate more of their resources now to housing and urban development sector. At present, in the developing regions, investment in housing typically ranges from 1.5 to 3 per cent of the Gross National Product. If the pace of housing construction is to be increased from two to ten dwelling units per 1,000 inhabitants, investment would have to be stepped up to about 6 per cent of GNP, and channelled into low-cost housing for the mass of the people.

It is evident that even with standards fixed at a very low level, most developing countries will find it impossible to deal in any comprehensive way with the three main constituents of housing need: population increase, replacement, and removal of the existing shortage or deficit. As a maximum, efforts have usually been directed

toward keeping the housing situation from deteriorating further, but even this objective has become increasingly remote and difficult to attain. As a minimum, most developing countries recognize that housing needs must be met which are directly related to economic development, such as in connexion with the establishment of new industrial centres, the needs of key industries, and to achieve a better balance of economic development between different regions of the country. Increasingly, also, priority is being given to the housing needs of specialized groups, such as teachers, technicians, and professionals who are essential to a country's progress and growth.

But information still must be assembled on both a national and local basis regarding the existing housing situation and on future requirements, so that an overall framework can be established for a long-term programme. Attention should be directed, however, to factors which are directly related to action programmes on a short-term basis, such as geographical distribution of households, size of households, marital rates, population movements, etc.

A balancing of the factors involved in the above discussion will help to resolve the basic question as to the total amount of investment resources which should and could be allocated to the housing sector. Even if such resources are at first allocated on a very minimum basis, ^{the housing sector} the important consideration is that these ^{be made available for a} allocations ^{be regular} be regular to enable a central agency and staff to be built up so that the overall problems will be dealt with in an increasingly systematized way. Moreover, it may be possible, as

several countries are already doing, to plan future housing programmes so that they will be related to a steady share of a rising Gross National Product. Spain's Sixteen-Year National Housing Plan, for example, is predicated on a steady share of 22.5 per cent of Gross National Product, which was conservatively estimated at an assumed 5 per cent growth rate.

Perhaps more important as a matter of development policy is how the share of resources should be allocated among alternative housing programmes. In the first place, evaluations should be made of the existing housing stock, as this may well be the largest single component of national wealth and much of it is an asset which should be preserved and maintained. To be examined here are such points as whether present tax policies and rent-control measures aid or impede the general objective, and whether small loans or grants for repair, expansion and maintenance are readily available at reasonable cost.

② ✓

It must also be recognized that the concept of housing is much more than physical shelter, and requires coordinated physical, economic and social planning. It is concerned with the creation of the dwelling environment of the people, but it is also an integral part of the broader process of urban development, city construction and reconstruction. There are also pronounced inter-relationships between the way that the needs for rural housing and community facilities are being met and the flux of migration to the large cities.

③

Considering the limitations on the use of national resources allocated to the housing sector, following are some of the key

questions to be decided upon by governments in drafting their development plans and establishing basic housing policy and accompanying programmes:

1. How should housing construction be allocated among different income groups in the population, and between urban and rural areas?
2. What proportions of direct investment in housing should be undertaken by the public and private sectors, and what combinations of direct investment in housing and public facilities are likely to be most efficient?
3. What methods of financing, taxation and subsidies should be used, and what will be the impact of alternative housing programmes on government revenues and costs of public administration?
4. How will alternative housing programmes affect the balance of payments in the short-run and in the long-run?
5. To what standards should housing be built and community facilities provided, and how can such standards fit in with a transition from traditional to modern living?
6. To what extent should individual initiative and group responsibility be promoted through housing programmes?

Questions of this type illustrate the complexities of formulating national housing programmes, and the importance of objective procedures for determining optimum housing programmes in the developing countries.

B. Implications for Development Plans and Housing Policy

A review of housing needs in most developing countries will usually reveal that the gap between the market price of housing meeting minimum conditions of adequacy and the ability to pay of the large low-income population is very wide. A comparison of unit costs with the maximum proportion of national income that could be allocated to the housing sector will most likely indicate that, even if resources were much more efficiently and equitably used, a programme of direct construction of housing would not reduce the existing deficit or even keep it from growing. A massive housing programme concentrated in the large cities will be self defeating, by speeding up the inflow of impoverished families needing shelter. Experience indicates that a frontal attack on the housing deficit through large-scale public construction programmes in many countries must await the attainment of a certain level of overall development and income.

It may be far better for the governments of the developing countries to undertake a multi-pronged approach to their housing needs which will give less emphasis to direct construction as such, but devote more attention to policies which will foster an overall institutional structure and framework to deal with the basic problems involved in housing for the masses. A thoughtful formulation of policy may indicate that sound planning and programmes for land acquisition and provision of public services may have more of a multiplier effect for the resources invested in the housing sector than will direct construction. High yield returns of resources

invested also can be derived from overall programmes for the improvement of existing housing conditions and to assist low-income groups to meet their own housing needs through self-help, mutual aid and cooperative and non-profit housing endeavours. Core housing schemes using a maximum of indigenous materials, rather than projects built as cheap imitations of Western standards, are also likely to maximize the effective utilization of resources in many countries.

The role of government in backstopping and supporting private initiative and investment in the housing sector deserves major attention, and, of course, has direct implications for how appropriate institutions in this field are to be established and how they are to function in relation to the overall policies for housing and urban development.

The development of an efficient construction and building materials industry, which should ultimately result in increased rationalization, higher productivity, and lower costs, can be very much encouraged by government policies that will promote steady and growing investment for residential construction and related community facilities.^{1/}

C. Orientation of Government and Administration to Meet and Interweave Needs for Housing and Community Facilities

Any programme which approaches the housing deficit as a problem soluble by itself will inevitably be frustrated by the wider structural weaknesses prevalent in the economies of most developing countries. The fact that housing needs are usually broadly distributed geographically

^{1/} The economic significance of the construction industry in selected countries is shown in Table III, Appendix.

makes it essential that there be a national coordination of effort through a central administrative agency for dealing with the problem in all its aspects, technical as well as financial. Also, such an agency must develop sound patterns of administrative relationships with local, state and regional authorities who should be aided to assume greater responsibilities for dealing with the housing and urban development problem at their respective levels. In addition, the agency, through its programmes and techniques of operation, must stimulate and mobilize the efforts and resources of the private sectors concerned to make a maximum contribution to the solution of national housing needs.

The problems involved in developing and executing programmes of housing and urban development are complex and cut across many areas of activity - economics, architecture, engineering, education, public health, social welfare, community organization, city and regional planning, public administration, law, sociology, etc. By their nature, they require governmental action - for the determination of needs and resources, formulation of plans and policies, and implementation of programmes.)

(To deal with the overall questions of priorities, inter-relationships and impact of housing and urban development, the national planning offices of some countries have special staffs devoted to this sector, for assistance in developing the general framework for programming in this field.

However, even though the national planning office may have a sector concerned with housing and urban development, this is not, of

course, any substitute for an effective administrative agency which will also become deeply involved in basic questions of planning, programming, financing, etc. There is no doubt but that every developing country will need a top-level public agency charged with responsibility for the whole field of urban development, including housing, city and metropolitan planning, etc., and that the head of such an agency should participate in top-level planning for economic and social development.

Included in the areas of concern for housing policy and programming are such matters as: formulation of national development goals and targets, determination of policies for location of industry, allocation of investment by regions and by sectors, development of programmes in rural areas which might affect rural-urban migration patterns, etc.

The type of agency which should deal with housing and urban development will depend on many factors, such as the country's political structure; the functions of existing agencies in such fields as public works, health, sanitation, social services, etc.; the number and competence of available professional and technical people, etc. Whether the agency should be an arm of the executive branch, a separate Ministry, Autonomous Institute or Corporation, are questions to be discussed in detail. But, as its programming and operations will be heavily involved with questions of investment and financing, it seems apparent that it must be conceived broadly enough to include such questions within its framework of supervision or direction.

The agency may be empowered both to act directly and to coordinate the work of other agencies concerned in one way or another with housing

and urban development. It may also be assigned an important role for the promotion, organisation and regulation of non-profit housing enterprises, such as co-operatives, and for the supervision and approval of proposals made by private developers in accordance with regional or local development plans.*

Whether and to what extent a national agency for housing and urban development operates through decentralised regional offices or through other existing public bodies, such as states and municipalities, will depend upon the nature of the situation and the country. High-level representation for the agency is important because it must assess the over-all situation with regard to the developing urban areas, and bring the urgent problems involved to priority consideration by the competent authorities. This is one way that a functional relationship between national economic planning and regional or local physical urban planning can be established. Such a relationship is indispensable if housing and urban development are to receive adequate consideration within national economic development plans and if programmes for housing and urban development are to make an effective contribution toward progress in meeting the goals and objectives of national economic development plans. Such plans are frequently based upon projections and considerations of a regional character - the location of new industries within a context of natural resource accessibility or of nearness to markets, the opening up of new lands for agricultural cultivation through irrigation or other means, the creation of new sources of power, the building of new ports and transportation facilities, etc. In all cases, therefore, investments are required for housing and community infrastructure, or the broader goals and objectives will not be met because of the failure to take adequate account

of the human and social aspects. It may prove difficult to attract and to

* A national housing agency, in fact, can be most important in stimulating a viable profit-making enterprise in the building and financing of houses and in the manufacture of building materials. A viable profit-making building industry serving the middle and upper classes and providing all other types of structures is frequently the base from which construction for families of lower income must be developed.

maintain a suitable labour, technical and professional force in the area which is to undergo accelerated development without adequate housing, schools, and community facilities, etc. Or, there may occur a mushrooming of substandard, transitional, and unhealthy housing and community facilities which will tend to produce conditions of decreased productivity, civic irresponsibility, social unrest, and which will require heavy public investment at a subsequent date for its clearance and rehabilitation.

The importance of local and municipal development planning and investment, in outline and in detail, becomes particularly evident in such overall regional considerations. It is apparent that there can be no comprehensive approach to the solution of housing needs in any country without the establishment and implementation of a broad policy which includes both housing and urban development. Such a policy, to be effective, must be an integral part of the national development plan, must be based upon an objective diagnosis of the present realities, should be adopted through a rational process of decisions involving the confrontation of alternatives, and should be expressed by means of long-term, medium-term and short-term programmes.

Among the countries which are including comprehensive chapters on housing and urban development policy within their economic development plans are Ghana, India, Pakistan, and Venezuela, etc.

In many cases, however, it will be helpful for a developing country to express its housing policy in written form, such as was done in the declaration of National Housing Policy set forth in the 1949

Housing Act of the United States:

"The Congress hereby declares that the general welfare and security of the nation and the health and living standards of its people require housing production... sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realisation as soon as feasible of the goal of a decent home in a suitable living environment for every American family."

The Act then stated:

"The policy to be followed in attaining the national housing objective ... shall be: (1) private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total need; (3) appropriate local public bodies shall be encouraged and assisted to undertake positive programmes; (4) governmental assistance to eliminate substandard and other inadequate housing through the clearance of slums and blighted areas shall be extended to those localities which estimate their own needs and demonstrate that these needs are not being met through reliance solely upon private enterprise, and without such aid; and (5) governmental assistance for decent, safe, and sanitary farm dwellings and related facilities shall be extended etc."

In Sweden, government housing policy was expressed in 1963 as having these three main objectives: "(1) It shall promote a satisfactorily large housing production; (2) It shall further promote a development of house building towards spacious and well-equipped dwellings, and (3) Finally, the support to housing shall contribute towards a limitation of the yearly housing costs of households who need to be supported in their demand for housing." The use of general subsidies through low-cost housing loans, interest subsidies and housing allowances has been a basic feature of Swedish housing policy.

In Japan, where public housing construction plans are formulated every three years under the 1951 National Housing Law, national housing policy has been expressed by the slogan, "A Dwelling for Every Family", under a new seven-year programme from fiscal 1964-65 to build 7,800,000 dwelling units.

Under this Policy it is stated that the Government and the local public bodies are obliged to programme to build public rental housing mainly for low-income people and urban employees; that, in order to encourage orderly private housing construction by individuals and private corporations, it is the duty of government to develop housing areas and supply housing lots, as well as to assist them financially and technically in their housing construction. The number of housing units to be constructed by public bodies

or with public financial aid is to be over 40 percent of the total number of units planned in the programme.

It should be noted that the Constitution of some countries do, of course, make broad statements of the inherent right of every family and citizen to a home, but such broad statements are usually poor substitutes for the hard decisions about shares of Gross National Product, standards, land policy, subsidies, long-term commitments, etc, which must form the hard core of any meaningful national housing policy and programme for a developing country.

As observed in a report of the Economic Commission for Africa, ^{1/} based on a survey of national economic development plans, the nearer the approach to reality, the smaller the share allocated to housing is likely to be, the more numerous the short-term arguments, the lower the priority accorded to housing. Even in countries such as Tunisia, Morocco and the UAR where assessments of housing needs have been made and targets fixed to meet these needs, cutbacks have been inevitable in the light of economic realities, and it is frankly recognized that only fractions of the total needs will be met over the duration of the respective plan periods. Even cutting standards to the bare provision of minimum lots and community services for each family will not suffice to stretch the available resources to cover housing needs for new family formation, to say nothing of existing backlogs.


The process of effectuating a national housing and urban development policy is a continuing two-way operation which will involve the organisation of regional planning machinery as well as strengthening local and municipal planning and development programmes, and putting these within a realistic

^{1/} Housing Policy in Over-all Development Planning. Economic Commission for Africa, 1964. ECU/WP/2/Rev. 1. ✓

investment framework. The national housing and urban development agency should be responsible for preparing annual investment programmes for housing, public services and community facilities. Such programmes should, of course, be prepared in consultation with regional and local authorities and should also be directly related to the national economic development objectives. Such investment programmes, submitted for approval to the national planning office, should provide the framework to guide the states and municipalities in the development of their local plans and to enable them to provide the land and facilities necessary for housing programmes.

The states and municipalities should be further assisted with statistical and other information on goals, standards, and provided with manuals, model codes and regulations. Technical assistance and training should be made available as required. They should also receive financial incentives, including matching funds of subsidies, and other aids for urban renewal and rehabilitation, as well as for new land development. In other words, while there would be a fixing of goals, objectives and standards at the national level, efforts should be directed to seeking a growing participation by state and local governments in carrying out the programme.

Of prime importance in the total process, at all levels, will be organised attention to planning and co-ordination for community development, for maximum participation by the people and organised groups of the community in projects for housing and community services. Some governments have now established community development offices, agencies or divisions at a high level within their national planning systems. These serve to co-ordinate the use of existing resources available within the government, to stimulate and support self-help and mutual aid efforts in particular areas, or on a



country-wide basis. Similarly, at state or provincial levels, as well as in many municipal governments, community development has been recognised as an important tool and technique, and organisational means are found to encourage it, sometimes through the municipal planning office or another department which can serve to mobilise and co-ordinate the use of existing municipal resources to help the people help themselves.

In summary, although the situation with respect to housing and urban development may well seem hopeless in many countries, when considered within the context of existing financial and budgetary resources on a short-term basis, every effort should be made at once to establish the proper planning and administrative framework for dealing with the problem. Although little headway may be made during the first years, conditions for gradual improvement will probably begin to emerge as a result of the dynamics of general development when viewed over a 20-year or longer period. Housing policy must be enunciated and integrated into the general development plan and programmes must be based on realistic estimates of needs, in consultation with the key sectors of the community. Priorities must be carefully selected so that, on a stage by stage basis, actions will proceed toward overall solutions, taking account of the physical, social and economic realities at every step of the way ahead. These are the elements on which the administration of housing programmes and housing institutions must be based, and which will be further developed in the pages to follow.

II. AUTHORITY FOR ESTABLISHMENT OF HOUSING PROGRAMMES
AND INSTITUTIONS.

II. Authority for Establishment of Housing Programmes and Institutions

The need for public control and intervention in the housing and building process has been recognized since the time of Hammurabi's Code, more than four thousand years ago. With the growth of industry and expansion of cities in the 1800's, European countries gave further importance to effective building regulations as safeguards to community health and safety. During the latter part of the nineteenth century, several governments recognized that it was essential to move from the imposition of restrictive powers, which often did little to increase the supply of housing, into a wider area of public concern, aid and stimulus for the provision of dwellings for workers and the less privileged classes. At first this typically took the form of low-cost loans to housing associations, co-operative and building societies, and municipalities, which were made possible under the terms of national housing legislation. During the period between the two world wars, public assistance for housing and environmental development not only tended to expand significantly but also became more concerned with basic questions of land acquisition and control, forms of taxation and subsidy, and the strengthening of building instrumentalities at the local level. After World War II, legislative policy and programming for housing has become increasingly sophisticated in the industrialized countries, closely linked to planning for economic growth and employment, as well as concerned with the renewal and rebuilding of cities, the establishment of new towns and communities, the reduction of segregation and social tensions, and the interlocking of physical improvement and community development efforts.

Which of the concepts and techniques that have been developed in the industrialized countries over the past century are applicable to the realities of life today in the developing regions of the world? What new tools must be forged to deal adequately with the problems of over-rapid urbanization and the almost universal problems of illegal land occupancy and squatting which beset so many of their large metropolitan areas? How are rational goals and standards for housing and urban development to be established which are in keeping with estimates of national economic growth and the availability of resources?

The first step, obviously, is the establishment of a central housing ministry or authority and appropriate local administrative agencies, and for this purpose specific national housing policy and legislation will be required. The nature of the central housing authority will vary considerably according to the economic, social, institutional and administrative structure of the country concerned. The manner in which it is constituted, by decree or legislation, by merger or amalgamation, by offshoot or by new creation, will also differ considerably from one country to another. But certain underlying principles will remain the same, as will be discussed below.

In all cases, there must exist a broad base of public opinion, support and understanding of the scope and proposed operations in the housing and urban development sector. If basic new legislation is contemplated or proposed, much can be done before its enactment to enlist the help and support of representative groups and organizations

in the country, to assure that their views are taken into account, as well as to pave the way for continuing collaboration as programmes for housing and urban development move into operation. No legislation will be effective unless it is understood and has support for its implementation, financially and administratively. At one end of the scale, care must be taken to maintain close contacts and relationships with national legislative and administrative leaders so that they will understand the importance of establishing proper institutional frameworks for housing programming and execution. Also, once a decree or legislation is enacted, it is advisable in many cases to begin a sound public information and public relations programme which would emphasize two-way exchanges and meetings with key sectors of the national economic and social scene, as well as community forums and discussion meetings held at the state or local municipality level.

A. Required Minimum Elements of Legislation or Decree

There are several basic types of administrative structure through which many governments attempt to deal with the many problems involved in housing and urban development. Some have elevated it to major concern at the Cabinet level through the establishment of Ministries or Departments to embrace the relevant functions of housing, urban development, community facilities, town and country planning, etc. Such central Ministries or Departments participate in broad planning and programming through their representation in the cabinet and by relationships with other ministries concerned with planning and

development. Typically, in federal states, the central ministry will work through state governments which administer and execute centrally determined policies and programmes.

In some developing countries, the major responsibility for programming and action in the housing and urban development sector will be assigned to an already existing Ministry, to which will be grafted on new functions and resources. Examples would include Ministries of Public Works and Housing, Ministries of Local Government and Housing, Ministries of Health and Housing, etc.

There are, of course, certain advantages to having the responsibility for this sector located in a Ministry, in terms of government control, acquiring access to policy formation through a Minister, the opportunity to operate through a body of career personnel, etc. But disadvantages might include the following, depending upon the general status and capability of the government concerned: excessive fiscal and personnel restrictions, inadequate freedom of action in matters such as technological improvements, capital expansion, finance and accounting, personnel administration and purchasing, etc. Even new Ministries of Housing may well become subject in time to typical bureaucratic and political handicaps.

An intermediate solution may be the establishment within an existing Ministry of a specific body, authority or corporation as an instrumentality for prosecuting government housing policies. Housing policies would be determined by the government and the responsibility for their execution would be clearly assigned to the

Minister, but the authority or corporate device within the Ministry could possibly permit a greater degree of autonomy and flexibility of operation than would prevail in the normal workings of other departments or subdivisions of the Ministry.

In some countries, the device of a government-owned or controlled Foundation or Improvement Trust has been deemed useful as a means of invigorating or stimulating new programmes for housing and urban development. In still others, existing organisations, such as social security institutes, pension and welfare funds, etc, have become increasingly involved in programming and execution of housing and urban development projects by virtue of the investments which they are voluntarily or involuntarily making in this sector.

Because of the importance of initiative, flexibility and operating freedom in the whole area of housing and urban development, many developing countries have found it advantageous to assign responsibility to newly-created, specially-tailored public authorities, corporations or autonomous institutes. These are usually given administrative authority by statute, and although the board of directors or guiding corporate body is appointed by the government, they employ their own staff, and have considerable freedom in their day-to-day operations. They may also be somewhat more free from the risks of political instability and interference. In the majority of cases, the employees of these agencies do not

belong to the civil service and are recruited and removed under terms and conditions determined by the agencies themselves.

Such authorities or corporations usually have a good deal of financial independence. They may obtain their funds from the national budget as well as from the public through the sale of bonds or the use of savings, and are usually authorised to use and reuse their income from their services and activities. They are generally exempt from the majority of regulations and prohibitions applicable to the expenditures of public funds. ~~However, certain general safeguards are usually specified, and~~ The legislation or decree should provide for the following, as a minimum:

1. 1. Clear definition of the field of activities and functions with broad powers given, but relevant to the functions;
2. The government should retain certain powers of supervision, including the right to audit, inspect and criticise, and the right to appoint, and with good cause, to remove the directors; the authority of the Minister or supervisory officer of the Government should be expressly defined;
3. The corporation or institute should be authorised to collect the income from its own operations and apply that income to its expenses, and if it requires a financial subsidy, this should come from a direct government grant in the annual national budget;

4. The corporation or institute should be required to make available to the government, the press, and the public, complete annual reports on its finance and operations.

Typically, because the whole area covered in housing and urban development programmes is so complex, there will have to be major clarification before legislation can be drawn up or enacted of the nature and prime purposes of the new policy on housing and urban development and definition of the powers and functions of each of the agencies that may now be concerned with various aspects of housing, home financing, land acquisition, etc, and, of course, the relationship between the new corporation or autonomous institute and the local and state or provincial governments.

One weakness of some of the national housing authorities, corporations or institutes established to date is that their functions have not been viewed broadly enough. Too frequently, they have been given responsibilities for programming and action, but have been lacking in the financial attributions necessary to their tasks. One of their most important functions should be to promote, supervise and co-ordinate the various institutional devices employed in mobilising and distributing capital for use in the housing sector. There should be statutory provision that the housing authority be consulted in all matters considered by the central monetary authority or other governmental bodies that could affect the flow of funds to or within the housing sector. Other financial attributions of these

agencies will be discussed in Chapter III below.

As for the relationship of the new authority or agency to local and state or provincial governments, it should be evident that programmes of housing and urban development are essentially local in their implementation. In some countries, one of the prime functions of the central authority or agency is to make resources available, on either a grant or a loan basis, to local governments or to local bodies or corporations, for the planning, programming and execution of projects in this sector. Usually, such grants or loans are awarded upon compliance with certain pre-determined conditions or standards established at the central level, but the intention is to strengthen the role of local agencies in determining precise local needs and priorities, as well as in coordinating the use of local resources in specific programmes for housing, public utilities, roads, services and physical planning.

In the absence of strong and effective local government systems, it may be necessary initially to establish or to work with new local agencies, such as development foundations, fraternal or civic organizations, improvement trusts, non-profit associations or other devices which will tend to maximize civic responsibility in this field, and to promote with honest and efficient administration. It may also be found necessary for the central agency to establish branch offices which may become concerned in varying degrees of detail with aspects of local project development and administration. The objective should be,

however, to strengthen as much as possible, institutionalized local responsibility and capability for programming and action in this field. Because of the shortage of trained manpower at the local government level, the central agency in many developing countries will probably have to undertake operations which are normally local in character, at least in the short run, but it must also become a primary training ground for the personnel required for the adequate manning of housing programmes at both national and local levels.

The elements of a typical basic statute for the creation of an autonomous national authority or corporation for the housing and urban development sector can be illustrated by the example of the Organic Law of the National Institute of Housing and Planning of Costa Rica. This Institute, which was created in 1954, is notable for having planned and executed a successful programme in a small Central American country. This Organic Law contains the following major chapters:

Chapter I. Creation. Independence. Domicile.

Chapter II. Objectives.

Chapter III. Functions, including Financing.

Chapter IV. Capital and Reserves.

Chapter V. Audit. Balances, Publications.

Chapter VI. Organization, direction and administration.

Board of Directors.

Manager.

Auditor.

Consultative Technical Council.

Chapter VII. General dispositions and transitory dispositions.

Chapter I of the Costa Rican law establishes that the National Housing and Planning Institute is an autonomous and administratively independent corporation, exclusively subject to the decisions of its Board of Directors, which will act in conformity with the Constitution, laws, pertinent regulations and technical principles.

In Chapter II, seven basic objectives of the Institute are defined, summarized as follows:

1. To orient its activities with a view to obtaining greater economic and social welfare, obtaining for the Costa Rican family a better housing and surrounding living environment;
2. To plan the development and growth of the cities and smaller communities;
3. To provide for Costa Rican families in need of adequate dwelling the possibility of occupying in ownership or rent decent and healthful housing, with preference to the problems of the lowest income groups in the cities and in rural areas;
4. To promote studies and research on all aspects of housing and planning and to make the results widely available;
5. To develop plans and programmes which are coordinated in their various stages of socio-economic research, planning, construction, as well as educational

activities and social work required by their administration;

6. To provide advice to the agencies of the State and other public institutions and to co-ordinate public and private initiatives in matters of housing and planning, when this is requested;

7. To link its plans and studies to national programmes of economic and social development, but submitting to the approval of the Ministry of Public Health in sanitary aspects.

Chapter III contains a list of specific essential attributions of the Institute, including the following: to prepare master plans for urban populations and regulations for their application, to be made effective through the municipal corporations; to formulate general plans for the construction of neighbourhood units or subdivision schemes in accordance with priorities established from data provided by the Office of Census and Statistics; to construct low-cost dwelling units; to gradually eliminate slums and unhealthy dwellings through reconstruction programmes seeking the collaboration of the Ministry of Health for appropriate standards and enforcement; to stimulate construction and improvement of dwellings by public and private bodies; to provide for public services and community facilities; to promote the co-ordination of activities related to housing and planning by all State and public institutions and corporations; to stimulate the development of building materials industries and the training of personnel; to rent, sell, exchange, tax and administer

housing and community centres; to award loans in financial resources or materials, guaranteed by mortgages; to establish a system of housing finance in collaboration with national insurance institutes; to establish systems of savings and loans; to emit bonds and to obtain loans and credits; to acquire property through expropriation of necessary; to transact contracts and all pertinent administrative, civil, industrial or commercial business; to give information and technical assistance to persons of low income to enable the construction of their own dwellings.

In Chapter IV, in addition to establishing the capital and reserves, the Institute by Law is directed to receive an annual appropriation of no less than 3 per cent of the total amount of the Ordinary General Budget and the Extraordinary Budgets which the government adopts.

Chapter V subjects the Institute to normal accounting and auditing controls and requires the publication of balance sheets and annual reports.

Chapter VI establishes that the Board of Directors of the Institute will consist of five persons, named for four years on a revolving basis, with the exception of the Minister of Labor who will serve ex-officio. The Board names and can remove, with the vote of four of its members, the Manager, Deputy Manager and the Auditor, but it is understood that the Manager is fully responsible for the efficient and correct administrative functioning of the Institute.

Chapter VII contains a series of General Dispositions which, among other matters, convey certain tax exemption and franking

privileges to the Institute, enable assistance to housing co-operatives and non-profit associations, prohibit the re-sale without permission of property for which loans have been made by the Institute, provides for the transfer of capital to the Institute, resources and personnel from a former agency of the Costa Rican government, and establishes cost limits for dwellings to be constructed by the Institute.

The Basic Law of the Costa Rican Institute is supplemented by a series of regulations on organizational matters and on other specific projects and programmes which are developed from time to time over the years.

The "formula" of an independent national institute, authority or corporation for housing and planning, as ^{illustrated} exemplified by the Costa Rican ^{case} example, has been adopted by a number of countries. It should be noted, however, that especially as new programmes have developed and new resources have become available, difficulties often appear on two counts: ⁽¹⁾ the co-ordination of various types of housing programmes and co-ordination of these with the investments and activities of other government agencies, and ⁽²⁾ the frequent emergence of new financial institutions, such as national housing banks, mortgage systems, or separate financial departments which may be ~~closely associated or~~ divorced from the mainstream of public housing policy and programming as developed by the independent national housing authorities. These problems usually cannot be solved in advance by legislation or decree, but require constant attention in the light of new programmes and developments, and frequently modifications in both legislation and institutional and administrative structure will be required.

Although the creation of Costa Rica's National Institute of Housing and Planning was an impressive accomplishment in 1954, recent developments in several countries tend to give even wider attribution to national agencies concerned with housing and urban development. One recent example is the creation in 1965 of the Ministry of Housing and Planning in Chile. The Law makes the Ministry responsible for the housing policy of the country and for the co-ordination of related institutions. In more specific terms, the functions of the Ministry are listed as follows:

1. Formulate plans for urban and rural housing, community facilities and urban development.
2. Issue ordinances, regulations and general instructions concerned with the urbanisation of land, construction of housing, works of community facilities, planning and urban development, and co-operative housing.
3. Supervise everything related to urban planning, subdivisions, construction and application of pertinent laws.
4. Collaborate with the municipalities in the formulation of programmes for construction of housing, urban development and community facilities.
5. Stimulate and supervise the construction of housing.
6. Study systematically the internal and external market of building materials.
7. Participate in the orientation and establishment of a price policy on construction materials, and regulate and control the market for these.
8. Carry out and stimulate scientific research, professional and worker training in housing, urban development and construction productivity.

9. Stimulate the industrial production of housing, construction materials and the standardisation of design.
10. Provide information on plans for the construction of housing through exhibitions and other means and investigate the opinion of the users of housing.
11. Stimulate the organisation and development of housing co-operatives, systems of self-help and all related activities.
12. Develop and stimulate savings and credit for housing purposes.
13. Regulate and supervise all aspects of urban and rural real estate when offered to the public as construction or subdivision projects for housing.
14. In general, to become familiar with and to study all problems related to housing, community services and urban development.

The responsibility for housing policy and execution is fixed on the new Minister, who receives advice from a National Housing Council composed of executives of the public organisations and institutions concerned with housing, and representatives of the groupings of consumers of housing or participants in the housing plans. An effort is made to consolidate and to define the prime public activities concerned with the housing sector, which are to be dealt with by four corporations; the Housing Corporation, serving principally as a construction agency; the Housing Services Corporation, concerned primarily with social problems (including tenant selection, orientation for self-help and certain types of rural programmes, etc.); the Central Bank of Savings and Loans, for control and financing of the Savings and Loan System, and, finally, the Corporation of Urban

Betterment, to be charged with the execution of the entire programme of land acquisition for the housing plans, including urban renewal and upgrading of the slum areas.

To provide for greater effectiveness and administrative uniformity among the Corporations, each one will have a board of three Executive Directors, presided over by the Minister and with one of the Directors acting as Vice President of the Institution.

The Ministry is an effort to achieve four primary objectives:

1. Combined planning of housing, urban development, community facilities and community services. It will be able to act upon the entire sector concerned in relation to the country's broad social-economic objectives.
2. Preferential attention to the lowest income groups of the population, with clear-cut distribution of public and private investment involvement of community development efforts.
3. Research, rationalisation and productivity studies, incorporated as basic elements of the Government's action in this field.
4. Urban renewal programme, as an essential instrument for the implementation of the development of the cities.

Whether the Chilean Ministry is the type of administrative structure that will result in efficient vertically-integrated specific purpose programmes which will offer alternatives for investment, as well as a mechanism for controlling the implementation of any particular programme, cannot as yet be determined. It is in any event an experiment that will be worthy of observation by many developing countries confronted with similar problems, as the legislation does reach out for broader objectives

of co-ordination and utilisation of this sector as an instrument of national, social and economic development.

B. Co-ordination with Major Governmental Agencies

Co-ordination between major government agencies will always be difficult, and many are usually ^{concerned} involved in one way or another with housing and urban development. In Chile, for example, in 1965 there were eight Ministries of the National Government and a total of 23 public institutions or semi-public corporations which were involved in programmes of housing construction, urban development works or housing services. This made administrative co-ordination virtually impossible for purposes of adequate planning and implementation, and resulted in legislation for the establishment of the Ministry of Housing and Urban Development.

Typically, the lack of co-ordination may result in the completion of housing projects which stand vacant for months and years because they do not have the related services which were supposed to be provided under the aegis of another Ministry or agency, such as water and sanitation facilities, social services, schools, transportation, electricity, shopping, etc. Or, there may be two government agencies planning and programming for the same area of land or attempting to acquire the same parcels. Sometimes extensive construction programmes are launched at the same time by several agencies resulting in the scarcity of key building materials and the spiralling of prices.

For large new programmes, it should be the function of the national planning board or office to convoke periodic meetings of the major agencies to discuss questions of overall policy, programming and budgeting, as well as co-ordination on a regional or metropolitan basis with respect to specific projects. Sometimes, depending on the size and intricacy of the problems involved, it may be found necessary

to create a special ad hoc cabinet committee, or even a new regional development agency to link together the required investments, programming and expertise. In still other cases, much can be done at the State or Provincial level, through forceful leadership by the Governor or Executive, through both formal and informal means, to bring about increased co-ordination by the public agencies operating within his geographic jurisdiction. Similarly, depending upon the size and extension of the city, a Mayor or Chief Municipal Executive may be in a position to foresee the needs of large projects and to require the appropriate investments and timing by the various agencies concerned with public services and community facilities, etc. Ideally, this should be within the framework of urban and metropolitan plans, and with the help of the appropriate local planning staff.

Several countries have made use of the concept of permanent cabinet committees or National Housing Councils which bring together representatives of the various ministries and principal public agencies concerned with the financing and provision of the services and facilities related to housing programmes and projects. The effectiveness of such committees depends in part upon how they are serviced. Staff work for such committees may be provided in large degree by the central housing authority, but close links must also be maintained with the appropriate sector of the national planning

office which will also have certain overall responsibility for programming and co-ordination.

Co-ordination ~~among the government agencies concerned in one way or another with housing and urban development~~ should also be encouraged at the working level of intermediate and professional staffs as well as in the top directorates. Opportunities should be opened whenever possible for informal contacts and communication. Seminars, conferences and joint training programmes can all be helpful in fostering the discussion of common problems and projects and in working towards their solution.

The two diagrams below, reproduced from Catheryn Seckler-Hudson,^{1/} serve to show the kinds of planning involved at all levels before specific programs can be formulated (Figure 1) and the complexity of decision-making in government affairs generally (Figure 2), which is often compounded in the case of housing and urban development programs involving as they do so many sectors and groups of the economy.

^{1/} Seckler-Hudson, Catheryn, Organization and Management: Theory and Practice. The American University Press, Washington, D.C. 1955.

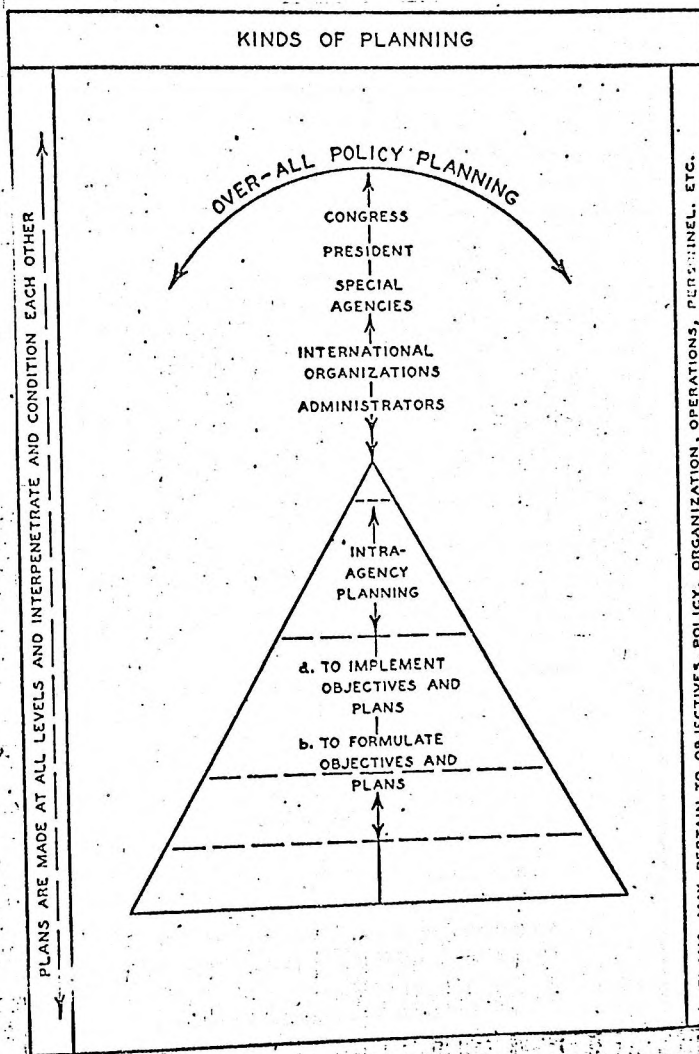
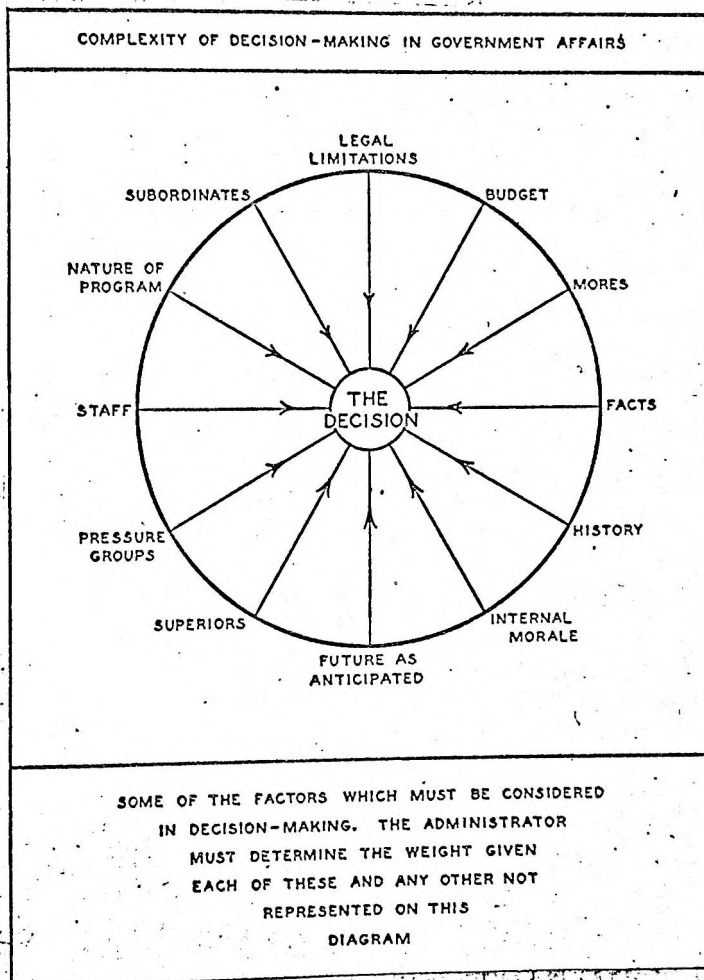


FIGURE 2.



C. Co-ordination with Private Sectors

Co-ordination with private sectors is an indispensable element of any national programme for housing and urban development. Frequently, in a developing country, there may exist a lack of communication, suspicion of government motives and a reluctance by private sectors to co-operate or participate in programmes which have been conceived and are directed under public auspices. Yet, most national plans are predicated upon a substantial investment from the private sector, with the public investment being considered more and more as a leverage factor or as support and backstopping to elicit the greatest possible contribution from private resources in the solution of housing and urban development needs. The major contribution of government is seen as providing the legal, administrative and institutional framework in which private individuals, co-operative groups and special-purpose corporate bodies can operate at sustained levels of high production and efficiency.

For this objective
~~On this point, many approaches can be described, but at the~~
level of national policy and programming, it will be found useful to establish a continuing committee to be convoked by the national planning office or the chief executive, which will bring together representatives of the key public agencies involved with

representatives of the private sector to discuss specific aspects and problems of housing and urban development. The agenda for discussion of such a committee would range through all of the major issues, on a periodic basis, and could, perhaps, be linked to the preparation of realistic estimates of resources and capabilities for fulfillment of investment and construction targets specified in the national planning process.

In Venezuela, such a committee, convoked by the Central Office of Co-ordination and Planning, has helped to prepare and evaluate the Targets of the National Plan and to stimulate action for the attainment of the established goals. Through such procedures, potential bottlenecks can be identified, such as shortages of materials and skilled manpower, and steps taken to remedy deficiencies which are noted. In the process of joint discussion, wider understanding will be promoted as well as integrated action for specific projects and programmes, including research, building techniques, financing, etc.

Among the major elements of this type of co-ordination are close and continuing relationships with representatives of the construction industry, professional associations, and financial and banking circles. Sometimes it will also be highly useful to stimulate interest and action on the part of organized groups such as employer associations, trade unions and co-operatives, who may be

ready and willing to contribute to non-profit solutions to the housing problem, to the benefit of the consumer. One example of this type of enlightened self-interest is the support and technical assistance which the Chilean Chamber of the Construction Industry has provided for the organization and development of housing co-operatives in that country.

Regular means should be established to provide for the adequate interchange of financial plans and prospects with private institutions operating in housing and related fields. This is likely to open up wider possibilities of financing for the operations of public agencies from private capital markets as well as to reduce the costs of interest for such private capital, which, of course, flows more freely when based on principles of mutual trust and understanding. Even in the most industrialized countries, it has sometimes taken years to break down private distrust of new public institutional arrangements for fostering increased private investment in housing. In the United States, for example, the reluctance by banks and other financial institutions to accept the insured mortgage system of the Federal Housing Administration in the 1930's was only dissolved by intensive information and promotional measures, including the dispatch of special teams for this purpose to many communities throughout the country. Yet, this system grew to enormous scale and helped to attract immense resources of private capital for the purpose of home finance on a voluntary basis.

One useful device for focussing national attention and public opinion on the housing sector is the convoking of an annual or bi-annual National Housing Congress. At such a Congress, private groups will have the opportunity to be heard as well as to prepare displays, exhibit materials and demonstrate new building techniques and dwelling units, all of which will have the effect of accelerating the acceptance of new methods and technology, stimulating new demand, and possibly lowering costs through increased rationalization of the building process.

Citizen participation, both in the formulation of policies and goals and in the implementation of programmes is an important element of any meaningful national housing effort. It may be found desirable to create a national citizens organization devoted to housing and environmental improvement and development. Local citizens organizations may also play an important role in this sector in the large cities and metropolitan areas.

One of the most important functions of a central housing authority is to develop a comprehensive public relations and information programme which will accomodate the many private groups with which any national housing and urban development programme is concerned. Such a programme will provide a steady stream of materials designed to upgrade the public consciousness of the housing problem and its importance. It will also seek the involvement of as much of the private sector as possible for a whole range of activity for housing improvement, including self-help and mutual aid programmes where these are applicable and more effective maintenance and conservation of existing housing stock.

D. Areas of Executive Responsibility for Housing Institutions

The extent to which a central housing authority should become directly involved in the construction of housing projects as such will depend upon many factors. Attempts should be made to define the limits of such activity at an early date, however, because the decisions involved will affect the entire ^{climate} environment for individual and group initiative with respect to the housing problem, as well as the ^{responsibility} climate for long-term investment of capital resources. Care should be taken to avoid government actions that could have direct or indirect adverse effects on existing private institutions concerned with financing and construction. Also, efforts should be made to maximize local initiative and responsibility for dealing with the problem, so that the central role is primarily concerned with the obtention and allocation of resources for the sector, the provision of dynamic leadership and the development of major policy proposals for consideration by the government, the co-ordination of the programmes of various agencies of government, and the promotion of greater private participation in savings, investment and building activities.

The budgeting and programming exercise is perhaps the key element of executive responsibility for a central housing authority, and it is at this point that difficult problems must be resolved as to the scope and extent of the agency's impact in meeting the housing and urban development needs, and taking into account the over-all economic and social development, as well as regional implications.

This exercise involves the assignment of priorities to specific programmes, and consideration of the available public and private resources for the execution of such programmes. It is clear that the allocation of public funds through the budget process will not alone result in specific accomplishment if there is scarcity of other resources, such as land, materials, manpower, savings, technical assistance, etc.

Although the national planning office and the Ministry of Finance may both be involved in the review and preparation of the national budget, the housing agency will have the definite responsibility of preparing and presenting specific programme proposals, ^{a.n.c.} ~~perhaps even~~ developing programme alternatives in terms of levels of housing needs to costs and to areas. The housing agency must also prepare projections of estimated proportions of public and private investment which are required to carry out the programmes and specific projects as these can be defined in more detail.

As overall budget decisions are often made through political processes, ~~it will be well for the national housing agency to be well~~ ^{much be} prepared ^{with} ~~in terms~~ of specific and well-justified programmes and projects if it is to resist the pressures brought upon the government by individual politicians and political groups in favour of local interests, which are seldom considered in a regional context.

E. Multi-purpose or Specialized Agencies

The question as to whether a housing agency should be multi-purpose or specialized in its orientation will, of course, depend upon the particular conditions and stage of development of the country involved, ~~as well as on the extent of the resources which are made available or can be mobilized for programming and action in this field.~~ To meet the wide spectrum of housing needs, a housing agency inevitably must develop a variety of programmes and approaches. In Colombia, for example, the Instituto de Crédito Territorial has some ten identifiable separate programmes. In Venezuela, on the other hand, new specialized agencies were created to deal with new programmes, and only recently is further thought being given as to how these separate programmes can be pulled together and better co-ordinated, now that they have been "incubated" and "hatched".

The discernable tendency or trend is probably in the direction of specialization - with specialized agencies or units being created for specific programmes, such as, for example, action on rural housing, savings and loan programmes, secondary mortgage financing, etc. However, in these cases, the importance of an over-all office or agency for policy direction, programming, co-ordination and research, etc., becomes ever more apparent. The evolution of the Housing and Home Finance Agency of the United States and its conversion into a Department of Housing and Urban Development is an example of how a developed country is meeting the complexities of today's housing and

urban development scene. In the case of the United States, it took a number of years before the Housing and Home Finance Agency was established to serve as a means of coordination and overall guidance for the various constituent agencies which had been created to deal with specialized aspects of the housing and urban renewal problem, including financing. In 1964, the organization of the HHFA appeared as shown below, in simplified form, in Chart I.

In September 1965, the Congress enacted Public Law 89 - 174 creating the Department of Housing and Urban Development, with the following sweeping declaration of purpose:

"The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of our people require, as a matter of national purpose, sound development of the Nation's communities and metropolitan areas in which the vast majority of its people live and work.

To carry out such purpose, and in recognition of the increasing importance of housing and urban development in our national life, the Congress finds that establishment of an executive department is desirable to achieve the best administration of the principal programs of the Federal Government which provide assistance for housing and for the development of the Nation's communities; to assist the President in achieving maximum coordination of the various Federal activities which have a major effect upon urban community, suburban, or metropolitan development; to encourage the solution of problems of housing, urban development, and mass transportation through State, county, town, village, or other local and private action, including promotion of interstate, regional and metropolitan cooperation; to encourage the maximum contributions that may be made by vigorous private homebuilding and mortgage lending industries to housing, urban development and the national economy; and to provide for full and appropriate consideration, at the national level, of the needs and interests of the Nation's communities and of the people who live and work in them."

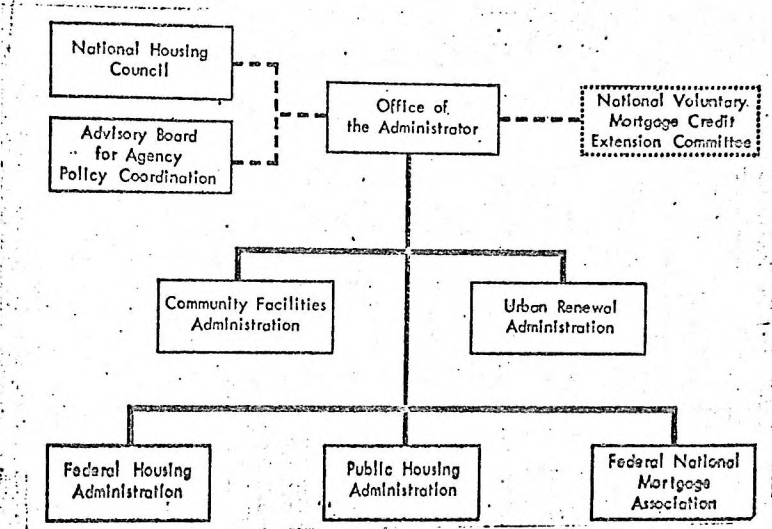
The new Organization Chart of the Department, approved in February 1966, as shown below, in Chart II, indicates the sweeping changes that are now in process of implementation in order to achieve the public policy objectives enacted by the Congress.

This organization shall be structured as shown written as details of internal organization are resolved.

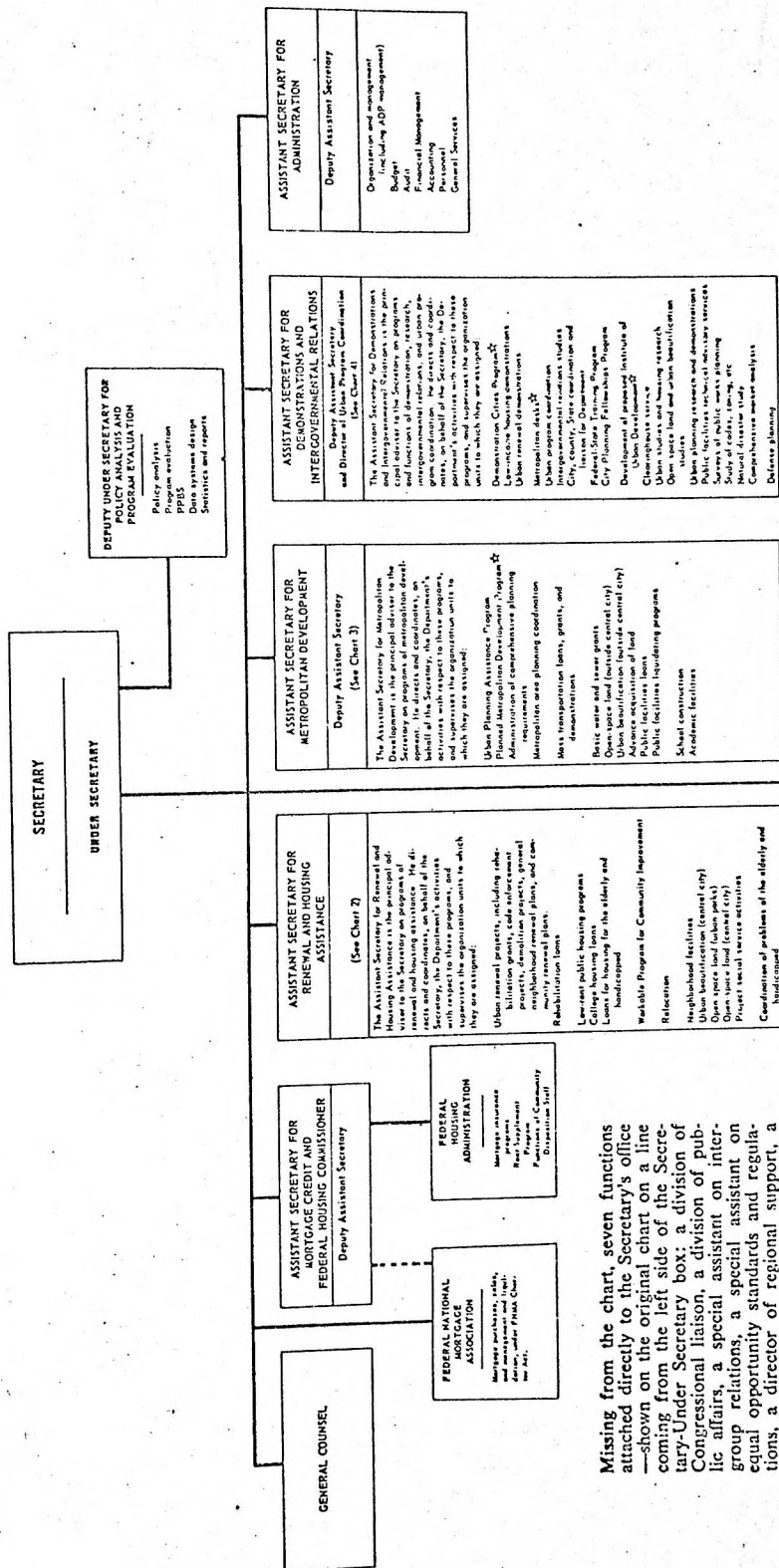
CHART I

SIMPLIFIED ORGANIZATION CHART

U.S. HOUSING AND HOME FINANCE AGENCY, 1964



ORGANIZATION CHART DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT February 1966



Missing from the chart, seven functions attached directly to the Secretary's office — shown on the original chart on a line coming from the left side of the Secretary-Under Secretary box: a division of public affairs, a special assistant on intergroup relations, a special assistant on equal opportunity standards and regulations, a director of regional support, a division of international affairs, an inspection division.

REGIONAL OFFICES OF THE DEPARTMENT
(See Chart 5)

REGIONAL ADMINISTRATORS

On a smaller scale, many developing countries will find that they must also devise the proper mechanisms and over-all administrative structure for dealing with such a broad spectrum of needs in this field. Somehow, the various specialized approaches which have evolved over time for serving human environmental development needs must be pulled together and linked also with other means of using the housing and urban development sector as a key instrumentality of accelerating national economic and social progress.

III. FINANCIAL ASPECTS OF NATIONAL HOUSING PROGRAMS

III. Financial Aspects of National Housing Programmes

A. Initial Capital, Budgetary Allocations and Financial Attributions of Housing Agencies.

The developing regions are strewn with examples of housing agencies and programmes launched with high hopes and fanfare, but whose activities tended to peter out with time, after construction of their first large projects. Not enough attention was paid to how they could and should grow stronger financially with time.

The creation of a new housing agency will frequently bring with it some heritage from the past, including the possible transfer to it of capital, assets, property and land that may have been managed by certain public or semi-public agencies in prior attempts by the government to deal with aspects of the housing problem. Sometimes, such transfers will represent a challenge and an opportunity for the new agency to utilize effectively such resources and assets. Often, there will be difficult political, legal and administrative problems involved in the management of the existing housing stock and in attempting to improve policy and procedures so that these assets will produce a return on the capital invested rather than representing a factor for decapitalization of the agency concerned. This will be a special problem in countries undergoing inflation where no adjustments have been made to reflect the differences between monthly rentals or mortgage payments and the real present value of the properties involved.

The question of budgetary allocations is important because, in the political arenas of the developing countries, it is all too easy for housing to become a football of partisan struggle, subject to sharp

vacillation of financial fortune and resources. Yet, without some regularity and continuity in the provision of resources, housing programmes can never be rationally developed. It will be impossible to recruit and maintain the central staff needed, and there will be few beneficial effects on national economic growth. Various approaches have been used to aid in solving this problem, such as a ^{stable} specified minimum allocation of national funds on a yearly basis (which may be readjustable to a specified index of value); a minimum percentage of the annual budget of the government required to be allocated to the housing agency (3 per cent in the case of Costa Rica); a percentage of salaries, pension and welfare funds, bank deposits, tax receipts, insurance reserves or other funds for this purpose (Brazil, Colombia, etc); or a conceptual increase in budgetary resources ultimately dependent upon the rise in the Gross National Product (Spain's Sixteen-Year Housing Plan).

As for general financial attributions, it is clear that because extensive home building entails large capital outlays, no long-range housing programme can be predicated solely upon direct governmental appropriations, but ultimately must be financed primarily out of the savings of its citizens. For this reason, there is a growing trend for housing agencies to be concerned with the mobilization of resources represented by such savings, and also to exercise certain supervisory authority over the housing banks, mortgage institutions or other specialized agencies that may serve in this field.

B. Central Funding Agencies or Housing Banks - Sources of Credit

A growing number of countries have established specialized central funding agencies or national housing banks for the purpose of increasing and channelling the flow of credit into the housing and urban development sector. Some of these entities have been created in response to the

possibilities of generating new domestic savings and resources through the establishment of savings and loan systems which require certain central supervisory and backstopping services. Others are attempts to rationalize existing methods of housing finance and construction, particularly those under public auspices. Still others have been established for the purpose of comprehensive development of national mortgage systems of home financing.

How these specialized central funding agencies or national housing banks are to be related to, or associated with, existing housing agencies and private lending institutions, must be decided in the context of each country's economic and social development policies. In some cases, separate savings and home financing operations may be established under the umbrella of an existing housing institute or agency, as in Costa Rica. If a separate Housing Bank is established, its Board of Directors may include one or more representatives of the existing central housing agency, as in the case of Peru's Housing Bank and National Housing Board. Sometimes as in Brazil, a new National Housing Bank will be constituted broadly enough to absorb practically all housing finance functions and operations performed by other public entities. In still other cases, central funding agencies will be established to expedite and liberalize financing not only for housing projects as such, but also to municipalities for related public works and community facilities, as exemplified by the Foundation for Community Development and Municipal Improvement of Venezuela.

The governments of developing countries may well find that as their economies advance and become more complex, they will proceed from one stage to another of added sophistication or comprehensiveness in terms of systems for encouraging savings, home finance, the extension of national mortgage

systems, and the financing of municipal and community services and facilities. Usually, they will find that existing private sources and methods for housing finance are far too limited and inadequate to begin to meet the needs for long-term credit at reasonable interest rates.

The legislation establishing a national housing agency will usually fix the capital of the agency, as will be the case also for a specialized housing finance institution or national housing bank. The legislation will also usually authorize the transfer of certain land and property owned by other public agencies and its use or resale for housing purposes, as well as the recovery for use by the housing agency of existing investments of various kinds. It may authorize and permit the receipt of donations from state and municipal corporations, as well as private enterprises, under varying conditions. The legislation may also specify the total amount of guarantee of the national treasury which may be furnished by the Ministry of Finance to the agency for domestic and/or foreign loans.

As a first stage, the existing central housing agency may well be allocated certain regular sources of revenue from the public budget and other public resources, and also including the prerogative of issuing bonds and engaging in the sale of mortgage debentures. As its programmes develop and the need for additional resources becomes apparent, further legislation may make new resources available on a compulsory basis from either public or private institutions or enterprises. For example, pension or welfare funds may be required to invest a portion of their assets in the bonds or obligations of the housing agency or to invest directly in mortgage loans approved by the agency. In Spain and Colombia, savings institutions and savings sections of commercial banks have been required to invest a percentage of the increases in their deposits in

the housing bonds or housing mortgages. (In the case of Colombia, 22 per cent of such increases were destined for investment in the housing and savings bonds of the ICT, the public housing agency, and 25 per cent in the mortgage bonds of the BCM, Central Mortgage Bank.) In Chile, industrial and mining companies have been required to invest 5 per cent of their profits in the bonds of the housing agency, subject to reduction based on their direct expenditure for worker housing. Under Brazil's National Housing Act of 1964, the Social Security Institutes are required to deposit with the National Housing Bank a minimum of 20 per cent of their annual investment, excluding expenditures for their operation and fixed assets requirement. Also, under the Act, the Minister of Finance shall periodically fix the percentage of the deposits of the Federal Savings Banks that shall be deposited with the National Housing Bank. Chile, as a three-year emergency measure for the reconstruction of earthquake-devastated housing, and Brazil, as a major means of mobilizing resources for its new National Housing Bank, have both imposed a 1 per cent tax on payrolls, to be devoted to housing purposes. Colombia even went so far as to levy a surtax of 6 per cent on the net profits of business and industrial enterprises, to be destined for various types of investment in housing.

This tapping and channelling of resources for direct investment in housing projects or housing bonds through a central housing agency is a first stage which may or may not call for the establishment of a separate financial entity or national housing bank as such. If a separate entity or Bank is established, it should be clear that it must function both as a credit institution and as a medium of social policy, in view of the limited resources available in the developing countries.

— This will be the case even though one of its main concerns may be the stimulation and support of private institutions to take risks and provide funds in the housing field, such as through the insurance of savings and the insurance of mortgages. Government legislation or regulations will still be influential in determining criteria for lending policies, in such aspects as the following:

A national housing bank has certain advantages over private mortgage banks or institutions operating in the field of housing finance. It can distribute the risk of losses over all taxpayers and can therefore grant higher loans than a private bank or insurance company. For the same reason, it can more reasonably take the risk of longer repayment periods than can private credit institutions. As the government can borrow money more cheaply than private institutions, a national bank can therefore grant loans at a lower rate of interest. It can adhere to business principles in its lending policies and still offer advantages which mean much to the individual borrower but cost the taxpayer comparatively little. Through its lending policies, a national housing bank can maximize the use of resources by giving preference to projects and programmes which meet certain pre-established conditions and standards of cost and space, as well as by giving preference to local authorities or to continuing co-operative building societies who are likely to seek further advantages in the consumer interest and of benefit to the national economy.

The lending policies adopted by a national housing bank may vary in respect to one or more of the following aspects:^{1/}

1. The amount of loan, which will usually be a percentage of the valuation of the completed dwelling, but may be a flat fixed maximum amount per family or dwelling unit, depending upon the type of programme and the resources available. Dwellings that are built by local authorities, approved permanent co-operative building societies, or other approved non-profit associations, may receive a certain preference in this respect, in view of their social objectives, over the loans made available for typical speculative private building construction. A municipal authority may receive a loan equivalent to 100 per cent of the valuation of a completed dwelling,

^{1/} The Norwegian National Housing Bank provides an example of such lending policies.

while a typical private builder may not be entitled to more than 75 per cent.

2. The period of repayment, which may vary also depending upon the type of construction, as well as on certain pre-established objectives of a social character.
3. The interest rate, which may vary in amount or rate, and its period of application, and may also have a varying structure in the case of secondary mortgage systems and depending on the type of national, state or local guaranty which may be provided in connexion with the loans.
4. Construction cost, with maximum limits being set on a per unit basis which may reflect regional differences, size of dwelling, type of construction, adjustable minimum wage rates, etc.
5. Subsidies or "reductive contributions", which may depend in amount on family income levels, size of dwelling unit, average building costs, etc.
6. Degree of private participation in loan, as represented by employer-employee contributions, self-help efforts, etc, designed to maximize the "stretching" of the public funds involved.

Ways can be found through which government support or public resources can be combined with private efforts so as to make possible a greatly increased total national effort in the housing and urban development sector. These combined public-private types of approaches are likely to yield far greater returns in terms of continuing housing progress than will direct investment of public resources alone, no matter how efficiently conceived and channelled these may be.

As suggested by the United Nations report on "Finance for Housing and Community Facilities in Developing Countries" ^{1/} some of the promotional

^{1/} United Nations document E/C.6/32, 13 July 1965

activities that governments of developing countries can undertake to increase the flow of private saving and investment in this field would include:

1. The chartering and supervision (either through a central housing bank or the central housing authority) of special-purpose savings and financing institutions, the primary purpose of which would be to:
 - a) Provide a convenient and attractive method for individual saving; and
 - b) Make long-term loans, and, in limited degree, directly invest in private or co-operative housing and related projects.
2. The creation of a system of individual savings deposit insurance;
3. The promotion of mortgage lending by both new and existing financial institutions. Measures to be undertaken in this regard would include:
 - a) The development of a universal mortgage debt instrument;
 - b) The creation of a mortgage insurance system;
 - c) The development of a secondary market with continuing government participation on both a national and, possibly, regional scale.
4. The encouragement of co-operative savings and building associations, credit unions, etc;
5. Tax incentives and penalties designed to encourage greater investment in middle and lower-cost housing and related facilities, and in the production of building materials, while discouraging excessive investment in luxury dwellings;
6. Government participation in combined commercial-industrial-residential developments;

7. Interest-supplement schemes whereby governments make up the difference between minimum-yield requirements of the capital market and maximum interest costs payable by various income groups. The flow of funds necessary to support such programmes may be obtained by direct appropriations, from income earned on other operations or from international loans on concessionary terms;
8. Government participation with private investors in long-term loans, i.e., governments may agree to take the later maturities of bonds or mortgages, thereby providing private investors with a shorter-term security;
9. Realistic rent control laws, particularly in countries experiencing inflation;
10. The development of methods for maintaining the real value of both savings and investments through interest-adjustment schemes and other methods where monetary inflation has been prolonged and severe.

As can be seen, the range of possibilities for a developing country's national programme of housing finance is great.

Often, however, the beginnings must be modest, especially in countries which are just beginning to emerge from conditions of primitive agricultural economies. To be useful for housing purposes, savings should be in the form of money and available to institutions able to lend it to prospective owners of houses. But the difficulties in some countries can be illustrated by the following paragraph of a United Nations report on Housing Finance in the Somali Republic.^{1/}

"Pastoral agriculture carried on by nomads is by far the most important economic activity in the Somali Republic. Traditionally, therefore, savings is in the form of animals. However, the money value of animals is well known, and there is a very

^{1/} United Nations: A Housing Finance Plan for the Somali Republic by Jack D. Gordon. Mogadiscio, Somali Republic. 25 February 1963.

sophisticated mechanism in market towns for buying and selling animals, with day to day fluctuations in price. Since animal flocks under average conditions will increase at a much higher rate than could possibly be paid as interest on savings, and since the very survival of the nomadic population depends upon maintaining adequate herds, it seems unlikely that the nomads (who comprise about 2/3 of the total population) can contribute very much in the way of money savings. Nor do farmers, who also operate very close to a subsistence level, appear to be any real source of money savings."

The report points out that there are potential savers among the urban dwellers, both Somalis and foreigners, but that the predisposition to save varies greatly among individuals, and the willingness to save often depends upon the existence of goals as well as upon the probable realization of the goals, (e.g. a person with a strong desire to own his own home is more likely to save than is someone with no specific goal in view).

A larger amount of savings would probably be available in Somalia, according to the report, if:

1. The rates of return were raised significantly for savings deposited in the banks.
2. The general public, particularly in the cities, were made more aware of available saving facilities.
3. More places to save were opened.
4. Specific savings goals, such as housing, were made part of a savings system.

The report recommends a series of measures towards these objectives, some of which ~~would be applicable~~ *have subsequently been adopted by the Government* to similar situations in other countries.

These would include the allocation of a minimum appropriation of government funds for the construction of housing and the construction of a demonstration

Fund pilot project, which was initiated with the use of international resources;

The effort is to develop savings system linked with the operation of a newly established national housing agency.

the expansion of such a programme by encouraging savings in banks to be invested in housing; the creation of a postal savings system whose funds would be invested in housing; the eventual formation of a national housing and savings bank, with a programme to use this as the nucleus of a national housing agency after a period of time. Significantly, in the Somali Republic such a national housing agency was established in 1965, and many of the original recommendations are being carried out.

Although the Somali Republic is an example of where concern with savings and housing finance has led to the establishment of a national housing agency, another type of situation is one in which a national housing agency already exists, with an on-going programme of construction, but it has developed no means of self-financing of its operations and is wholly dependent upon government appropriations or the issuance of bonds. Here several possible courses of action may be chosen, as follows.

If the decree-law establishing the national housing agency so permits, a special department may be established within the agency itself for the acceptance of savings and lending for house construction and mortgage purposes. The Savings and Loan System of Costa Rica, for example, is operated directly by the National Institute of Housing and Planning (INVU).

It may also be decided that a separate National Housing Bank should be established within the National Housing Agency, whose functioning would be separate and distinct from the other operating aspects of the Agency except as common services might be advantageous. A recommendation of this kind was made for the National Housing Institute of Nicaragua^{1/}. The National Housing Bank would be headed by a Deputy Director, who would be responsible to

^{1/} NICARAGUA: Housing Finance and Related Aspects. A report prepared by an Advisory Team of the Agency for International Development. Washington, D.C. December 1963.

the Director of the National Housing Institute for its entire operation.

Three separate departments would have the following functions:

1. Department of Audits and New Associations, responsible for the chartering of savings and loan associations, and, once established, for their periodic examination and audit.
2. Department of Insurance, which would provide for the insurance of mortgages and for the insurance of the accounts of savers.
3. Department of Finance and Investment, responsible for all the financial and investment policies and transactions involved in the Bank's operation, including the issuance, on behalf of the Bank, of notes and bonds to obtain additional funds for the benefit of savings and loan associations, and the lending of funds to the savings and loan associations on the security of their insured mortgages, which would be pledged as collateral.

Therefore well
A National Housing Agency may also serve as a seed bed for nurturing and guaranteeing the growth of a new independent national housing bank or *from the savings of housing* savings and loan system. In the case of Venezuela, for example, the Banco Obrero, the government housing agency, provided initial facilities, space and staffing for the establishment of the independent savings and loan system, which has now become one of the *largest* most successful and thriving in Latin America.^{1/} This type of sponsorship is particularly important when international loans are made available for seed capital for such purposes, as the existing resources and assets of the national housing agency can be pledged to guarantee the repayment of such loans.

21
^{1/} As of 21 March 1965, independent savings and loan associations were functioning throughout the country since the inception of the system in 1962.

In some cases, credit unions may be the initial instrumentalities for the formation of equity capital needed for housing projects, or co-operative housing societies may be formed for this purpose as well as to develop comprehensive housing programmes. In such cases, the savings efforts for housing purposes may well fall under the jurisdiction of whatever legislation may govern co-operative organizations generally.

The development of new savings systems and institutions for housing purposes will, of course, require certain controls and regulations. In most cases, however, the establishment of more comprehensive savings and loan systems will be subject to regulations under the national banking laws, and come under the jurisdiction of the Superintendent of Banks and the Ministry of Finance.

The establishment of a new savings and loan system frequently will meet the opposition of the existing banking fraternity, who will see it as a potential competitor for the accumulation of savings. It will have to be pointed out repeatedly that, based upon experience elsewhere, savings systems directly linked to housing programmes serve primarily to bring forth new savers and new savings, and thus add to the total volume of savings within a national economy, rather than causing significant diversion of such savings from one financial institution to another.

Some lessons in this respect may be learned from the case of Chile, where the Central Bank of Savings and Loans (Caja Central de Ahorros y Préstamos), was established in 1961, under a law passed in 1959, as an autonomous State enterprise, functioning under the supervision of the Ministry of Finance, the Comptroller General of the Republic and the Superintendency of Insurance Companies and Anonymous Societies. Its principle

functions are: (1) to authorize the formation and existence of savings and loan associations; (2) to act as an insurance agency for savers' deposits and for loans granted by the associations concerned; (3) ~~to~~ give these associations financial assistance by purchasing their mortgages or by means of long-term credits. The sources of the Bank's funds are the normal income accruing from its operations, contributions made by the Government of Chile and credits granted by international agencies. The savings and loan associations are private non-profit making bodies, run on mutual-benefit lines, which collect the general public's savings and invest them in housing loans. All depositors are members, and their savings enjoy such advantages as value adjustments, insurance, immunity from embargo, liquidity, dividends, tax exemption, etc.

The Chilean system is an "open" one, not directly linked to contracts for house purchases. It acts to channel various types of savings, including: individual savings for house purchase; compulsory savings on the part of enterprises under a legal obligation to invest a specific proportion of their profits or other resources in low-cost housing; savings effected by co-operatives, which have become another important instrument of financing in themselves; special accounts. The entire volume of savings collected in this way must be invested in the issuance of long-term loans for the purchase, construction, enlargement or completion of low-cost housing, essentially of social interest. In Chile, within a space of five years, the system had grown to a point where the Caja Central was financing 30 per cent of mortgage loan purchases.

With the growth of independent savings and loan systems and institutions, it will become increasingly apparent that they must form an integral part of the framework of overall housing policy and programming. In Chile, ^{see also p. 26} recent legislation places the Caja Central under the supervision and jurisdiction of the new Ministry of Housing. In Venezuela, efforts are under way to place the National System of Savings and Loans under the jurisdiction of the proposed Central Office of Urban Development in the Presidency of the Republic. In such ways, it is expected that there will be increasing certainty that the savings of the people will be used rationally and effectively to provide housing and improved living environments of maximum benefit to the national economy.

Mortgage banks are another type of financial instrument for the allocation of funds to investment in housing. They are institutions whose main business it is to lend money, on the security of real estate, to be repaid in regular installments, and which are authorized to issue investment certificates or bonds. Mortgage banks are capable of tapping a considerable volume of community savings for channelling into housing construction. However, as their operation involves long-term investment, a stable currency is needed to ensure a permanent market for their certificates or securities. This explains why banks of this kind have found it difficult to survive in many countries which are undergoing inflationary processes, as they have been without protection from the inherent decapitalization which has resulted without the existence of clauses providing for periodical adjustment of debts and interest.

There is no doubt that mortgage banks can have and should have an important role to play in systems for the financing of housing in many of the developing countries. They do have certain other difficulties, especially with regard to the market for certificates in the voluntary investment scene. Demand for negotiable paper of this type is sensitive to the vicissitudes of the monetary situation and to fluctuations in the indices of rates of return on listed securities. The system is not flexible enough to adapt itself to changes in market rates of interest, and involves higher capital costs; there are, of course, the disadvantages attaching to securities with fixed yields in economies labouring under situations of currency depreciation. It seems clear that if mortgage banks are to assume a role of wider importance in developing countries, they must study and launch more attractive types of market securities and new methods of tapping resources.

The need for and growth of mortgage banking activities will occur as the economies of developing countries become stronger and more complex. Such banks may be created as public or semi-public agencies through specific legislation, as in the case of the Central Mortgage Bank of Colombia or the National Mortgage Bank of Argentina. As in the case of Venezuela, they may also be organized as wholly private endeavours. In that country, the large existing commercial banks took the initiative to organize and capitalize the Mortgage Bank of Urban Credit in 1958, and bonds issued by the Bank in large part were sold to the organizers. Since that time, five additional mortgage banks have been established in Venezuela, some of them nourished initially by serving as distribution agents for a special government Credit Fund for the Construction of Urban Housing.

To further encourage long-term investment in housing, several countries have instituted mortgage insurance, such as Guatemala, Chile, Mexico, Japan and Venezuela. Insurance can be issued on short and long-term credits and for loans made through a building company or directly, and thus enables a broader mortgage market to be established, usefully supplementing the activities of mortgage banks or institutions. In Chile, this function is performed by the Caja Central de Ahorros y Préstamos, and in Japan by the Housing Loan Corporation. In Venezuela, an independent institute was established, the Fomentadora de Hipotecas Aseguradas, with joint public and private participation, which operates on a self-financing basis, accumulating reserves through the fees charged for mortgage insurance.

In the field of taxation governments have a most important instrument for fostering savings for housing purposes and for inducing investment in loans and mortgages for housing. It is significant that Western Germany, which achieved a remarkable rate of rebuilding and one of the world's highest rates of home construction, has made extensive use of the incentive of tax concessions to stimulate the production of dwellings and the development of land. Several methods are employed, including:

In some countries, such as Japan and the Phillipines, the volume of mortgage insurance operations has not been up to expectations, which indicates that such systems not only must be carefully tailored to the requirements of local capital market situations, but also require a good deal more "selling" to the potential investors in mortgages who prefer the higher yields of other investments or may still have doubts and lack confidence in the stability and permanence of such systems.

1. Exemption from acquisition of land tax for first purchasers of a small dwelling for owner occupation from a public service housing society and by first purchasers of a workers' homestead for owner occupation. Also, with respect to the land tax during the first ten years of the life of the building, properties are assessed at a lower rate, as if the dwelling had not been erected.
2. Savings contributions to building societies in respect of capital and interest, are allowed within certain limits as a deduction in computing income for income tax assessment, provided the contributions are not used before the expiration of six years for purposes other than the acquisition of a dwelling. Building society borrowers may claim the deduction of the whole of their interest payments from their total income for income tax assessment.
3. Buildings where more than two-thirds of the floor area are devoted to dwelling purposes also qualify for an increased depreciation allowance for the first ten years of their existence. Increased wear and tear allowances are also granted for modernisation costs applied to old dwellings. There are also minor exemptions in the case of social housing from land registration charges and legal fees.
4. Encouragement to employers to contribute to the housing of their employees. Payments by an employer on behalf of an employee to certain savings media, including building societies, qualify, up to certain limits, for a reduced rate of 8 percent in the employer's income tax assessment.

Many countries are using tax abatement and concession techniques to promote investment in housing, and it is clear that these can aid considerably to increase the total flow of capital investment for the housing sector, especially in countries where this sector is not attracting sufficient private investment because of its low priority or low yields on the capital invested.

Among the devices used in several countries for this purpose are the whole or partial exemption from national income tax of capital invested in low-cost housing and municipal tax exemptions for new low-cost house housing. It should be pointed out, however, that the focus of such techniques of tax abatement and concessions for housing purposes should be for low-cost housing. In addition to the principles of social equity involved, this is where the economic potential of housing can best be realized as an enduring area of need in a developing economy and as a key area of capital formation. Compared to private housing for upper income families, which requires large quantities of capital, special materials and equipment, often imported, low-cost housing absorbs a minimum of capital and can activate savings by families who rarely save; it uses local materials and stimulates local industry; it requires less construction skills, simpler construction equipment, and not only uses but trains relatively unskilled workers.

Housing agencies should, therefore, have an important role in establishing and in evaluating the criteria and standards involved for the tax incentives to encourage greater investment in middle and lower-cost housing and related facilities and in the production of building materials.

In addition to certain tax incentives which are a form of special concession or subsidy for housing purposes, there are other major methods available by which governments can stimulate housing production and lower its costs, such as:

1. The payment of premiums to building organizations or investors for dwelling units constructed under certain conditions.
2. Making land and services available at lowered cost, perhaps on a lease or rental basis.
3. Eliminating payment of customs duties and licensing fees, etc, for building materials.

4. Direct government subsidization of interest rates on housing, perhaps with preference to low-income families.
5. "Grace" periods for repayment of construction loans or mortgage loans.

In addition to measures such as the above, many countries with advanced housing programmes have instituted overall policies of direct subsidies for housing purposes to low-income families and special groups, such as the elderly. Although such subsidies may not be directly administered by the housing agency, it is evident that they form a basic part of overall housing policy and programming. One objective of such subsidies may be to permit the building of neighborhoods or communities which are not excessively stratified socially or economically and which will provide for a greater variety in living conditions.

Norway is one country which instituted a basic state policy of subsidies or "reductive" contributions so as to make possible the construction of housing at rents not to exceed 20 per cent of average income. The technique was to extend second "loans", exempt from interest and amortization, which proved to amount to 15 per cent of total building costs, including land, in order to accomplish the objectives desired. These loans or "reductive contributions" are granted at a fixed sum per square metre of construction for each of the zones into which the country is divided, and only for houses of a certain minimum and maximum size. The amount of the subsidy also took into consideration the family income level, and was reduced or not given if such incomes were sufficiently high in relation to average building costs.

Rent payments or direct subsidies may also be provided to low income families under certain conditions to enable them to buy or rent existing dwellings which otherwise they would not be able to afford.

It is clear that the whole question of housing subsidy policy, how this is directed and administered, is one of the most important considerations for a national housing agency's programme, and the attributions involved must receive the most careful study and evaluation if the resources available are to be utilized as effectively as possible.

C. National, State and Local Considerations

A review of countries which have made substantial progress in solving their problems of housing and urban development will almost invariably reveal that, though they have developed strong national agencies to centralize broad policy and programming in this field, much of their success is due to the techniques of deconcentration and decentralization and the delegation of authority and responsibility to local authorities and agencies for the execution and administration of housing programmes. The most common device is to make grants or loans on favourable terms to local councils or municipal housing authorities for land acquisition, the financing and construction of housing and community facilities, or for subsidizing low-income families who otherwise would not be able to afford suitable dwellings. Sometimes, local or state bodies also assume functions of supervising or guaranteeing the repayment of loans which are made to private, co-operative or other non-profit housing associations.

In the case of countries in the developing regions, the situation is considerably more difficult. Frequently, a tradition of strong local government and administration simply does not exist, and there is a distrust of the possible dangers and abuses of delegation to local authorities. Sometimes, adequate or appropriate staff is not available to local councils or authorities in the developing countries.

Although Central Government loans to municipal or local authorities for housing purposes have not been common in Latin America, various countries of Africa and Asia, particularly those which have been under British colonial rule, maintain this as one of the main features of their housing policies and programmes. In Kenya, for example, the Central Housing Board in the Ministry of Health and Housing, which is the principle agency for promoting home construction, does so primarily by making loans to local authorities whose applications must be approved by the regional assemblies.

In other countries where municipalities are still in an early development stage, the governments have created separate statutory bodies called Improvement Trusts for bringing about improvements in the cities. These Improvement Trusts or Development Authorities are usually limited to specific functions prescribed in their charters, mainly for the acquisition, clearance and improvement of land on a self-financing basis. They rarely undertake systematic planning and are best at executing specific projects. A typical case is that of Pakistan, which, in 1965 had 22 Improvement Trusts and 109 Municipalities, but only 3 of the Trusts had qualified staff for physical planning and housing, while the rest of the Trusts and Municipalities had no staff at all for physical planning and housing work.

In other countries, such as India and Brazil, increasing reliance is being placed upon State or provincial government action for housing finance and execution. In India, the Third and Fourth Plans provide for the allocation of funds to State Housing Finance Corporations authorized to issue shares, sell bonds and debentures, accept deposits from the public and borrow money in the open market or otherwise, within prescribed limits, with the approval of the Central and State Governments. Such Corporations would also be the recipients of financial assistance, including subsidies, placed at their disposal by the Central and State Governments under their

various housing schemes, for use in grants and loans to individuals, co-operatives, employers, public or charitable institutions, local bodies, etc, for the construction or improvement of houses or the purchase and development of land for housing and community facilities. In addition to the power of raising and lending money, the Corporations are vested with the power to insure housing mortgage loans made by approved lenders, if the loans fulfill certain prescribed conditions.

In Brazil, most of the State governments have recently established specialized agencies for dealing with housing problems. The first agency of this kind was COHAB, the Companhia de Habitação Popular do Estado de Guanabara, whose jurisdiction covers the city of Rio de Janeiro, which was transformed into a state with the transfer of the capital to Brasília in 1960. COHAB was created in December 1962 with initial capital of Cr. 6 billion, subscribed 51 per cent by the State of Guanabara and with a regular annual State budgetary allocation of 3 per cent of all taxable receipts. It has engaged in an extensive programme for the improvement and clearance of Rio's favelas. In the State of Minas Gerais, a Department of Housing was created in 1962, which receives by decree 20 per cent of the financial resources of the State Savings Bank, and has embarked on a major programme for the organization and development of housing co-operatives.

The potentials of State or Provincial Government action for housing and urban development can be substantial in some of the larger developing countries, where decentralization of administration is a necessity. The economic capacity of State governments to assist with programmes of housing finance will, of course, be greatly enhanced if more countries adopt the system employed in Venezuela, of steadily increasing the share of unrestricted allocations from the national budget to State governments.

Stimulus can also be provided through specific programmes of matching grants or loans in this field.

It is at the local level, of course, that the brunt of programming and execution of housing activity must be carried on. The growing number of large municipalities which have established housing departments or special authorities for this purpose is notable. Two examples can be cited for illustrative purposes: the Caja de la Vivienda Popular of Bogota, and the Municipal Housing Institute (IVIMA) of Maracaibo, both established in 1959. The Caja is a permanent agency of the Bogota municipal government, which appropriates by law 5 per cent of its annual income to the Caja, a base amount augmented by loans from domestic credit institutions as well as by income from a brick factory owned by the Caja and operated on a profit-making basis. A ten-member Board of Directors has responsibility for all policy decisions and the selection of applicants for the Caja's projects. The Maracaibo Institute was created by the Municipal Council, and received a donation of capital, several extensive parcels of land, and promises of annual budgetary allocations of 8 per cent of the Municipality's budget. IVIMA's programme is currently being aided also by loans from other national credit institutions such as the Foundation for Community Development and Municipal Improvement.

Although these cases illustrate the growing recognition by municipal governments of the necessity to organize agencies for direct action in this field, it should not be forgotten that municipalities usually have within their control many indirect or peripheral measures which can be of utmost importance for progress in solving housing and urban development problems. Among these are: municipal planning and the establishment of zoning controls, subdivision standards, building and sanitary regulations, which will aid and

not hamper the provision of housing for lower and middle income groups; land acquisition and the provision and extension of utilities to facilitate the construction of new housing and communities; the clearance of slum or blighted areas and the pooling of properties to permit rebuilding; community development programmes to orient comprehensive and direct self-help and mutual help efforts to improve housing and neighbourhood conditions; and a whole kit of possible taxation methods and devices. Among the possible tax measures which can be employed are annual levies on the assessed value of vacant non-urbanized land within city limits, to make it less attractive to hold it for speculative purposes, and thus to reduce its cost by putting it on the market; the adoption of certain features of land value tax systems to encourage building, as has been done successfully in New Zealand and Australia; the award of tax concessions and tax exemptions for certain categories of housing construction; and the imposition of special taxes on luxury type construction exceeding a certain size or value. Income from such special taxes should be used for investment in the development or improvement of urban facilities and services or be directed into municipally-organized housing programmes.

The road will be a long one to travel for most developing countries to the advanced stage where, as in Sweden or the Netherlands, municipalities are responsible for determining their housing needs and the course that housing programmes in their respective areas are to take. They then proceed to expropriate land, and usually make it available on a leasehold basis to non-profit, co-operative or private investors in accordance with long-range municipal development plans. In Sweden, for example, such municipal planning for housing and community facilities has become part of a regularized development process based on five-year "rolling" plans or projections for

specific requirements which are reviewed and renewed on a yearly basis. In many countries, the steps toward greater local responsibility for planning and execution of housing programmes must be taken on a gradual basis, but this should be one of the clear objectives of national policy in this field.

D. Sound Policies and Management as Essentials of Avoiding Decapitalization

Many countries in the developing regions find themselves caught in severe inflationary situations, with the purchasing power of their currencies steadily declining in value in relation to the cost of goods and services. Sometimes, such conditions of inflation serve as a temporary boom or stimulus to construction activity. Instead of putting their financial resources into banks or other savings institutions where they will decline in value, people will put them into land or buildings where they feel the real value of their investments will be maintained and generally enhanced as a result of the speculative tendencies which accompany inflationary conditions.

To mitigate the effects of such conditions, especially in areas where housing shortages are prevalent, rent controls are often imposed, supposedly to assist low and middle-income families in maintaining a proper ratio of expenditure for housing in relation to their other needs. The problem is that the rents usually stay fixed or relatively stabilized at levels which gradually become fictitious when compared to the steadily rising costs in other fields. As one result, investors in housing, which may include private builders and institutions as well as government agencies, pension funds, insurance companies, etc, receive in repayment for their investment, currency which may be worth in actual value only a tiny fraction of that called for by the original amortization plan.

One result, of course, is that housing, subject to rent control, no longer is attractive for long-term investment. Frequently, such a situation

leads to the flight of capital to other countries where returns on such investment are safer and more adequate. This usually ^{contributes} adds to the lack of confidence in a country's economic development potentials, and, consequently, may be a factor in lessening overall political stability as other sectors also find it difficult to mobilize adequate savings and capital resources to fulfill their plan objectives, and ^{as} socio-economic programmes tend to slow and bog down, effectively inhibiting and frustrating the sense of "rising expectations".

This type of situation will, of course, affect the flow and mobilization of savings, and may also have most serious effects upon the programmes of pension funds, social security institutes and other traditional sources of investment in housing. In Brazil, for example, which finally is on the way to arresting its inflation, the former national housing agency, the Fundação de Casa Popular, was almost totally decapitalized as a result of the inflationary situation. The various Social Security Institutes, which at one time had active housing activities, virtually ceased their work in this field. They were similarly decapitalized, in large part because of their housing investments from which they received fixed rents, in money which lost its value in terms of effective buying power, while at the same time they were still obligated to meet medical costs and other health and welfare payments for their members.

Efforts to encounter at least partial solutions to this overall economic problem, and to achieve a certain "maintenance of value" for housing, have now been adopted through the readjustment clause system which was developed in Chile, one under the Caja Central and one under Corvi, the Housing Corporation. The Caja Central readjustment system is based on an index of salaries which excludes the low salaries paid farmers and the high salaries paid certain mining employees. The mortgages are readjusted annually to

the nearest percentage after deducting 1.5 per cent off the index. This 1.5 per cent is a factor which takes into account the increase in real income for Chile as a whole. The readjustment system which has been employed by Corvi, the Housing Corporation, also takes into account the consumer price index, which seems to be preferred by the mortgagers. A readjustment system based solely on the wage index would require the average salaried employee to pay a fixed percentage of his income for mortgage, interest and amortization. But the total cost of what the worker buys is more closely related to the overall consumer price index. As a result some mortgagers ^{feel} ~~feel~~ they are paying too much under the Caja Central system, and there is evident preference for the Corvi system. *Effects have been made to bring the wage system in line with the consumer price index.*

There is a substantial inducement to savings under the readjustment clause. In the Corvi savings system, people can buy bonds which go up each year through application of a readjustment clause based on the salaries and wages index, or the consumer price index, whichever is lower: plus 3 per cent interest per year. Savings ^{are} ~~under this system~~ are frozen for the first three years unless the saver applies his savings against a mortgage for a house. This maintenance of value feature through the readjustment clause concept has been one of the major incentives in Chile for the rapid growth of voluntary savings available for housing purposes, in spite of the continuing inflation. These plans represent one of the few ways available to Chileans who wish to deposit their savings without incurring the penalties of losses in buying power through inflation.

An even further step in this direction was taken by Brazil with the enactment of the National Housing Act of 1964. In Article 5 of the Law, concerned with the monetary correction system for real-estate contracts, it is specified that contracts for the sale or construction of housing

facilities on credit, or loans for the construction or purchase of houses, may provide for the readjustment of the monthly installments, including both principal and interest, and the consequent correction of the monetary value of the debt, whenever the legal minimum wage rate is altered. The readjustment is to be based on ~~the variation~~ of a general price index, which shall adequately reflect the variation in the purchasing power of the national currency and which shall be determined or adopted monthly by the Economic Council.

The provisions of the article are applicable only in cases where the construction area is not in excess of 100 square meters, where the value of the transaction is not over 200 times the highest minimum wage rate effective in the country, and where the conventional rate of interest is not over 10 per cent per annum.

The entities comprising the Housing Financing System authorized by the Act may provide for the application of the monetary readjustment system, in the following ways:

1. For deposits within the Financing System for a period of not less than one year, which cannot be withdrawn by checks and which conform with the general policies of the National Housing Bank.
2. For loans procured both domestically and from abroad which are designed for the implementation of housing projects in accordance with the limits and general policies specified by the National Housing Bank.
3. For the Realty Bonds issued by the National Housing Bank or by Real Estate Credit Companies in accordance with the provisions of this law.

The readjustments provided for are applicable only to the housing credit and loan activities of the Federal Savings Banks and other entities of the Financing System. Special accounts for the accumulation of savings by applicants for home purchase loans shall be maintained, and they will be granted priority in obtaining such loans, provided the general conditions specified by the National Housing Bank are met.

Although problems remain, it is evident that the readjustment systems adopted by Chile and Brazil for housing finance are providing great stimulus for the accumulation of savings and also for attracting longer-term investors for housing bonds and housing mortgages.

Solutions to the problem of maintenance of value for housing in countries undergoing pronounced inflation do, of course, represent a forward step for the recovery and repayment of public and private funds devoted to housing projects and programmes. However, this should by no means obscure attention to the other fundamental problems of management policies and maintenance practices affecting all housing projects. Too often, in many developing countries, it appears easier to build and construct housing projects than it is to provide for their proper administration and management. This involves orderly processes to enforce procedures for the collection of rents, attention to tenant education, organization and community development efforts to upgrade economic and social standards of the families living in the new projects. Without sound administrative standards for the management of housing projects and for the recovery of the funds invested, there will be no possibility of attracting long-term private capital into such ventures. Similarly, from the public investment viewpoint, it is evident that additional resources will be available for housing more families if existing projects are properly administered and managed so that there is some return of the capital invested.

E. External Resources as a Possible Additive - Limiting Factors

Many of the countries in the developing regions are seeking additional resources to speed up their social and economic development programmes. The demand for external capital appears almost insatiable, and competition is keen for existing international resources, not only between countries and regions, but between the major sectors of national economies, of which housing is one.

It is estimated that approximately \$300 million of external aid is being invested annually on a global basis in housing programmes, with the bulk of this being directed to the countries of Latin America through the lending programmes of the ~~International~~ ^{Inter-American} Development Bank and the Agency for International Development. However, total annual minimum estimates of the global shortfall of investment required to keep the housing deficit from becoming worse are on the order of \$5 billion, of which conceivably \$1 billion might be a feasible target for external investment as a "leverage" factor to promote the increased mobilization of national resources on at least a four to one ratio.

Here it should be emphasized that housing is primarily a national responsibility and requires national efforts to resolve it. External aid in any event can only be of limited value and should be used as an additive factor or catalytic agent to stimulate the introduction of new programmes or techniques which can be supported by the country concerned, or as a means of promoting the greater mobilization of internal resources, such as exemplified by the so-called "seed capital" loans which have been provided to countries of Latin America, with good results, to establish new savings and loan systems or other institutional structures for the more effective utilization of savings for mortgage lending.

Efforts should be made to seek the most useful and rational application of possible available expanded external assistance in this field, though in some countries facing balance of payment difficulties, there may be a reluctance to accept such assistance in view of the repayment difficulties involved and in the light of needs of the other development sectors of the economy.)

In any event, the countries should give emphasis to establishing the appropriate institutional structures and arrangements required for the effective performance of the housing sector. Such measures will serve also to guarantee the capabilities of properly utilizing and managing external capital funds so that they will have maximum favourable impact on economic and social development needs.

Special attention should be given to defining the requirements of external capital for development of local building material industries which would serve to reduce imports in this field and thus aid the balance of payments problem. Where possible, the countries should also indicate preference for external capital available for longer-term investment, and particularly for "seed capital" to help to initiate or to reinforce new institutional arrangements for mobilizing domestic savings and other resources for housing and urban development purposes.

The absorptive capacity of a country to utilize efficiently external aid in its housing programme should be carefully determined. It is evident that external aid can be no magic cure-all for housing problems, and, indeed, it may be a cause of severe dislocations or disruptions of the building industry if it is not properly directed and maintained. It can cause costs of land, labour and materials to skyrocket, to the detriment of the masses of the people seeking homes, if it is simply considered as

an "injection" requiring little or no internal administrative or structural change. Moreover, external aid must be dealt with as an integral part of national social and economic plans and programmes. It should be employed so as to avoid distortions of desirable urban development and to promote sound growth patterns of both urban and regional areas. The conclusion is that the national planning office or agency must be properly equipped to direct and to evaluate the uses of external aid on a broad basis, and that the central housing authority or agency must be similarly prepared with specific projects and programmes for how such aid can be best utilized and absorbed.

IV. BASIC ELEMENTS IN PLANNING AND EXECUTING HOUSING
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The planning of a housing programme may be conceived in several ways. The objective may be a strict and detailed production plan carried out under rigorous control, or it may be simply a forecast of production-capacity with the aim of guiding production in the direction desired. The administrative requirements for drawing up and carrying out housing programmes depend on the type of programme and also upon the conditions in the country in question.

If the first objective is sought, it will be necessary to collect detailed information on the existing housing stock, number of households, the housing need within the regions, the maximum production with the available resources, etc. If the programme is to serve primarily as a forecast or guide line for the production of houses, it may be sufficient to limit the amount of statistical data to a relatively few figures, as long as the general characteristics and the prevailing trends are known and can be verified, through official statistical data, particularly from population and housing censuses, supplemented by locally collected information on the conditions within the regions.

It should be noted that during the period 1955-64, 125 countries or territories carried out housing censuses, the majority of which were fairly comprehensive, and therefore considerable information is already at hand with respect to major aspects of housing conditions. For example, 92 countries collected information on the number of rooms in housing units; 91 on type of housing unit; 85 on tenure; 80 on availability of piped water; 78 on toilet facilities, and 66 on material of construction.

Many countries will find, therefore, that they already have available a good deal of information on some aspects of their housing stock. Almost all, however, will be in need of additional socio-economic data, particularly with respect to the distribution of family incomes, and what families are able and willing to pay for housing.

Housing programmes should be established on a long-term basis because house building is a time-consuming process which, including design and planning, may spread over several years. The investments needed for new production are comparatively high, and will have to be amortized over a number of years. To utilize capacity and to programme production in an economic and rational way, will also require a long-term planning period.

An example of long-term planning is set by Spain, whose housing programme is for a 16-year period. Other countries link the duration of their housing plans to that of the general national economic plan. Still others, such as Sweden, are adopting housing programmes which are based upon five-year "rolling" municipal planning and development programmes which identify housing needs and other key aspects of the housing problems, and are renewed by one year every year.

The economic aspects of programming concern the question of the financial resources to be available during the years covered, and whether these are adequate to meet the demand as expressed in the targets fixed by the overall programme. If public and semi-public funds are insufficient to cover the desired investment, efforts must be directed toward channeling a larger share of private savings into house-construction.

Here also very careful attention must be given to basic patterns of income distribution within national economies, as a fundamental aspect of all planning and programming for the housing sector. Although some countries, according to the available general statistics, may have high per capita income, a closer look will reveal serious maladjustments. Such maladjustments may be so serious that they will severely curtail any efforts to programme for housing in terms of effective market demand for more than a tiny segment of

the population. In such cases, more direct government action and subsidy will be called for, to enable more families to bridge the gap between what they can pay and the cost of new minimum shelter. ¹¹

Any comprehensive housing policy and programme is likely to involve several different levels of government, local, provincial and national, and several different government ministries or departments. Although a special housing ministry or department may exist, it is clear that a housing programme cannot be prepared or carried out without close co-operation with the local authorities and other bodies with a thorough knowledge of local conditions. House-building in many countries is local in character and the demand must be met by the capacity and the resources within the local area. Consequently, a national housing programme must be built up on the basis of local programmes, whether these are prepared independently in the local areas, or are parts of a general programme allocated in accordance with local resources and local demand.

The execution of a housing programme should also include the collection of data which will form the background of programmes for the coming years. The experiences gained in the regions and the local areas, including the mistakes, the miscalculations and the collaboration with local authorities, should be reported and should be utilised in the revision of current programmes and in the preparation of new ones.

As the capacity of the construction industry is utilised for all forms of construction, housing must compete with all other types of construction investment for building materials, manpower, etc. The preparation of a housing programme must, therefore, include projections for such other construction activities, preferably for at least a five-

1/Assumptions are usually made, based on available data and knowledge, that the cost of a house should not be more than five times and preferable only two or three times more than the annual income of a family in the developing regions. The targets of the UN Development Decade for a \$500 house in urban areas and a \$200 house in rural areas should therefore be appropriate in terms of per capita incomes in many developing countries.

determine whether there is sufficient capacity in all the subsectors of the construction industry to meet all the goals.

In this process it is important to remember that in addition to the direct inputs of materials and labour, etc., necessary to achieve the final product, indirect outputs must also be taken into account. For example, the direct input of concrete elements from a prefabrication plant will give rise to indirect requirements for cement and aggregates from the cement industry and the stone industry respectively. In considering the inputs of building labour required, it will be important to give special attention to the need for various categories of skills, and, consequently, the need for establishing training facilities, though taking into account the scarcity of trained supervisors and entrepreneurs, etc.

Although information about the housing situation is important as a basis for projecting new programmes, the accumulation of statistical data in itself should not be an excuse for deferring action on specific projects. In fact, in a number of developing countries where housing needs are so vast, it is clear that the use of sample surveys will suffice in order to begin planning and programming on both a comprehensive national and local basis. There is a danger of becoming bogged down with the accumulation of facts and figures and statistics and using this process as an excuse to avoid or to postpone decisions to begin to meet what clearly are appalling human needs.

The United Nations has recommended the use of Statistical Indicators of Housing Conditions, to permit the convenient analysis of the housing stock and its composition, and to provide some yardsticks by means of which countries can assess their housing conditions in relation to those of other countries - particularly those of similar culture and climate - and evaluate national progress over time. The indicators are divided into two groups: Basic Indicators and Supplementary Indicators. In the former category are the following:

- B-1 Per cent of the population living in dwellings ^{1/} (referring to "conventional (permanent) dwellings") ^{1/}
- B-2 Per cent of occupied dwellings with three or more persons per room.
- B-3 Per cent of occupied dwellings with piped water inside the dwelling or outside the dwelling but within 100 metres.
- B-4 Per cent of occupied dwellings with toilets.

As Supplementary Indicators, the following are listed:

- S-1 Per cent of the population living in housing units classified as "rustic", "improved", "not intended for habitation", or which is without shelter of any kind.
- S-2 Average number of persons per room (for occupied dwellings only.)
- S-3 Per cent of occupied dwellings with flush toilets (urban).
- S-4 Per cent of occupied dwellings with toilets other than flush.
- S-5 Index of dwelling construction in relation to estimated requirements.

The basic indicators (B-1 through B-4) reflect universally recognised elements of housing, such as protection against the weather, the safeguarding of privacy, a protected water supply, and the provision of sanitary facilities. The supplementary indicators (S-1 through S-4) provide additional measures of

^{1/} As defined in General Principles for a Housing Census. United Nations publication, Sales No. 58. VII. 8.

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these elements, and indicator S-5 reflects the extent to which residential construction is keeping pace with the need to house the increase in population, to replace the dwellings lost from the inventory and to overcome any accumulated housing shortage that may exist.

Although fairly realistic housing programmes can be prepared with the help of a comparatively few well-chosen statistics, knowledge of the full range of data will be indispensable in the long run. For this purpose, it is essential that close working relationships be maintained between the central statistical service in the country and the housing agency. In this way, there can be joint collaboration in the preparation and execution of censuses for housing and population so that they will be of maximum value for programming purposes.

In principle, the production of statistics should be centralised as far as possible, but even in cases where it is preferable for the information to be collected and controlled by the housing agency, the computation and tabulation of the data should, as a rule, be done by the national statistical service. However, a special statistical branch under the housing agency may still be required. Such a unit would co-ordinate and analyse available data and make estimates for the specific purpose of formulating housing programmes and of following up their execution. It would also formulate programmes for sample surveys and special statistical investigations related to housing which are to be carried out by other specialised agencies; ^{and} provide advice on statistical matters to authorities responsible for economic planning, regional development, town planners, building material industries, etc.

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Although statistical analysis can provide broad guidelines for estimating housing needs and resources, determining alternative housing programmes for population groups, and areas of need, it is evident that careful consideration must be taken of the circumstances prevailing in particular regions within a country. In some cases, the need for modification or sharpened evaluation of the statistical indicators will be apparent. In most cases, it will be important and desirable to follow the statistical analysis with more detailed sample surveys, involving socio-economic aspects of family and community living patterns, and also analysis of local and regional resources used or available for the construction of housing and community facilities. Sketches should be made of existing special distributions within and outside of the dwelling units, and notes taken of particular customs or cultural traditions which affect the living environment.

Such socio-economic data, knowledge of local building methods and materials, construction costs, and design characteristics of existing housing and communities are the basic and essential factors to be taken into account in planning for housing programmes. Once these factors are known, analysed and evaluated, the housing agency should begin with modest pilot project efforts which will set the stage for larger on-going realistic housing programmes which can be realised within the availability of resources for as large a portion of the population in need as possible.

The sequence, therefore, is one leading from a statistical and fact-finding process to a stage of field analysis and evaluation by interprofessional, interdisciplinary design groups, established by the housing agencies, which, through pilot projects, will work out the essentials of larger programmes to

meet the needs of the total population.

A. Central Functions and Those Suitable for Delegation, Decentralization and Decentralization

In many of the highly developed countries there is increasing emphasis on the role of local government authorities or other bodies for the planning and execution of housing programmes. In some countries, such as the Netherlands (since 1901), and Sweden, for example, local bodies are required to determine housing needs and to take the necessary action for executing comprehensive housing programmes, including the acquisition of land reserves. L

The situation in many of the developing *Countries* ~~Regions of the world~~, however, is far different. Even in areas where there is a tradition of local government administration, such as those formerly under British Colonial rule, it is rare to find effective local bodies operating in the housing field, and the general picture is one of excessive centralization of planning, programming, execution and administration of housing programmes. Too frequently, all decision-making and most of the planning and preparation of specific projects and programmes is carried on in the capital city, and local authorities have little voice with respect to the type or quantity of housing which is to be provided in their respective areas.

Sometimes, there are good reasons for centralization in developing countries and particularly new States which may be faced with problems of social and political instability, traditional resistance to rapid change, lack of appreciation of national goals, shortages of trained personnel, etc. But it is generally recognized that administrative programmes should permit as large a number of actions as possible to be taken in the areas where the people reside, because in this way experience is developed which will foster the promotion of responsible local government. Also, the knowledge of local situations will eliminate mistakes in planning and programming, and savings

are often possible through being able to tailor services and facilities to the local needs in a more realistic way.

Included among the general considerations involved in the degree of decentralisation which can be accomplished are such physical and cultural factors as size and geography of the country, the accessibility of its different regions, concentration and movement of populations, languages, customs and traditions of the people, the prevalence of illiteracy, differences between urban and rural regions, etc. The constitutional, legal and political structures must also be carefully considered.

The two main forms of decentralisation of powers and functions of housing agencies are deconcentration to area offices of administration, with varying degrees of delegation of authority, and devolution to or fostering of functions by state and local authorities in this field, perhaps through loans or grants, particularly those which are on a conditioned or matching basis.

The major functions of the national or central level focus on co-ordination and direction and creating a certain energising and activating approach to the overall problem. Typically, central functions will include: establishing broad policies, which will involve research and the setting up of goals and targets; providing economic and financial aid to private and public forms of housing; establishing building code regulations and procedures for slum clearance, urban renewal, etc; supervising, inspecting or evaluating the production of low-cost housing and related community facilities; co-ordinating public services in relation to housing projects, as well as ascertaining that such projects are related to transportation, industrial development, and regional needs; training personnel, and stimulating civic awareness of housing needs and programmes.

The devolution of housing functions to state and local governments has many advantages, but to be successful as a policy, certain preconditions must exist. If such governments are to be given housing functions, they must have sufficient funds to render the necessary services and to prepare the programmes which are called for. Local authorities may be given central grants for certain programmes, but, if local initiative and responsibility is to be encouraged, they should also receive funds from other sources, such as the sharing of certain revenues, being given permission to levy and collect certain taxes, and to borrow money or issue bonds, etc. Without competent personnel, their programmes will fail. The role of central technical assistance to local authorities in the field of housing and urban development will also be of major importance.

Although recognising that local governments in many developing countries do not possess either sufficient expertise or the financial, material and technical facilities for the effective implementation of housing programmes, there is widespread opinion among the housing leaders of these countries that, where possible, governments should decentralize activities and delegate authority to the various levels of regional and local government for the execution of housing programmes.

A suggested proposed division of responsibility among the levels of government in this field is shown below:^{1/}

Central Government

1. Formulation of housing policy.
2. Provision of finance.
3. Establishment of financial institutions and guarantee of loans for housing and land development.
4. Housing standards.

^{1/} As suggested by United Nations Study-tour - Workshop on Organization and Functions of National Housing Agencies in Asia and the Far East, October 1965. Copenhagen, Denmark.

Central Government (continued)

5. Determination of ceiling costs.
6. Co-ordination of research and general supervision.

Provincial or State Government

1. Control of planning.
2. Approval or sanction of site layout.
3. Preparation of type plans.
4. Provision of scarce building materials.
5. Assistance in acquisition and development of land for housing.

Local Government

1. Construction of houses for rent and hire-purchase.
2. Acquisition and development of land for public housing and the private sector.
3. Maintenance of the completed projects and collection of rents.
4. Provision of social workers and community development programmes.

What is required, of course, is a strengthening of the administrative capacities of the government at all levels. But as local governments in the developing countries are frequently so weak, technically and financially, increasing attention is being given to how aid to local governments can be institutionalised and channeled for maximum effectivity. ^A One of the most ~~ambitious and far-reaching~~ efforts of this type is being conducted by the Foundation for Community Development and Municipal Improvement of Venezuela, established in 1962. The Foundation's programmes include technical and financial aid to municipalities, the development of training programmes in all aspects of municipal administration, and special assistance to municipalities for programmes of community action and development. The Foundation acts as a

central source of lending for housing, community facilities and other projects undertaken at State and local levels, whether by public, private or non-profit agencies.

As skepticism still prevails in some countries about the wisdom of delegating national authority to local and state agencies, and of their capacity to effectively use such authority and resources, considerable use is made of another approach - area administration or deconcentration of responsibility and authority by the central government to regional and local units or offices within definite geographical jurisdictions. The central housing ministry or agency will delegate to area offices specified functions and give to them the necessary authority for discharging or carrying out such functions. But, the arrangement is administrative in nature and implies no transfer of final authority from the ministry or housing agency, whose responsibility continues. One example of deconcentration of functions to regional offices is that of Colombia's housing agency, the Instituto de Credito Territorial, which has some 7 such offices throughout the country. However, the chief functions left to the regional office are those of supervision of new construction, social work, and certain routine administrative and management functions. Spain's "delegaciones" of the Ministry of Housing or regional offices, on the other hand, have broader functions, and they are used for the full performance of many of the activities of the Ministry itself, including land planning and acquisition and urban development generally.

It seems clear that one of the key objectives for the regional offices established by national housing agencies is to place authority to make decisions at points as near as possible to where actions take place. They should also help to foster and strengthen the action and programming required at local

levels and by local governments, so that eventually these latter will become fully competent as soon as possible to deal with the whole range of problems involved in housing and urban development.

B. Differences between Urban and Rural Programmes - Deciding on Allocation of Resources Between Them

There is a general world-wide neglect of rural housing programmes in both the developed and developing regions, in spite of the fact that relatively much smaller, well-placed investments for rural housing and community facilities can do a great deal to help slow down the rates of migration to the large cities and thus ease the pressures of too rapid urbanisation trends which cannot be properly absorbed, provided for or attended to.

Although the costs of building rural housing and community facilities are undoubtedly much smaller than for urban housing, and large amounts of self-help, mutual-help, community and local resources can be employed in such efforts, there are still broad questions about the future of many rural economies generally in an age of growing mechanisation and industrialisation which inexorably reduces the need for small rural holdings in individual family ownership. Some argue that it is better to face the facts of inevitable rapid urbanisation, to upgrade existing housing and community facilities in the urban areas and to provide for new services and facilities as soon as possible for the continuing influx of rural migrants, as the best means of rapidly equipping them for more productive employment of greater benefit to national economic growth.

Although powerful arguments can be made for either more rural or still more urban "emphasis", there is no doubt but that specific programmes must be devised for both sectors. One basic question is whether rural housing should

~~72~~

be part of a selective approach, linked to agrarian reform and efforts to improve land productivity, versus a more general approach, recognising the importance of health and social development problems for all families. In broad terms of health, hygiene and other factors, people must be attended to where they are, or they will be sources of infection and disease ^{to the} ~~to the~~ whole society. Programmes for housing and community facilities in rural areas also can have and should have a powerful education and demonstration effect: they can be a first entry into more complex living conditions and requirements of a modernising society.

In many developing economies, it will be difficult if not impossible to provide urban housing of reasonable standards for more than a small percentage of the population until an appropriate level of public and private savings is attained. Rural housing programmes, on the other hand, not only are less costly, but they may serve to upgrade building skills and techniques, stimulate otherwise moribund rural economies, produce healthier living conditions, provide incentives for local pride in home and community, and serve to increase productivity in agricultural areas. They may also be focal points for community development efforts, to organise co-operatives, and mutual credit and commercial and marketing enterprises.

In this context, it is clear that relatively small inputs for rural housing and related programmes can have potentially significant social and economic impact. It is assumed, of course, that such programmes will be based on a substantial utilisation of local resources, materials and manpower. They must be administered in such a way as to take into account the economic situations in rural areas, where cash incomes are dependent upon the crops and seasons. Repayment of credits or loans for materials will be dependent upon this factor, among others.

~~23~~

In Venezuela, for example, where the Malaria Control Division of the Ministry of Health administers the large-scale rural housing programme, credits up to \$1,000 per dwelling unit are made available to individual families for the purchase of materials and the contracting of specialised labour. Such credits, however, are interest-free, and repayable over a 20 year period, at times when cash incomes are available.

Rural housing programmes will also involve careful study of community and cultural traditions and ways of living, as in many cases the families of rural areas in developing countries will have no understanding of the importance of, or need for, better housing. They will frequently need stimulus and convincing, and, in any event, cannot be forced to accept new dwelling conditions unless specific advantages are proven to them.

Rural housing programmes should, wherever possible, be given priority in areas of land reform or increasing agricultural productivity. The type of settlement pattern should be determined only after careful study and analysis. In most cases, opportunities should be sought for the effective co-ordination of such programmes with other efforts to provide improvements and community facilities, particularly rural water supply, schools and roads.

To be effective, rural housing programmes will also require the creation of a special corps of personnel and technicians familiar with rural living conditions and willing to devote themselves to rural problems. This will mean that a special Rural Housing Institute may have to be created, or that a special division should be established within an already existing Ministry dealing with rural affairs. In most cases, placing responsibility for rural housing with an existing national housing agency will mean that rural housing needs will become submerged and overlooked in the pressures of dealing with

the demands of rapid urbanization, urban development and urban renewal. There will not be adequate attention given to rural housing, in spite of the fact that attention to this area may well help to slow rural migration to urban areas.

Special training and pilot project demonstration programmes are important elements in the initiation and organization of rural programmes for housing and village improvement. In Venezuela, the Ministry of Health trained its existing corps of personnel dedicated to the malaria control programme to supervise housing programmes when malaria had been virtually eliminated and it was evident that existing primitive rural housing conditions were responsible for other rural health hazards (particularly the Chagas disease). In India, special Rural Housing Wings have been established at four national engineering colleges, for research and training, and in the U.A.R., the Ministry of Housing is sponsoring a pilot project demonstration and training programme which is expected to have eventual impact on the improvement of the thousands of villages in that country.

C. "Posdcorb": Supervision and Controls

Once the housing problem in all its aspects has been surveyed, a national housing policy established, and broad plans formulated for meeting the goals as a part of overall national economic and social development programs, then attention must be focussed on how the execution of these objectives will be organized. The chief executive functions, which must be translated through the operations of a national housing agency for the accomplishment of the basic objectives, are identified by the made-up word "POSDCORB", first used by Dr. Luther Gulick in Papers on the Science of Administration.^{1/} As defined by Dr. Gulick, POSDCORB is made up of the initials and stands for the following activities:

Planning, that is working out in broad outline the things that need to be done and the methods for doing them to accomplish the purpose set for the enterprise;

Organizing, that is the establishment of the formal structure of authority through which work subdivisions are arranged, defined and coordinated for the defined objective;

Staffing, that is the whole personnel function of bringing in and training the staff and maintaining favorable conditions of work;

Directing, that is the continuous task of making decisions and embodying them in specific and general orders and instructions and serving as the leader of the enterprise;

^{1/} Gulick, Luther, "The Theory of Organization", in Papers on the Science of Administration. Institute of Public Administration. Second Edition, New York, 1947.

Coordinating, that is the all important duty of interrelating the various parts of the work;

Reporting, that is keeping those to whom the executive is responsible informed as to what is going on, which thus includes keeping himself and his subordinates informed through records, research and inspection;

Budgeting, with all that goes with budgeting in the form of fiscal planning, accounting and control.

Administration is generally recognized to be a process by which systems of execution and supervision are established to carry out or achieve an objective with a minimum of resources (effort, time, materials, money, etc.). Housing agencies are no different from all other public and private organizations in that they must give due attention to these factors. Indeed, because the housing problem and housing programs impinge upon so many aspects of society and the national welfare, the administration of national housing agencies becomes an unusually complex fusion of physical, economic and social elements. Housing programs are concerned both with physical results and with people, represented both by occupant-participants served by organized housing efforts as well as by the broad groups of concerned and involved national citizenry. Comprehensive solutions or approaches to the housing problem will also involve an unusual number of professions and skills; not only must the personnel of housing agencies encompass the traditional skills, such as architectural, land

planning, fiscal, building, legal, social work, etc., but at various levels there must exist the ability to weld together the various elements into reasonably coherent workable programs and projects, integrating public and private resources and efforts.

Among the key factors to be taken into account, if all is not to turn into confusion or frustration, are the following:

1. Objective: Although this should be defined through the national housing policy and made known to all concerned with the various programs called for, ~~there will still exist~~ ^{Figure 3} the danger that the specialized efforts of the professionals, sub-groupings, or constituent departments of a national housing agency will not be adequately pulled together for maximum effectiveness. This is well illustrated by the two diagrams below, reproduced from Catheryn Seckler-Hudson's Organization and Management: Theory and Practice: ^{Figure 4} ~~1/ (Figure 3 and Figure 4).~~

The second figure shows the importance of coordination of specialized efforts if the objective is to be achieved. Such coordination generally involves careful attention both to organizational structure as well as to the development of group purpose through ideas and ideals.

An example of the interrelationships of the major processes of organization and management at the various levels of administration is shown in the ^{Figure 5} diagram below, also reproduced from Catheryn Seckler-Hudson: ^{2/} This diagram ~~(Figure 5)~~

^{1/} Seckler-Hudson, Catheryn, Organization and Management: Theory and Practice. The American University Press, Washington, D.C. 1955. pp. 6 and 8.

^{2/} Ibid., p. 62.

FIGURE 3

THE DANGER OF SPECIALIZATION IN AN ORGANIZATION

Parallel lines of specialized effort that never interrelate

| | | | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Specialist 1</u> | <u>Specialist 2</u> | <u>Specialist 3</u> | <u>Specialist 4</u> | <u>Specialist 5</u> | <u>Specialist 6</u> | <u>Specialist 7</u> | <u>Specialist 8</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|

Result: Most, if not all, of the specialized effort is wasted because of lack of coordination.

- 106 -
FIGURE 4

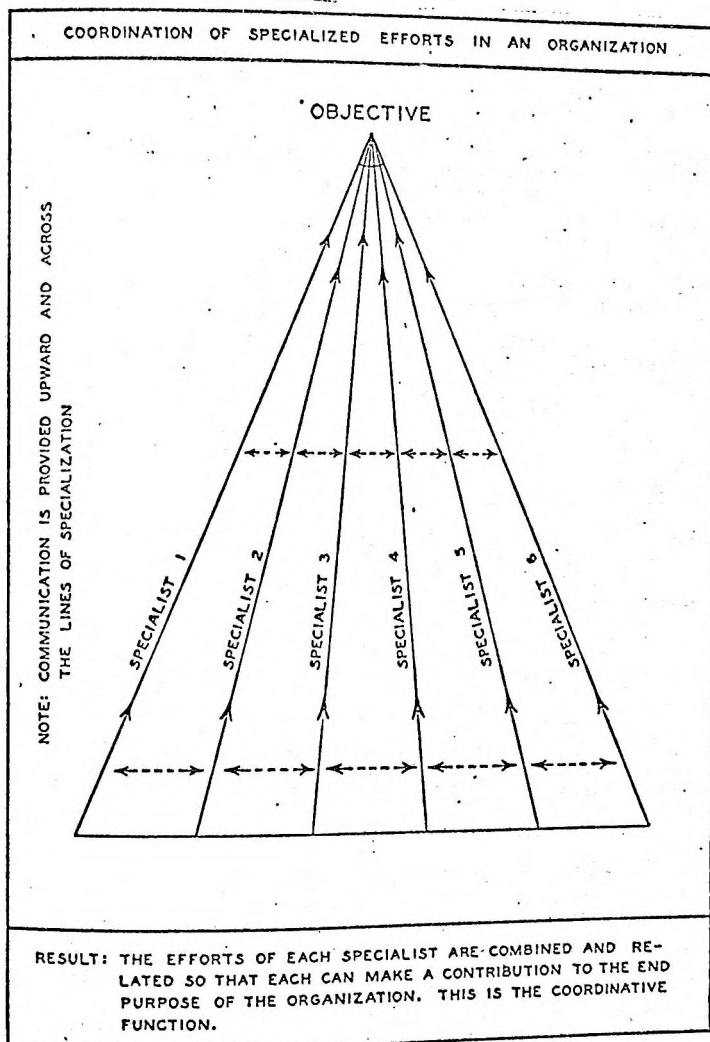
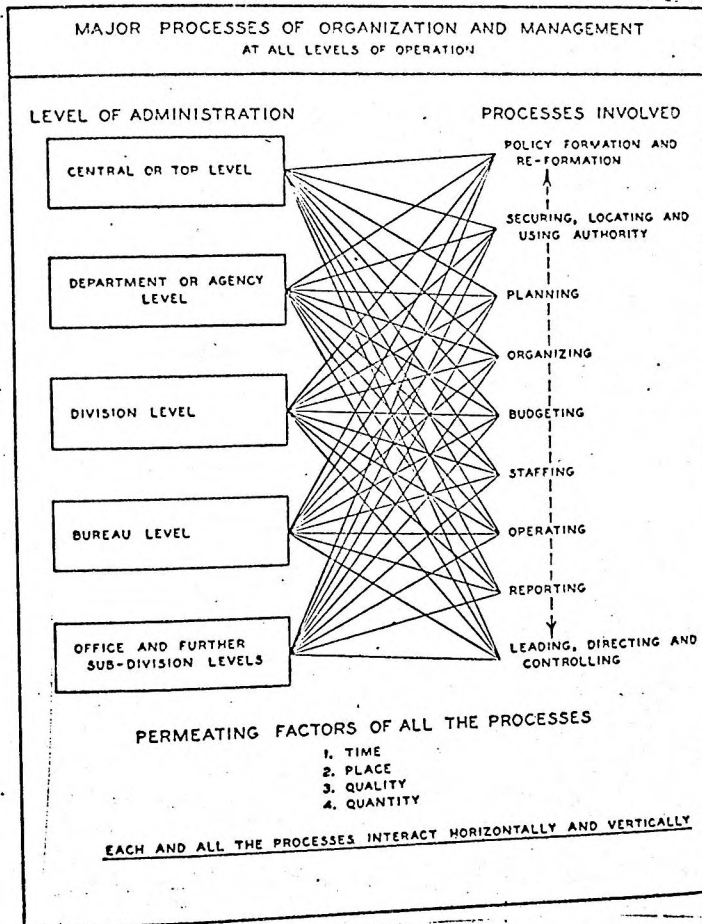


FIGURE 5



serves to point out the importance of good performance at every level, as the processes interweave and interpenetrate each other and condition every level of performance and similarly each level of performance conditions each process, ^{resulting in} creating a total climate for the execution of a specific program.

A listing of specific tasks or duties that must be carried out by the management of a public enterprise if it is to function effectively and efficiently has been made by the United States Bureau of the Budget, and is presented below for illustrative purposes, with the recognition that as management is dynamic, the tasks listed are subject to being carried on simultaneously, in a continuous and changing process. They would seem appropriate in most instances for consideration by national housing agencies. 5

1. Define objectives for the enterprise (policy planning):
 - a. Determine the broad objectives in terms of desired results.
 - b. Set priorities for these objectives.
 - c. Decide the general method of reaching these objectives, e.g., enforcement through education or prosecution.
 - d. Establish broad time, cost and quality limits for these objectives.
2. Plan programs to carry out these stated objectives (program planning):
 - a. Determine activities necessary to reach objectives.
 - b. Set priorities for these activities.
 - c. Translate these activities into specific programs by:
 - (1) Forecasting work volume by activity and location, clientele group, organization unit, etc.
 - (2) Determining available resources; i.e., time, funds, skills, etc.
 - (3) Identifying, through analysis and research, special factors or situations which will condition the program.

- (4) Preparing a detailed work plan for the program.
 - (5) Setting schedules (both partial and final completion dates) for both the program as a whole and its component parts.
3. Plan and build organization structure to carry out programs:
- a. Examine and compare all basic work processes involved in carrying out the agency's program activities.
 - b. Develop structure for line organization to integrate these processes and activities.
 - c. Develop staff facilities required to serve each echelon and develop a plan for staff activities.
4. Plan and install procedures and methods for activities:
- a. Develop detailed routines, procedures and systems for substantive, staff and service activities which give proper attention to:
 - (1) Distribution and sequence of work.
 - (2) Scheduling and control of work.
 - (3) Worker methods.
 - (4) Skill utilization.
 - (5) Forms, space, equipment, etc.
5. Procure funds and administer finances:
- a. Translate estimates of staff, equipment and supplies into funds by time periods.
 - b. Estimate revenues and appropriations required.
 - c. Make allotments.
6. Staff the organization:
- a. Define individual positions and the number required.
 - b. Determine and schedule staffing priorities.
 - c. Recruit and place individuals.
 - d. Train the staff.
7. Provide the necessary information for controlling:
- a. Determine what information various echelons of management will require:
 - (1) To evaluate performance.
 - (2) To relate progress to program schedules.
 - (3) To see status of funds (i.e., maintain accounts), staff, plant, equipment and material.

- b. Establish a work measurement system to yield required data.
 - c. Develop, where possible, standards of cost, quality and production for individual work operations.
 - d. Set up a system of control records and reports to collect and summarize this information for management's use.
 - e. Develop a system of operational audits as a continuing control device.
 - f. Determine what information is required about the program's effect on the community and provide for its collection.
 - g. Provide for the collection of intelligence and information necessary for planning.
8. Analyze the information provided for control:
- a. Program operations:
 - (1) Analyze information on performance provided by reports and surveys to determine:
 - (a) Deviation from standards.
 - (b) Amount of progress in meeting program schedules.
 - (c) Realization of schedules for staffing, expenditures and procurement.
 - (2) Authorize special investigations and surveys to determine causes of poor performance and necessary corrective action.
 - b. Program objectives:
 - (1) Review information on effect of program on community.
 - (2) Analyze outside survey and intelligence data.
 - (3) Evaluation correctness of objectives and means in the light of this information.
9. Adjust and improve program operations and objectives:
- a. Revise and improve organizations, procedures, and methods.
 - b. Provide more adequate staff facilities.
 - c. Improve the quality of personnel and supervision.
 - d. Alter program objectives and activities to meet external conditions.
10. Motivate the organization:
- a. Measure the reaction of organization members to policies and objectives.
 - b. Analyze external forces and conditions affecting attitude.
 - c. Indoctrinate in organization policies.
 - d. Interpret and communicate changes in goals promptly.
 - e. Develop economic, social and other types of incentives.
 - f. Develop and promote staff according to a systematic plan.
 - g. Promote the two-way flow of experience and opinion by stimulating communication and the interchange of information.
 - h. Develop responsible participation and initiative among workers.
 - i. Utilize performance data to inform worker of his progress.

11. Provide facilities and supplies:
 - a. Plan the establishment, maintenance and use of plant.
 - b. Procure and maintain supplies and equipment.
12. Maintain external relationships with:
 - a. Congress.
 - b. Administrative superiors.
 - c. Related agencies.
 - d. Agency clientele.
 - e. General public.
13. Issue orders to carry out decisions and policies and develop a system for the control and distribution of issuances.

Supervision and Controls

Supervision and controls are two most important aspects of the operations of national housing agencies, which must usually engage in various programs at once, involving other agencies, different levels of government and administration, decentralized operations, and participation of private bodies and individuals. Among the positive measures used for overall direction and supervision are the following:^{1/}

^{1/} Adapted from Decentralization for National and Local Development, United Nations. ST/TAC/M/19, 1962.

~~96~~

- a. Formulating national programmes, with targets, timing and costs classified in so far as practicable, on an area basis.
- b. Issuing general directives and guides from time to time, including the setting of technical and other standards by circulars, handbooks and model ordinances.
- c. Training local staff in order to convey information and to develop their capabilities.
- d. Providing technical help readily to individual local agencies from field units or from central offices, upon request or as the need becomes clear.
- e. Specifying minimum qualifications for technical and professional officers to be employed.

Measures for purposes of control include the following:

- a. Making on-the-spot checks from time to time and more formal inspection on a periodic basis.
- b. Requiring special or periodic reports on progress.
- c. Controlling budgetary and other financial matters, including audit.
- d. Applying judicial remedies, etc.

Audit, inspection and supervision of housing programmes and projects are especially important, not only because of the need for proper accounting of public funds and resources, which are used on a loan or grant basis, but also to encourage good local administration. The aim should be not to interfere excessively in details, but to ensure the strength and improvement of the local units. Here training and technical services in such fields as personnel, finance, purchasing, organisation and methods, etc, can be especially useful

for
in increasing efficiency and in developing certain uniform methods and reporting to enable a continuing up-to-date picture of the housing situation on a country-wide basis. Prompt feedback of information to central sources can be of value to immediate decisions on types and size of housing programmes.

In the Netherlands, one device found particularly useful for these purposes was the institution of the "inspectorate of housing", which provided a sort of counter-weight against excessive decentralization. The inspectorate was organized as a completely deconcentrated government service, with a chief inspector attached to the ministry responsible for housing and an inspector in each provincial capital. The latter had considerable freedom of action, advised both the Council of Deputed States and the municipal council, and performed a corrective but also a coordinating and "stimulating" function. *An office of Inspection General for housing has also been established in France.*

Although the choice of tools for supervision and controls will, of course, vary considerably from country to country and region to region, it would be well for housing agencies in all developing regions to give careful and early consideration to how they can and should systematize and institutionalize these important bulwarks of honest and efficient performance in this field.

Any approach to the problem of executing a national housing programs would also do well to take careful heed of the general principles set forth by the American Management Association's "Ten Commandments of Good Organization", listed below:

Some specific problems of organization + staffing of housing agencies will be discussed in the following chapter.

1. Definite and clean-cut responsibilities should be assigned each executive.
2. Responsibility should always be coupled with corresponding authority.
3. No change should be made in the scope or responsibilities of a position without a definite understanding to that effect on the part of all persons concerned.
4. No executive or employee, occupying a single position in the organization, should be subject to definite orders from more than one source.
5. Orders should never be given to subordinates over the head of a responsible executive. Rather than do this, the officer in question should be supplanted.
6. Criticisms of subordinates should, whenever possible, be made privately, and in no case should a subordinate be criticized in the presence of executives or employees of equal or lower rank.
7. No dispute or difference between executives or employees as to authority or responsibilities should be considered too trivial for prompt and careful judication.
8. Promotions, wage changes, and disciplinary action should always be approved by the executive immediately superior to the one directly responsible.
9. No executive or employee should ever be required, or expected, to be at the same time an assistant to, and critic of, another.
10. Any executive whose work is subject to regular inspection should, whenever practicable, be given the assistance and facilities necessary to enable him to maintain an independent check of the quality of his work.

Although the application and importance of specific principles may vary depending on such factors as geographical location, labor supply, available resources and tools, personalities, time, etc., it would seem that they do provide a working basis for effective organization and management in many situations. Specific problems of organization and staffing of housing agencies will be discussed in the following chapter.

V. ORGANIZATION AND STAFFING OF HOUSING AGENCIES.

V. ORGANIZATION AND STAFFING OF HOUSING AGENCIES.

There is no magic formula for prescribing the correct organization for a national housing agency. Because causes and effects of the housing problem are so different from one country to another, considering their economic, social, physical and regional settings, there has been virtually no comparative analysis to date of systems of housing administration in the countries of the developing regions. However, it is clear that as the "housing problem" is usually national in scope, a strong dynamic central administrative structure is necessary to achieve national coordination of effort, even though the execution of programs takes place at the local levels, where the housing problems and needs exist. This central organization must include or be closely related to other agencies within the overall government organization that have to do with planning, budgeting, financing, public services, community facilities, land acquisition and development, etc. Given these general criteria, it may be possible to review and to describe some of the elements of organization that will be essential for the effective functioning of a national housing agency, and to use as illustrations the organizational structures of several existing agencies in various parts of the world.

To begin with, it should be pointed out that no organization can or should be "structured" unless it is in direct function of the objectives to be achieved. These objectives must be much more clearly defined in

terms of specific programs than the broad guidelines which are likely to be part of the national housing policy or national economic and social development plan. The organizational structure must provide the mechanisms through which flow tasks, responsibilities, authorities, information, resources and instructions, and it must also provide the channels to collect, synthesize and coordinate performance and to measure progress against known policies. These must be open lines of communication spanning every level of the organization if it is to confront and to deal with the dynamics of the housing problem in its rapidly changing contexts. (Above all, as stated by Luther Gulick,

"The structure of any organization must reflect not only the logic of the work to be done, but also the special aptitudes of the particular human beings who are brought together in the organization to carry through a particular project. It is the men and not the organization chart that do the work". 1/

An organization chart, in any event, is a useful device for showing the main units of a ministry or agency and serves as a ready reference to the primary relationships within a hierarchy. However, it can never be static because the relationships shown on such a chart require continuing analysis as new factors and conditions give rise to new problems. Also, such charts do not show the volume or flow of work, the complex network of communications and the informal relationships which prevail in administrative organizations. Often the growth of informal organization by people renders the formal one obsolete or supersedes the structure shown on an organization chart.

1/ Gulick, Luther, Papers on the Science of Administration, op. cit. p.36.

Housing is a large-scale, complicated enterprise which requires many men to carry it forward at all levels, and, for efficiency in achieving the policy objectives, there must obviously be a division of work among these men. Organization is an effort to interrelate the subdivisions of work by allotting them to men who are placed in a structure of authority so that the work may be coordinated by orders of superiors to subordinates, reaching from the top to the bottom of the entire enterprise.^{1/} Such a structure of authority requires not only many men at work in many places at selected times, but also a single directing executive authority. The problem of organization thus becomes the problem of building up between the executive at the center and the subdivisions of work on the periphery an effective network of communication and control.^{2/}

Among the key elements to be taken into account here is that of the "Span of Control", or the number of men that an executive can personally direct or supervise in any given organization. Although the number will vary depending upon the nature of the organization and the tasks to be performed, it is clear that there are real limits, and that the executive of any enterprise can personally direct only a few persons upon whom he must depend to direct others, and upon them in turn to direct still others, until the last man in the organization

^{1/} Gulick, Luther, Ibid, op. cit., p.6

^{2/} Gulick, Luther, Ibid, op. cit., p.7

is reached. At the same time, there should be rigid adherence to the principle of unity of command or else there will be certain confusion, inefficiency and irresponsibility in the functioning of the organization. Efforts should also be made to bring together in single units work divisions which are homogeneous in work, in technology or in purpose, as this will further aid in promoting efficiency.

In practice, the problem of organization of a national housing agency may well be approached from both top and bottom. On the one hand, those concerned with working from the top down will attempt to build major subdivisions under the chief executive, recognizing that the principle of limitation of the span of control must apply. On the other hand, those working from the bottom up, will look upon the organization as a system of combining the individual units of work into aggregates which are in turn subordinated to the chief executive, in full recognition of the principle of homogeneity. This latter will not be easy because any attempt to group tasks of individuals without violating the principle of homogeneity will find that most must also be characterized by major purpose, such as project design or project management; process, such as architecture, engineering, statistics or accounting; persons or things dealt with or served, such as immigrants, farmers, veterans, the elderly, etc.; or the place where the service is rendered, such as the City, County or State, etc.

In practice, most national housing agencies will involve organization both by major purpose as well as by process. First of all, the

effort to create a national housing agency itself implies recognition of major purpose, and the desire to bring the whole job under a single director with immediate control of all the experts, agencies and services which are required in the performance of the work. But the national housing agency itself may also contain several constituent programs or subdivisions which may be major purpose in character, such as Urban Renewal, Rural Housing, Resettlement Projects, Savings and Loan, etc., each of which may be provided with integral direction and staff and resources to be able to proceed on its own. As for organization by major process, this is the bringing together in a single office or department of workers who use some particular kind of skill, knowledge, machinery or profession, such as a technical or site development department which would bring together land planners, architects engineers and draftsmen. Other services, such as budgeting, accounting, purchasing and planning are usually set up on a process basis and may also serve as instruments of integration, central coordination and control.

Housing agencies will also be concerned with the process of organization by clientele or materiel, particularly on the basis of the persons served or dealt with in the case of the occupants of its housing projects. For this purpose, they usually will have separate departments of project management, facilities administration, social work, tenant education and community development and community relations activities. If self-help projects and programs are to form a large part of the agency's activities, special units or departments may be formed for the purpose of organizing and supervising groups involved in these programs.

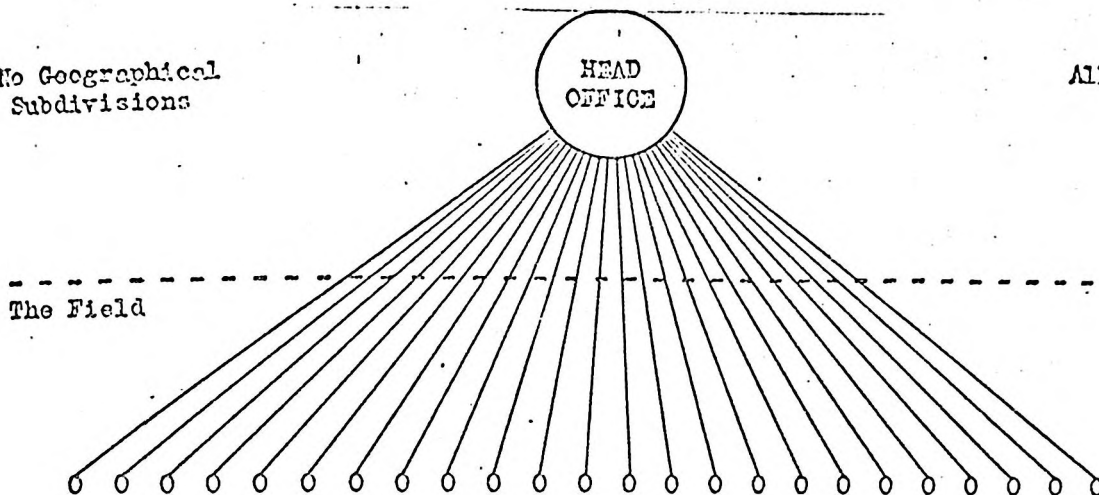
Organization on the basis of the place at which the service is performed brings together all of those who work in a limited area regardless of the service they are performing or of the techniques they represent. This process has been touched upon in the discussion of decentralization and deconcentration, with which all housing agencies are concerned. Typical examples would include project development, as well as emergency planning, programming and action for relief and reconstruction in disaster areas. Most national housing agencies will also, in one way or another, be subdivided on the basis of geographic areas, which may also provide for considerable variations in form of organization, as illustrated by the diagram below: ^{1/} (Figure 6)

^{1/} From Gulick, Luther, Ibid., p.28

-121
FIGURE 6

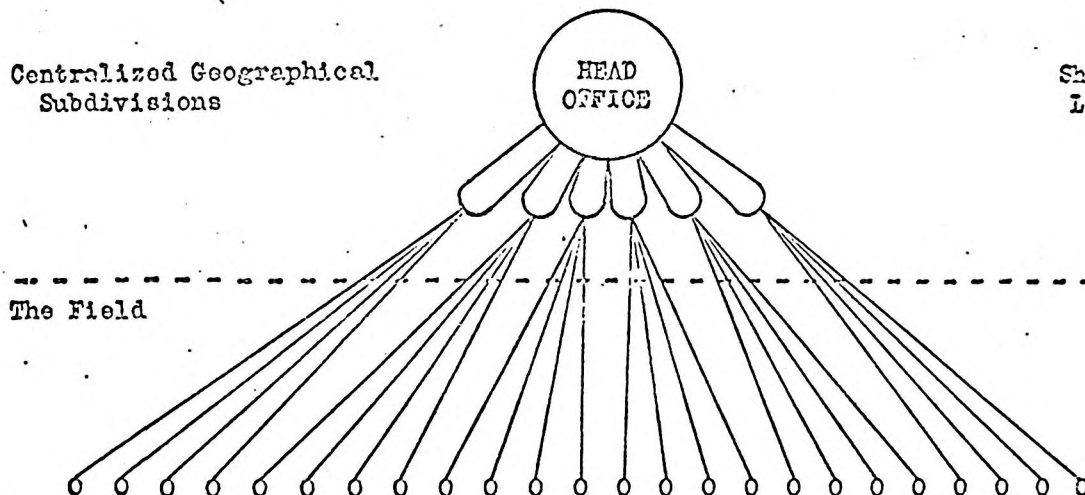
I. No Geographical Subdivisions

All Fingers



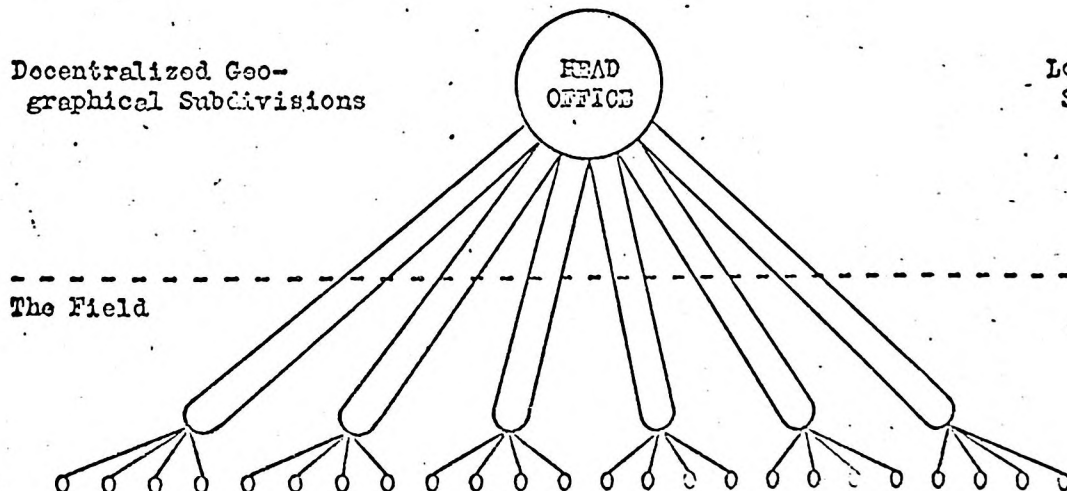
II. Centralized Geographical Subdivisions

Short Arms
Long Fingers



III. Decentralized Geo-graphical Subdivisions

Long Arms
Short Finger



As shown, the geographical subdivisions of an office may be within the central office or they may be located away from the central office in the field, that is, they may be centralized or decentralized.

Although there are many advantages to decentralized subdivision of work, it is also apparent that the men in charge of the field offices must be men of ability equal to if not superior to those selected to head centralized departments of similar scope. Inevitably also, with the variety of problems and tasks confronting a national housing agency, it will be found that with the concept of geographic areas in the structure of organization, either as a primary or as a subordinate plan of division of work, there will be a continuing problem of delineating appropriate boundaries.

Another concept which should be taken into account is that of "line and staff". Included in the term "staff" are all persons who devote their time exclusively to the knowing, thinking and planning functions, and in the "line" are those chiefly concerned with the doing functions. The overhead directing authority of the staff group, usually a board or committee is the "general staff". As pointed out by Gulick, a common fallacy is to consider a budget director, purchasing agent or controller, as "staff" officers. In reality, he points out, because they have important duties of direction and control, which are line functions, they cannot be considered as "staff" officers, who do not organize others, direct or appoint personnel, issue commands, or take responsibility for the job. In reality, most national housing

agencies would have few staff officers as few have developed independent planning agencies as aids to the chief executive. What would be more frequently identified, perhaps, is the independent consultant, individual or firm, contracted for longer or shorter periods to advise the executive or a line department or officer on such matters as policy and programming, public relations, planning measures, etc.

It should be evident from the above that in any national housing agency all four basic systems of organization will probably be present, as each staff member will be working for some major purpose, use some process, deal with some persons, and serve or work at some place. If an organization is erected about any one of the four characteristics of work, it will quickly become necessary to recognize the other characteristics in constructing the secondary and tertiary divisions of the work. Moreover, it will be found that any organization is a living and dynamic entity, and its various activities subject to birth and decline as well as modification because of technological and other developments as time proceeds.

What will hold it together and keep it alive is the power of an idea or dominant ideals, which are the foundation of coordination, at the heart of all organizational efforts. This stimulus, energizing element and continuity must be provided through creative leadership. There is no final answer to how any organization should be structured to carry out its objectives in a constantly changing universe of

problems. Ideas and persuasion must provide, through effective leadership, the unity of purpose necessary to override the questions of whether or not a housing agency is properly organized and with the authority necessary to carry out its objectives and responsibilities.

The appointment of the director or chief executive of the national housing agency should be the first major step in developing the organization of housing. Such an appointment may be made by the President in the case of a Ministry, or, in other cases, by vote of the Board of Directors of a Housing Agency or Institute, after appropriate canvass procedures. The director or chief executive may serve at the pleasure or discretion of the appointing authority or for a fixed term, which would seem preferable considering the weight of the responsibilities involved and the length of time needed for thorough familiarization with the national housing problems and programs.

In the case of an existing national housing agency, the new director or chief executive may use his appointment as an opportunity for promoting reorganization and rationalization. For a newly established agency, the new director or chief executive will probably have to develop his organization in a gradual way, first building a nucleus team and organization and adding on to it as suitable personnel becomes available and as programs grow.

In all cases, as previously indicated, there must be careful attention to contemporary organizational theory which recognizes that bureaucratic organizations are social institutions as well as being created for the

performance of certain public or private functions. The motivation and morale of the work force will be influenced by the social organization, which will involve patterns of behavior in human relations, and particularly attitudes with respect to supervisory behavior, whether this authoritarian or democratic. Skillful leadership and direction can imbue an organization with high morale, drive and creativity from all its members which can place it well in the forefront of other mechanisms in the administrative hierarchy. This is especially important for national housing agencies, which face unusually complex and difficult problems in the accomplishment of their functions, and therefore require more than their share of dedication and "esprit de corps" on the part of their personnel. It should always be remembered that any organization is after all, composed of a group of people united in a common task or tasks. No matter what the underlying legislation, regulations, resources, technical apparatus or location, they will be ineffective if their own relationships to each other and to the organization are not fully understood and harmonious.

In these contexts, the functions of national housing agencies in many countries can be grouped together under three main headings:

1. Planning and sectorial coordination at the national level, statistics, budgeting and programming, research, etc.;
2. Financing, including direction and supervision of public and private mechanisms and resources applicable to the sector;
3. Technical functions related to the provision of housing and community facilities, including land acquisition and development, architectural, engineering and construction operations, etc.;

4. Administrative and management services, including community development and social work activities for tenant occupants at the project level, etc.

As indicated above, the responsibility for functions to be performed in a particular country may be decentralized or delegated to intermediate levels of authority, regional, state or provincial, or local. In some cases, the national housing agency may serve more as a "holding company", providing the incentives and resources to enable municipalities, non-profit organizations, cooperatives or private enterprises under certain conditions, to execute major portions of the national housing program. In other cases, it will operate directly in certain fields, at the same time as it also delegates functions or decentralizes them. The important point is that the major functions should be represented in the central administrative structure, where coordination must take place, standards and procedures must be established, and measures of supervision and control must be exercised.

A. Typical Organization and Department Structure
The four organization charts below, all from rather small countries, illustrate how Israel (Chart III), Norway (Chart IV), Panamá (Chart V), and Costa Rica (Chart VI) structured their national housing agencies for basic division of functions at the national level, and, in the case of the first two, taking account of the important relationships with municipalities and non-profit building societies.

In Israel, the Ministry of Housing's central office is composed of three basic groupings: Administrative, Technical and Services, with a geographical subdivision also on the basis of five districts.

CHART III

Organizational structure of the Ministry of Housing in Israel

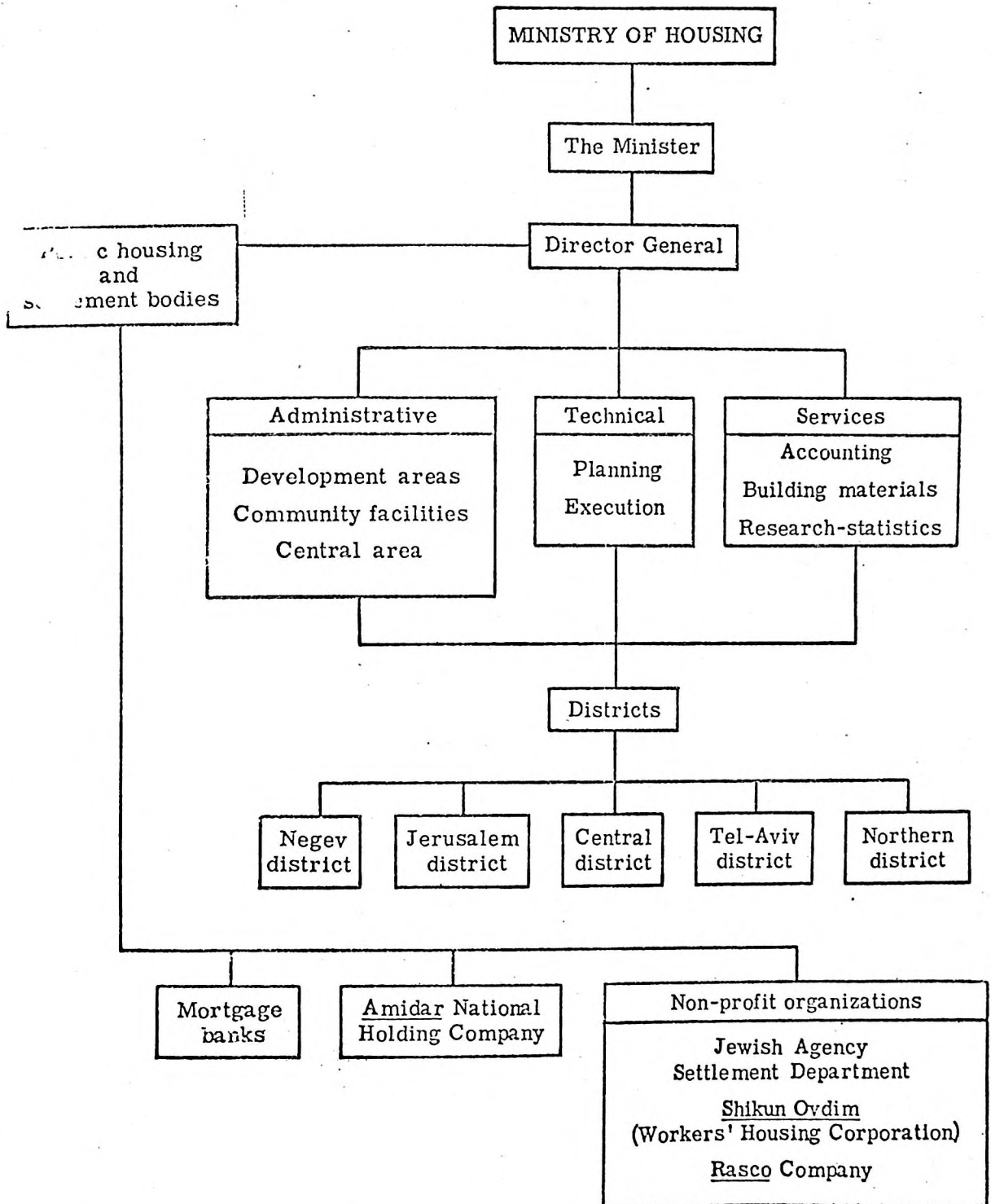
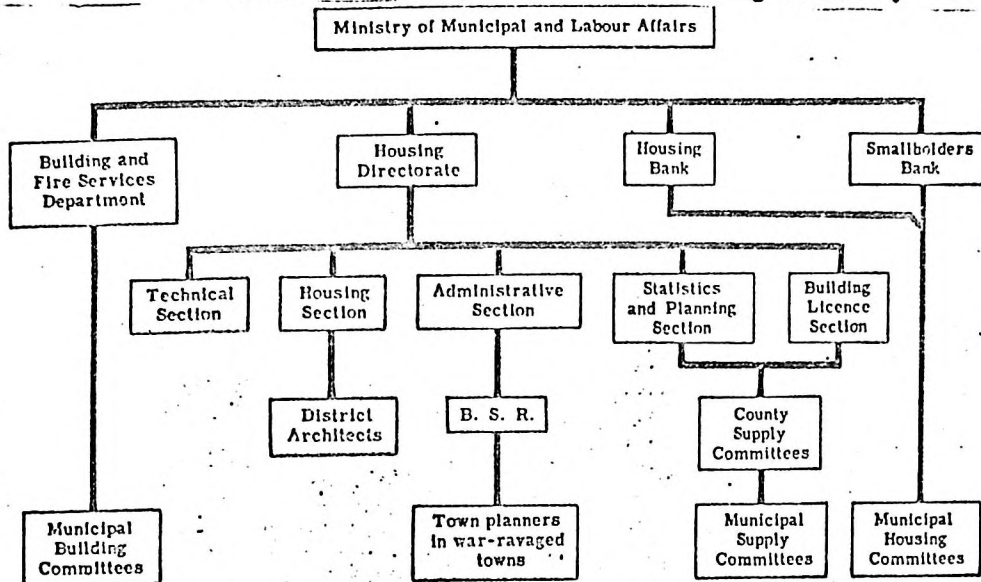


CHART IV

N O R W A Y

Administrative Organization of Housing in Norway



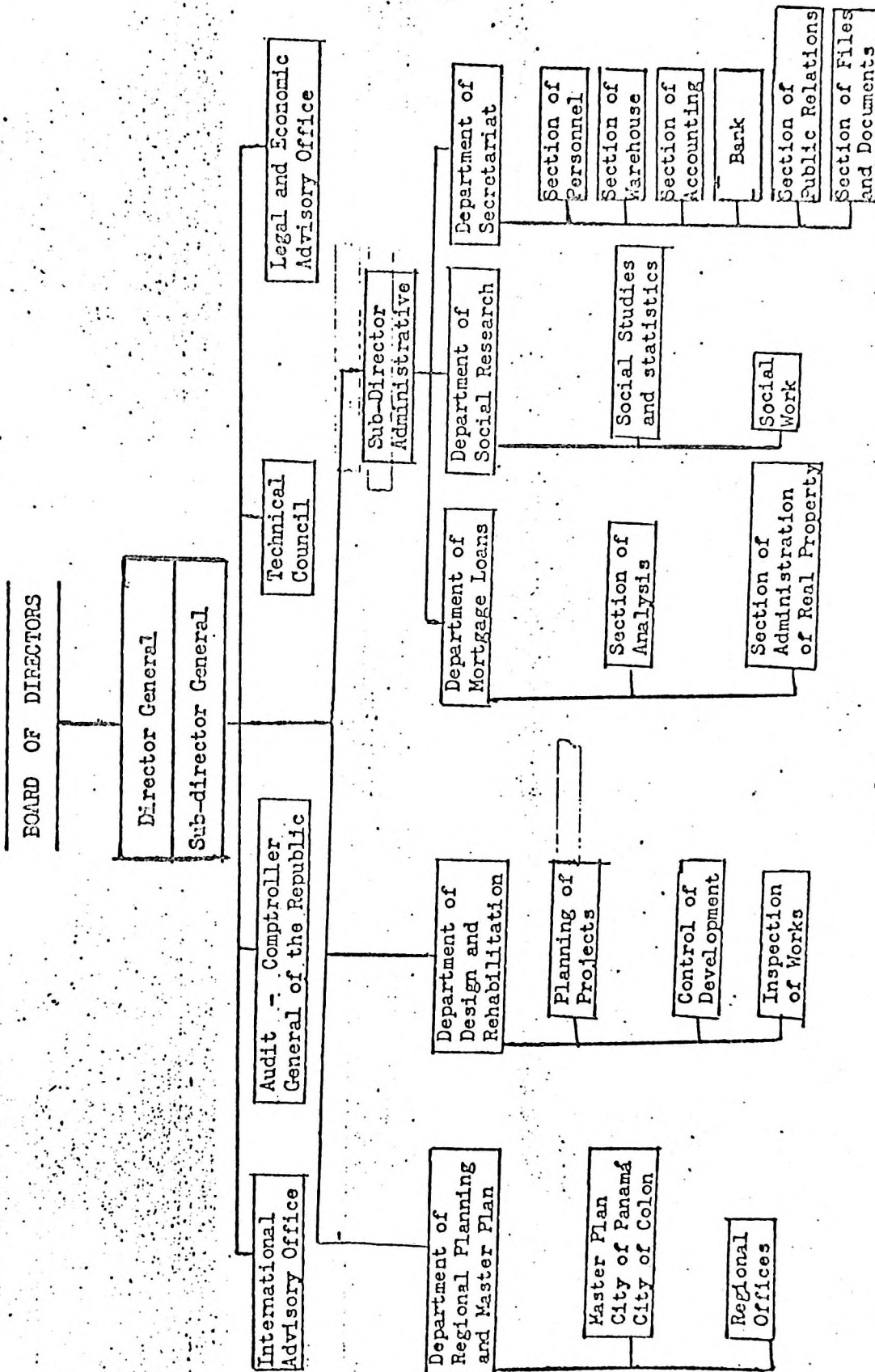
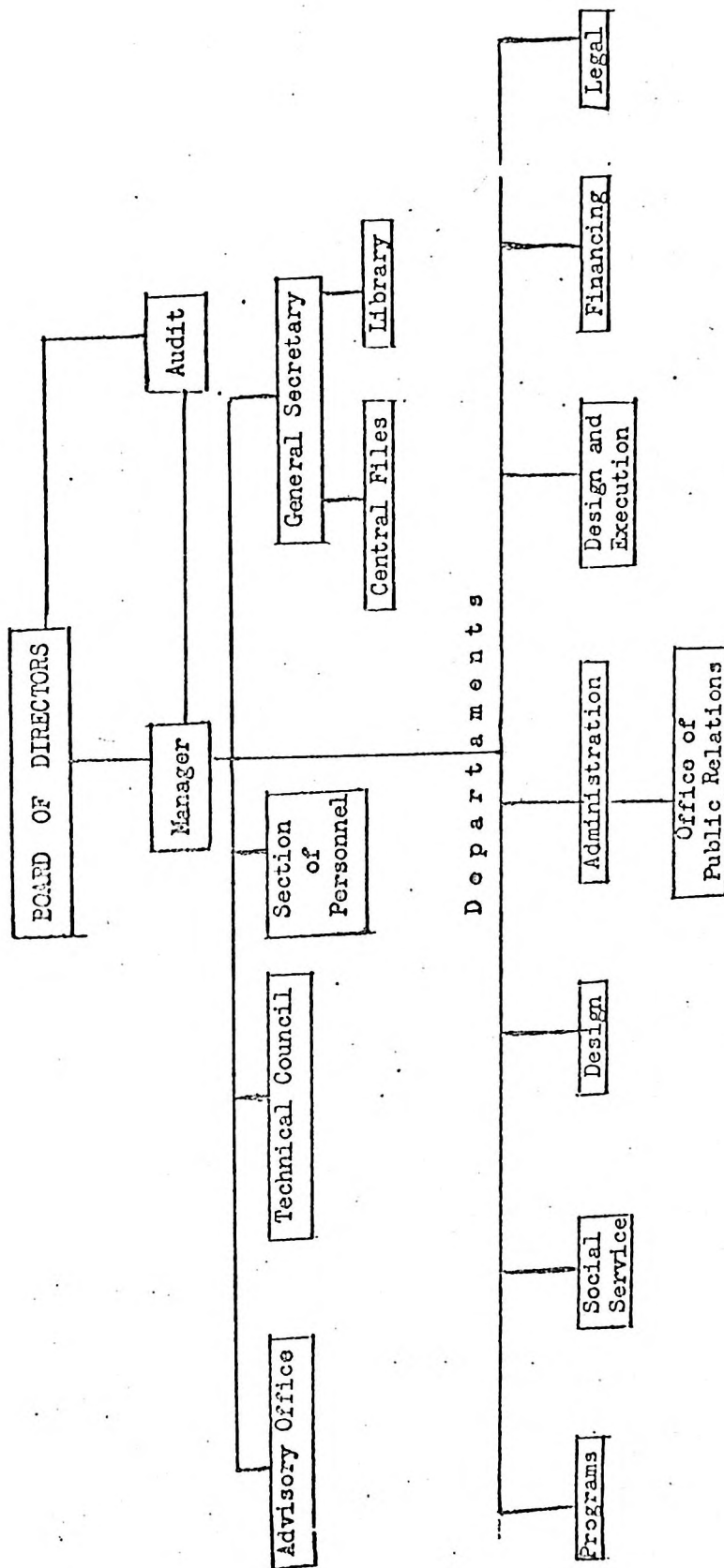
P A N A M AINSTITUTE OF HOUSING AND PLANNING

CHART VI

COSTA RICA

NATIONAL INSTITUTE OF HOUSING AND PLANNING (I.N.V.U.)

FUNCTIONAL ORGANIZATION



In addition, a direct line of supervision and control runs from the Director General and involves the public housing and settlement bodies, the mortgage banks, the Amidar National Holding Company, and the non-profit building organizations such as the Shikun Ovdim and the Rasco Company.

In Norway, the Housing Directorate of the Ministry of Municipal and Labour Affairs, has a somewhat similar grouping, but also adds two sections of "Statistics and Planning" and "Building Licenses", which in Israel's case were not separately categorized. Norway apparently gives heavier emphasis to principles of decentralization of functions to municipalities than does Israel, which "deconcentrates" through its five district offices. It should be noted that the financial functions, as represented by the Housing Bank and Smallholders Bank are also at the top level of the Ministry, and are "tied in" to the programs of the Municipal Housing Committees.

In Panama, as is true of many Latin American countries, a more centralized administrative pattern is apparent in the structure of the Institute of Housing and Planning. There are five basic departments, three of which have been grouped under an Administrative Sub-Director, for purposes of simplifying the "span of control". The Institute takes a more direct role with respect to regional and city planning through its special department for this purpose. The Department of Design and Rehabilitation is a typical grouping of "technical" functions. The third grouping, of a Department of Mortgage Loans, Department of Social Research, and Department of Secretariat is, of course, somewhat unusual.

It might be noted that, in this developing country, more special attention is given to social research, social studies and social work. Also, the role of "staff" functions is recognized, through the International Advisory Office and the Technical Council. In Costa Rica, the Manager of INVU appears to exert more direct control and supervision of the various departments, and such functions as personnel, library, and public relations are more clearly identified.

The more developed countries
The housing programs which serve countries that are socially and economically developed, inevitably become more complex. The schematic diagrams below, showing relationships between agencies, institutions, etc., concerned in housing programmes in a Scandinavian setting (Figure 7); the structure of Swedish housing and planning administration (Figure 8); and Cash flow in the Financing of Housing (Figure 9) illustrate these complexities. There is key stress on the economic planning aspects, including the role of housing in relation to the dynamics of industrial employment needs, but the seemingly complicated nature of transmittal of resources through the various bodies and a three-mortgage system will not be dealt with here. One of the main points is that increasingly planning and development for housing responsibilities are being decentralized to municipalities through the five-year "rolling" plans, commented upon earlier, and the financial mechanisms serve the overall national goals and the local programs.

However
To show that the Scandinavian countries have no monopoly on ~~seemingly~~ complex organizational and financing arrangements for home construction, two diagrams from the Philippines are also reproduced; Figure 10 shows that at least 10 government agencies are involved in this process, and Figure 11 is a Flow chart of the financing and its sources.

The three organization charts below, of Colombia (Chart VII), the Netherlands, (Chart VIII) and Spain (Chart IX) show the central organization structures of countries with large-scale and active housing programs. In Colombia, the General Manager is provided with key staff services through the Office of Planning and Statistics and the Office of Administrative Coordination. There

FIGURE 8

SWEDISH HOUSING AND PLANNING ADMINISTRATION

Major responsible
Ministry for Housing

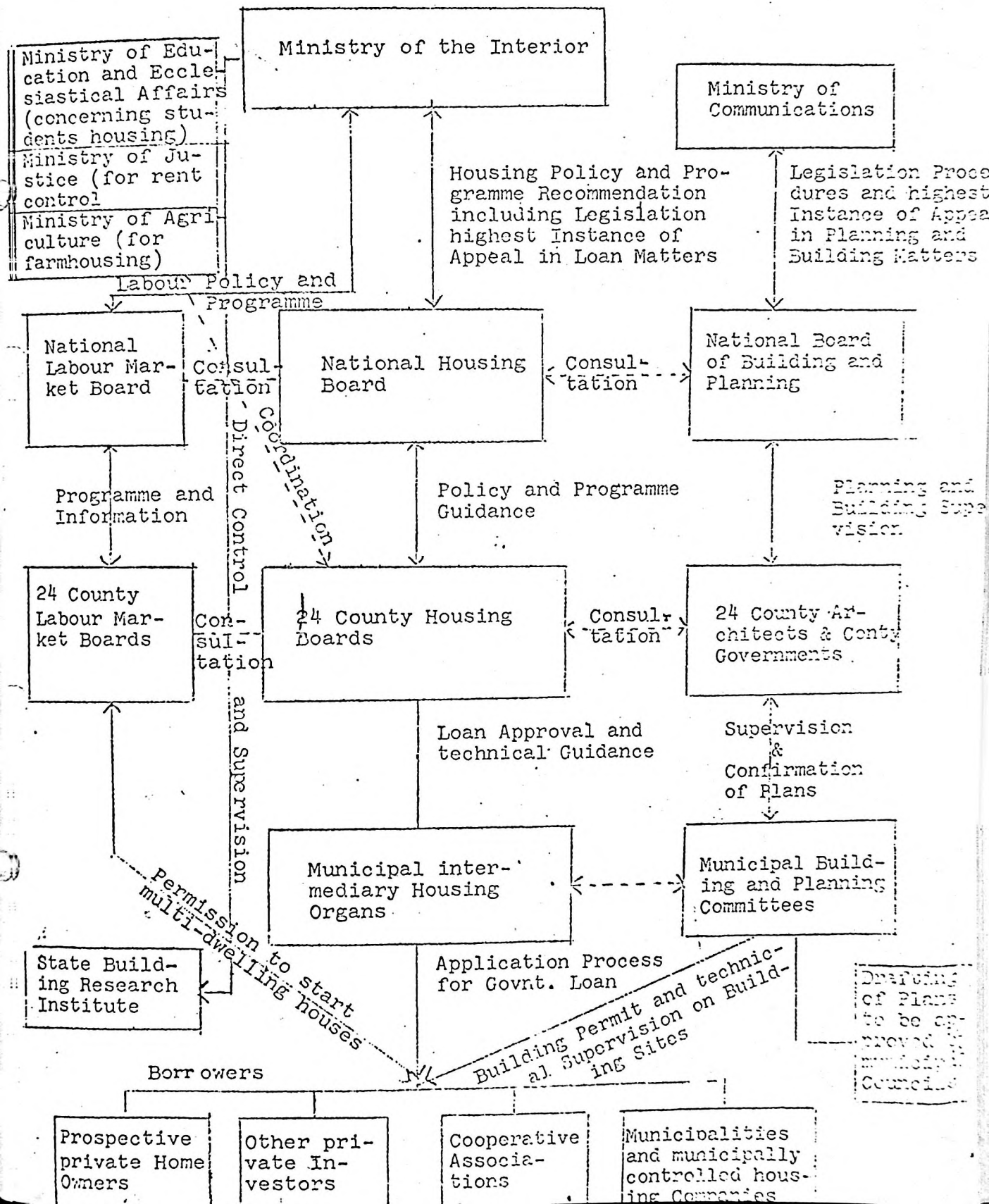
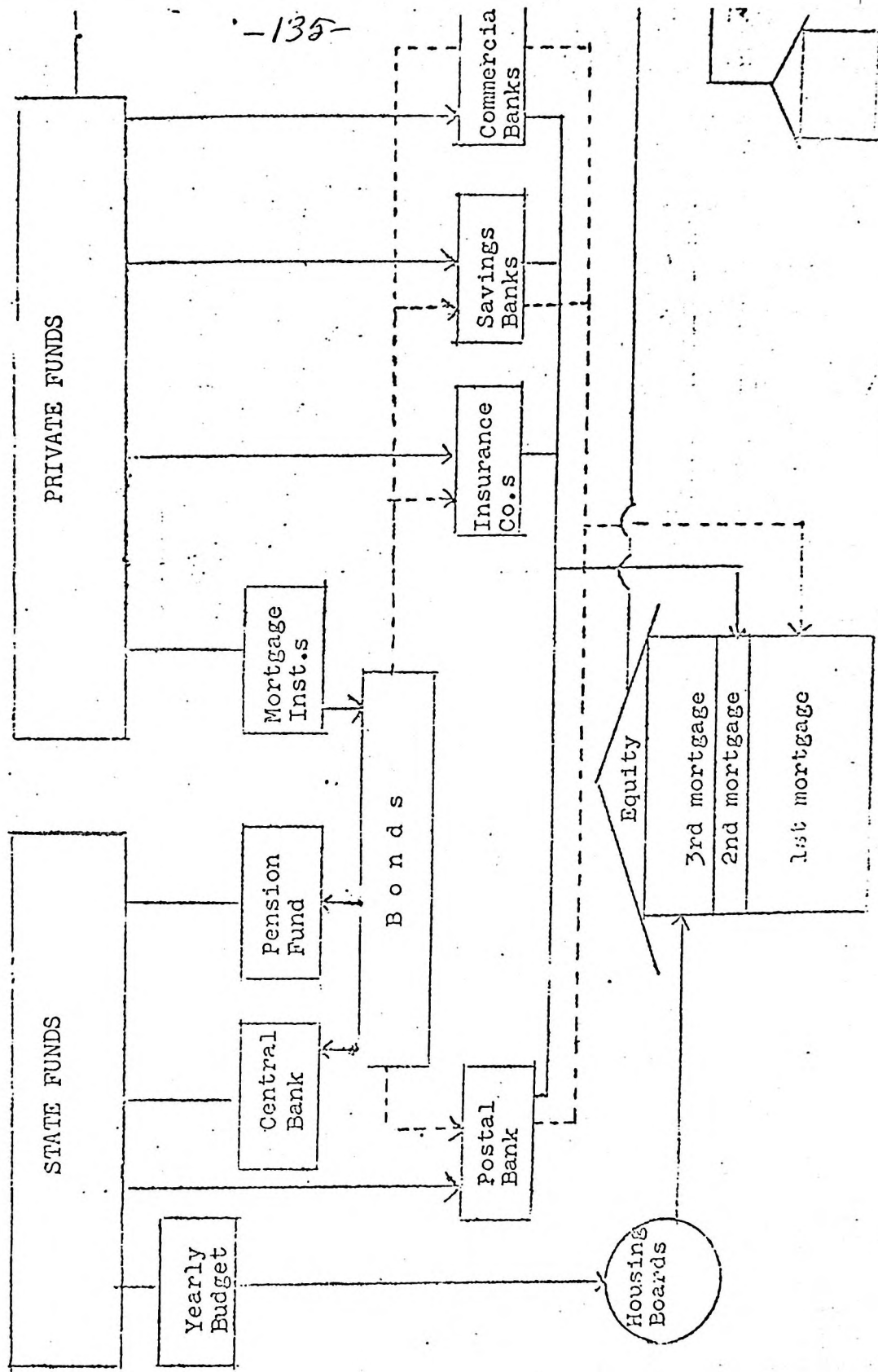


FIGURE 2

S W E D E N

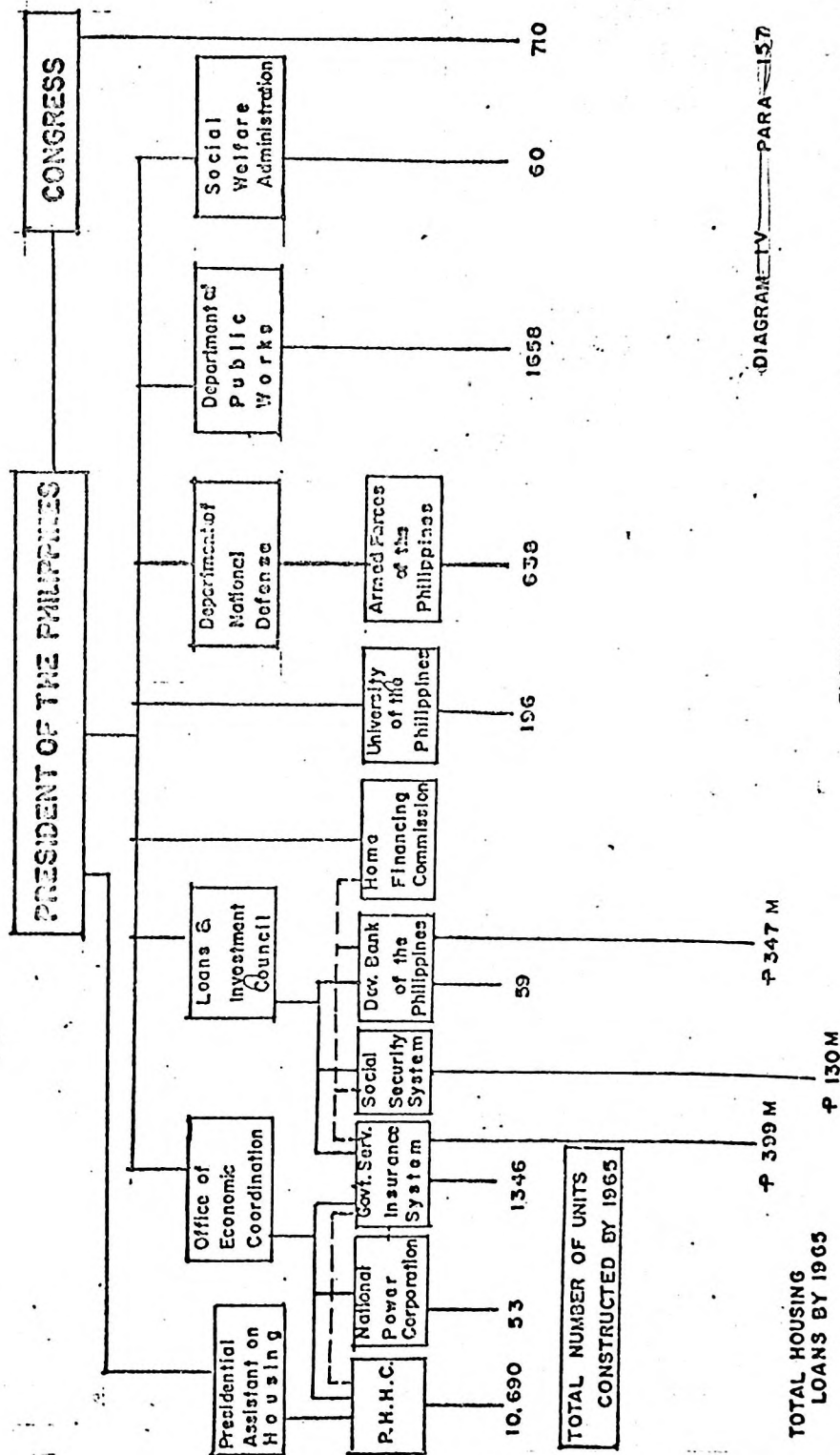
CASH FLOW IN THE FINANCING OF HOUSING



90 % of dwellings

10 % of dwellings

ORGANIZATION AND EXECUTION OF HOUSING PROGRAMS
GOVERNMENT OF THE PHILIPPINES



EXTRACT FROM "HOUSING IN THE PHILIPPINES" - J. S. DE VERA
REPORT FOR U.N. SEMINAR ON ORGANIZATION AND
FUNCTIONS OF NATIONAL HOUSING AGENCIES - OCT. 1965

FLOW CHART • FINANCING OF HOME CONSTRUCTION • REPUBLIC OF THE PHILIPPINES

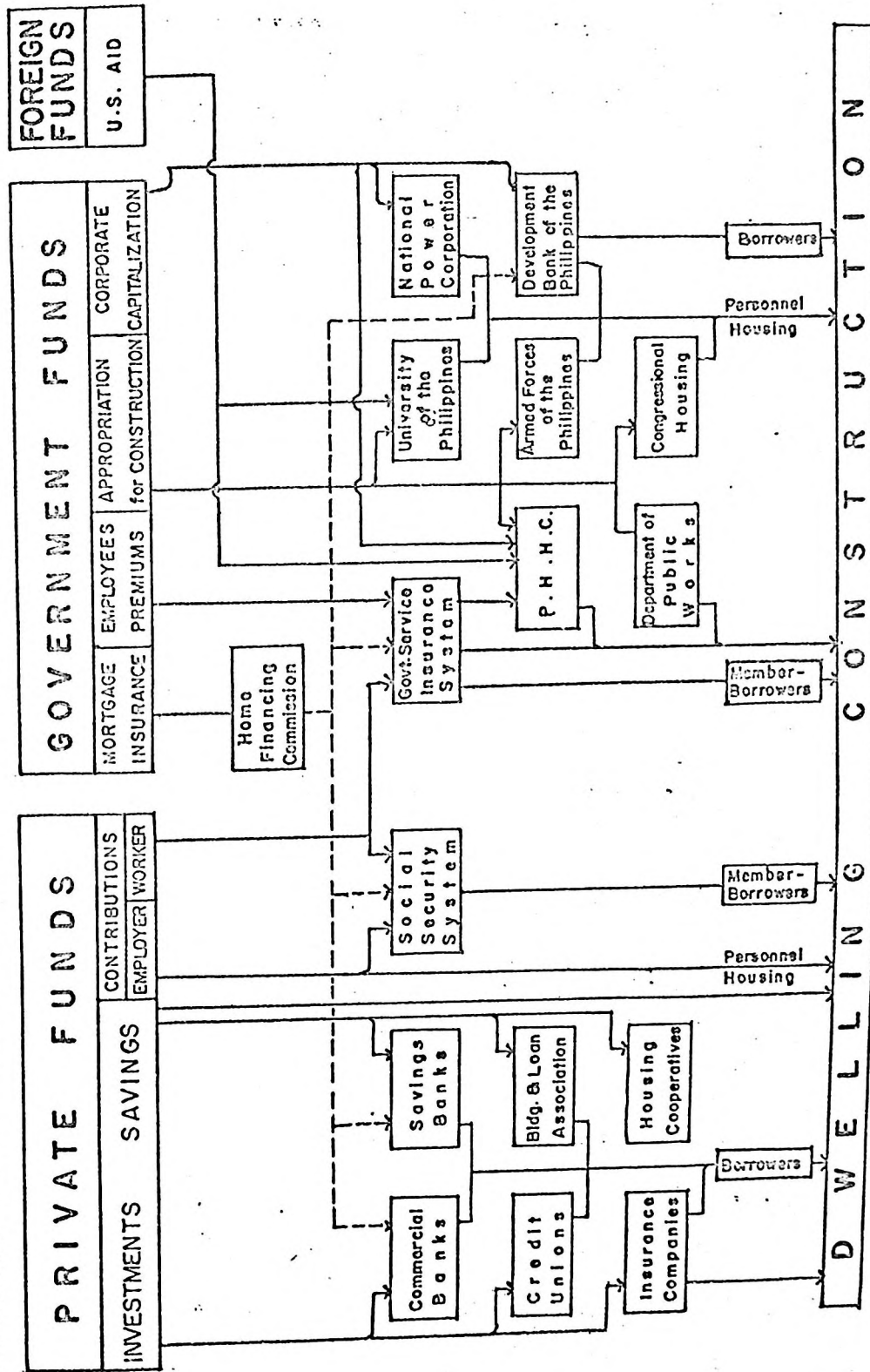
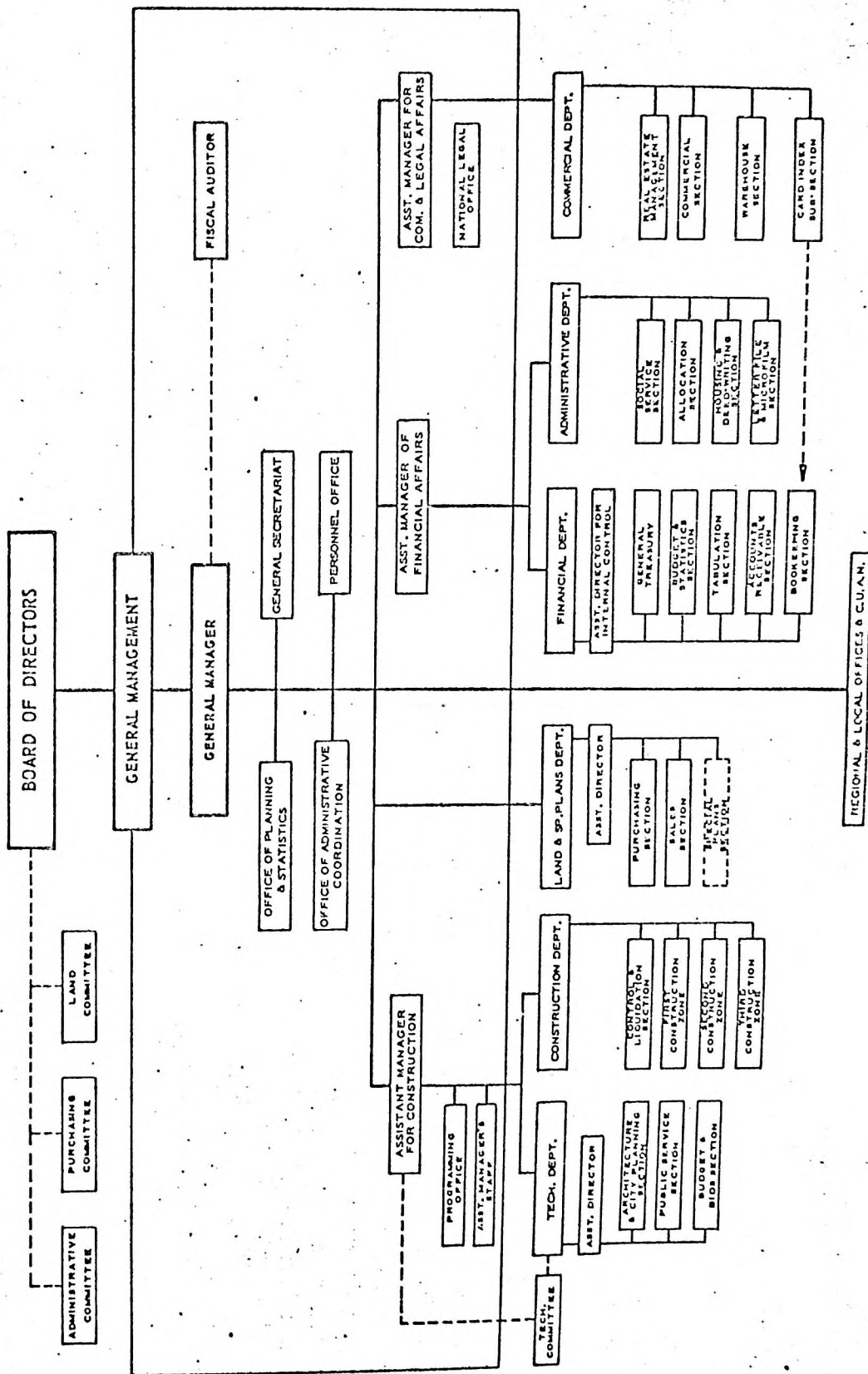


CHART VII

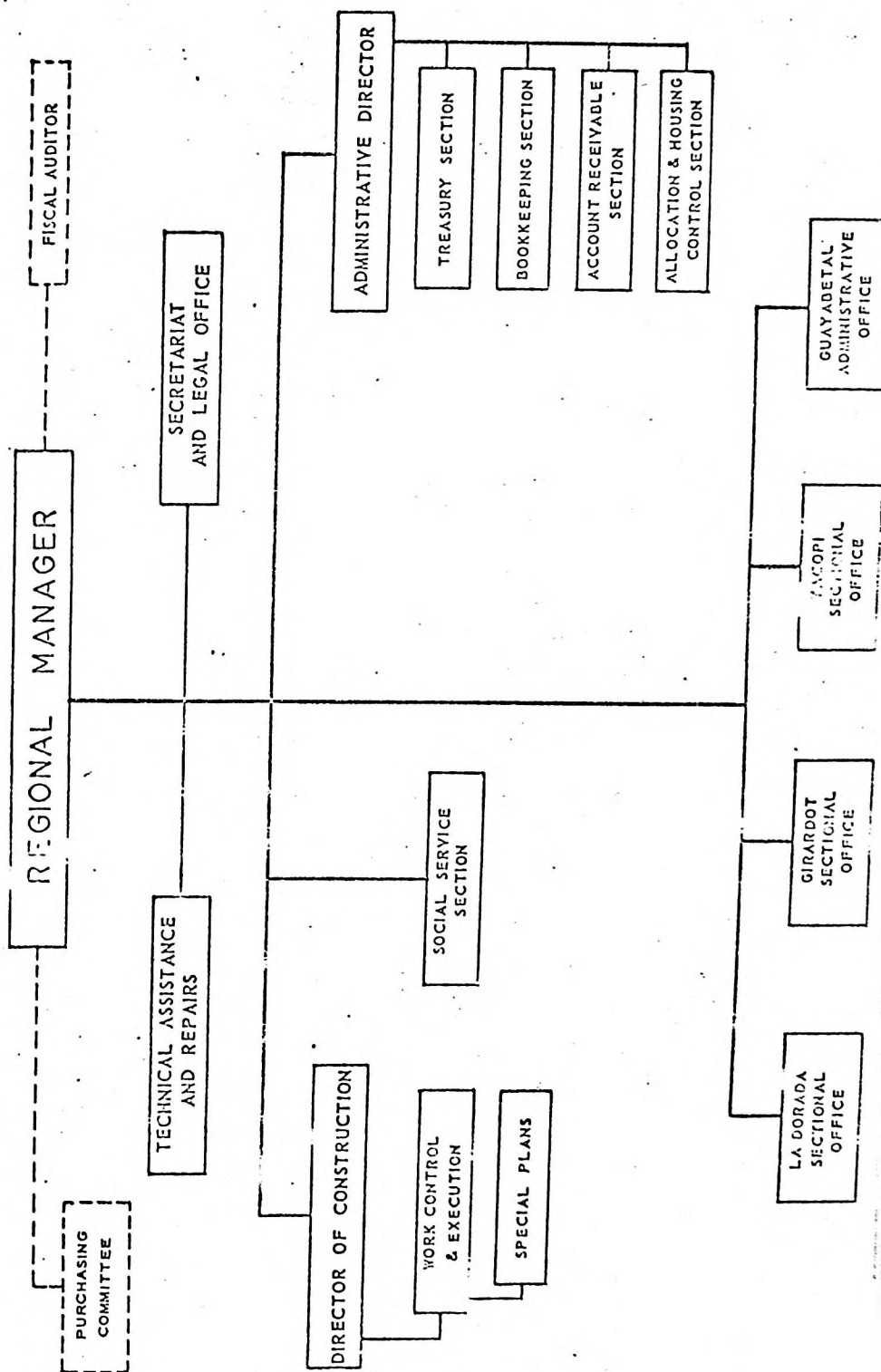
COLOMBIA

LAND CREDIT INSTITUTE (I.C.T.)



C O L O M B I A

LAND CREDIT INSTITUTE
BOGOTA SECCIONAL



THE NETHERLANDS

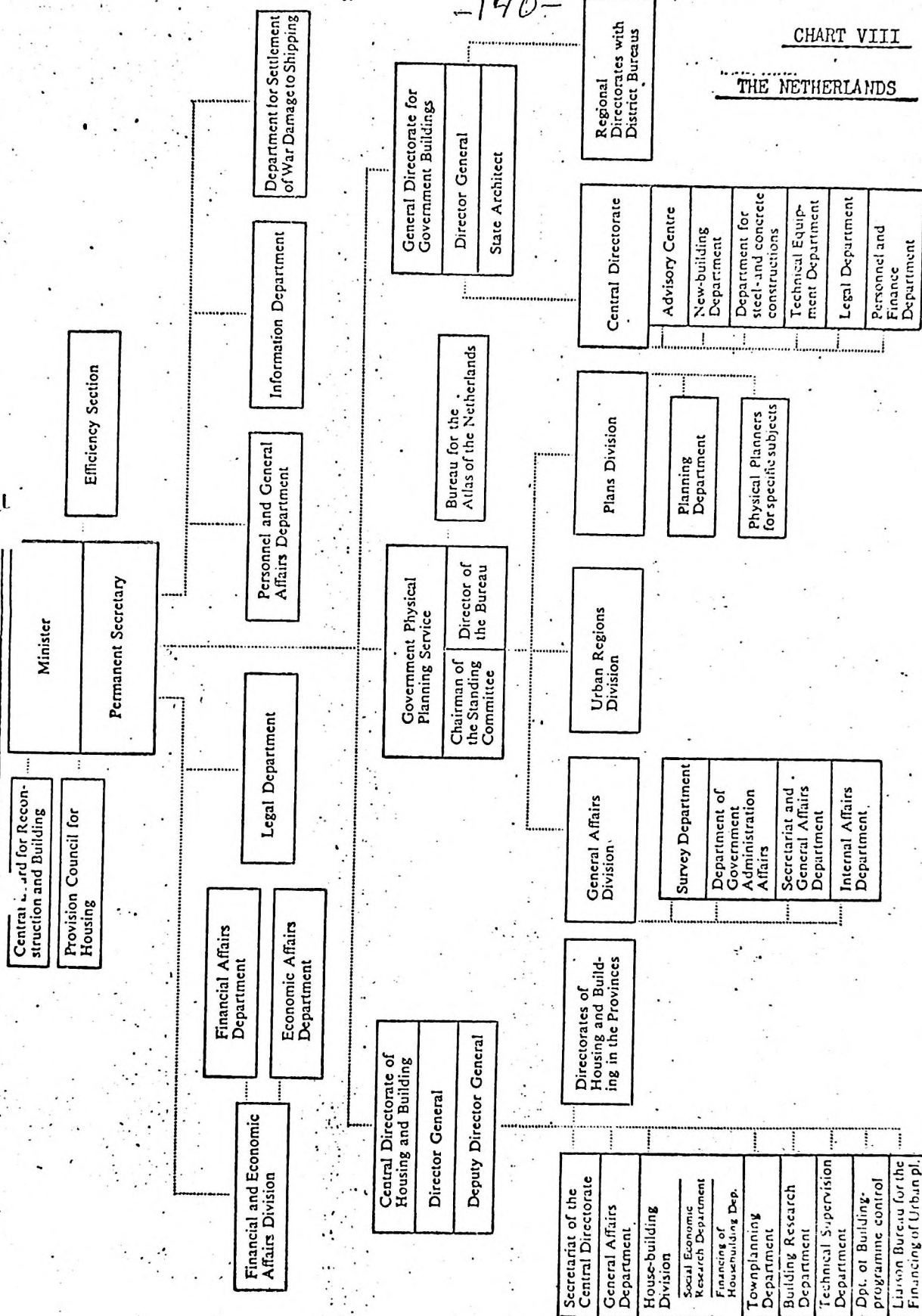
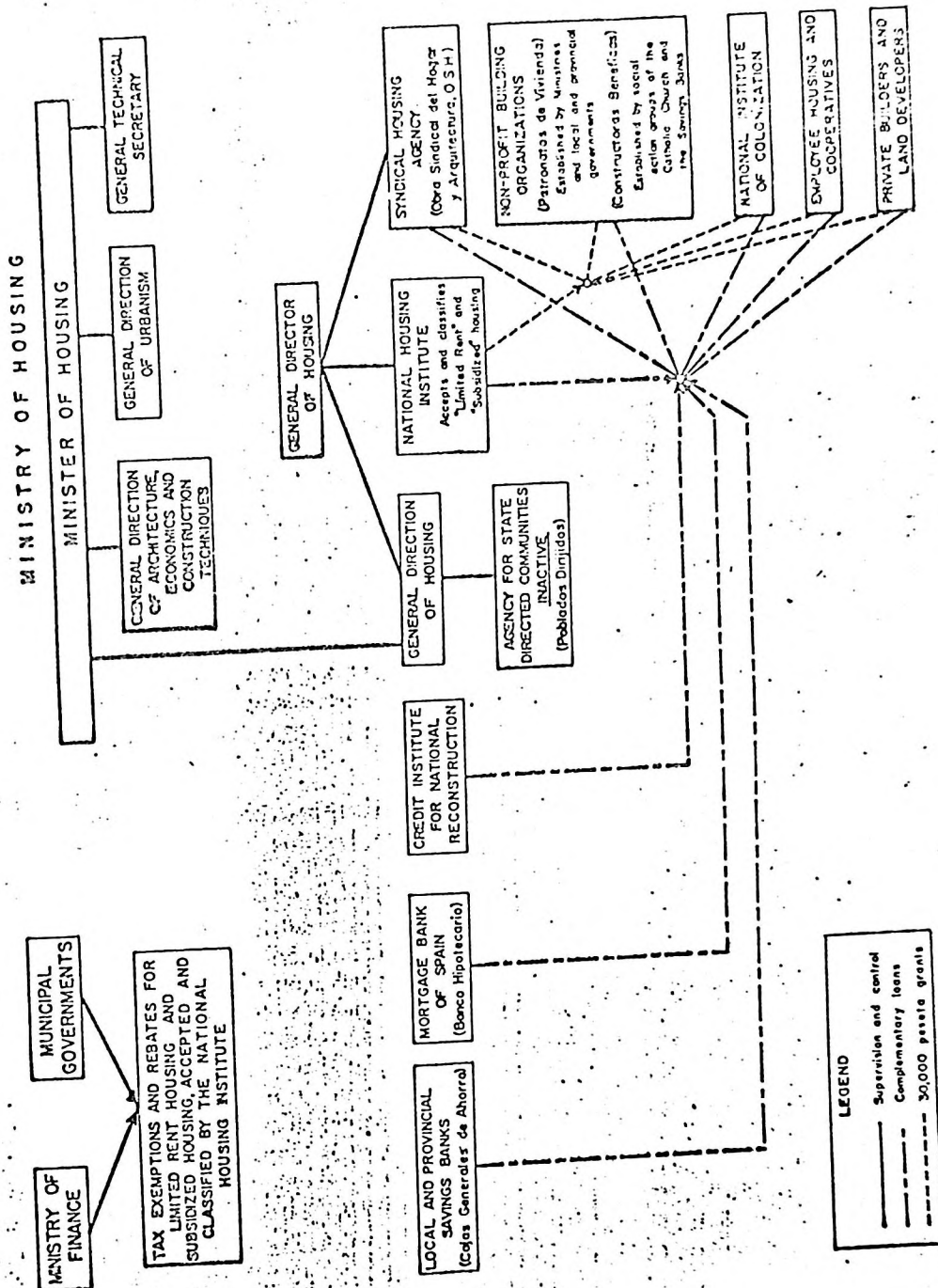


CHART VIII

THE NETHERLANDS

CHART IX

ORGANIZATION OF GOVERNMENT HOUSING PROGRAMS IN SPAIN



are three Assistant Managers, for Construction, Financial Affairs, and Commercial and Legal Affairs. Under the Assistant Manager for Construction is a programming office, and two major departments, Technical and Construction, with the latter divided on a zone basis. An unusual provision, but emphasizing the importance of the function, is that the Department of Land and Special Plans reports directly to the General Manager. The Assistant Manager of Financial Affairs heads both the Financial Department and the Administrative Department, and the Assistant Manager for Commercial and Legal Affairs heads the Commercial Department, which includes the Real Estate Management Section. The General Manager is also responsible for the various Regional and Local Offices of the Institute, which are more limited in functions, as shown by the chart of the Bogota Regional ("Seccional") office below. The Bogota office, located in the capital, is large enough to exercise jurisdiction over four other sectional offices in nearby municipalities. Its prime functions are to direct new construction, to direct the administration of projects, and to provide social services.

In the Netherlands, as shown in CHART III, the Ministry of Housing and Building exercises direction of a very fully developed governmental apparatus for the promotion and construction of housing and community facilities in all their phases. This structure, of course, has evolved since 1902, when the first Housing Act came into force, placing full responsibility on municipalities for building

regulations, ordering housing improvements, providing for expeditious expropriation procedures, drawing up development plans, and channeling central financial support. As shown, the Ministry contains three main subdivisions: a Central Directorate of Housing and Building, self contained and fully equipped to provide a wide range of functions and services; a Government Physical Planning Service; and a General Directorate for Government Buildings.

The Schematic organization of the Ministry of Housing in Spain, which has carried on a vast expansion of housing activities since the initiation of the 16 Year Housing Plan in 1961, is shown ^{in Chart 9c} below. It consists of four basic elements or General Directions: Housing; Architecture, Economics and Construction Techniques; Urbanism; and General Technical Secretary. The General Direction of Housing is the prime action and construction agency, and includes the National Housing Institute, the Syndical Housing Agency, supervision over non-profit building organizations, etc. The General Direction of Urbanism is the land planning and development office, which works closely with municipalities, and the General Technical Secretary provides a wide range of services, information and publications to all concerned with housing developments in Spain. The funds or resources available for housing through the savings banks, mortgage bank and credit institute come together at a central point under the National Housing Institute, which makes determinations with respect to the complementary loans and grants needed for the execution of various housing programs.

One other example may be given of the basic departmental organization of a special purpose national housing agency in a fully developed country, in this case the Japan Housing Corporation, established in July 1955. This corporation is headed by a President, advised by an Administration Committee and a Vice President, who presides over an 8-man Board of Directors, including the three most important branch managers, and three auditors. There are six basic departments: General Affairs, Finance, Planning, Site Development, Architecture and Construction, and Facilities Administration. There are also six major Branches.

The Housing and Development Board of Singapore, a five member body appointed by the Minister of National Development, which was responsible for completing 44,000 dwelling units in the four years since its establishment in February 1960, functions through six major departments - Secretariat, Finance, Building, Estates, Lands and Resettlement, as well as an Allocations Committee.

In Hong Kong, a somewhat different pattern exists, with a 24 members serving on the Hong Kong Housing Authority, and functioning in large part through four major committees with the following functions:

Executive Committee. To consider routine reports to coordinate the work and decisions of other committees; to ensure the implementation of the Authority's decisions; and to consider such proposals for amendment of policy as are referred to it;

Building Committee. To exercise the functions of the Authority in dealing with the selection, planning, and lay-out of sites; the

design, construction and erection of buildings; the acceptance of tenders for building work; and the appointment of one member to the Executive Committee.

Management Committee. To exercise the functions of the Authority in dealing with: the control and management of estates including the conditions of tenancy, rent collection, repair and maintenance and community development; the selection of tenants; the naming of the Authority's estates and buildings; and the appointment of one member of the Executive Committee.

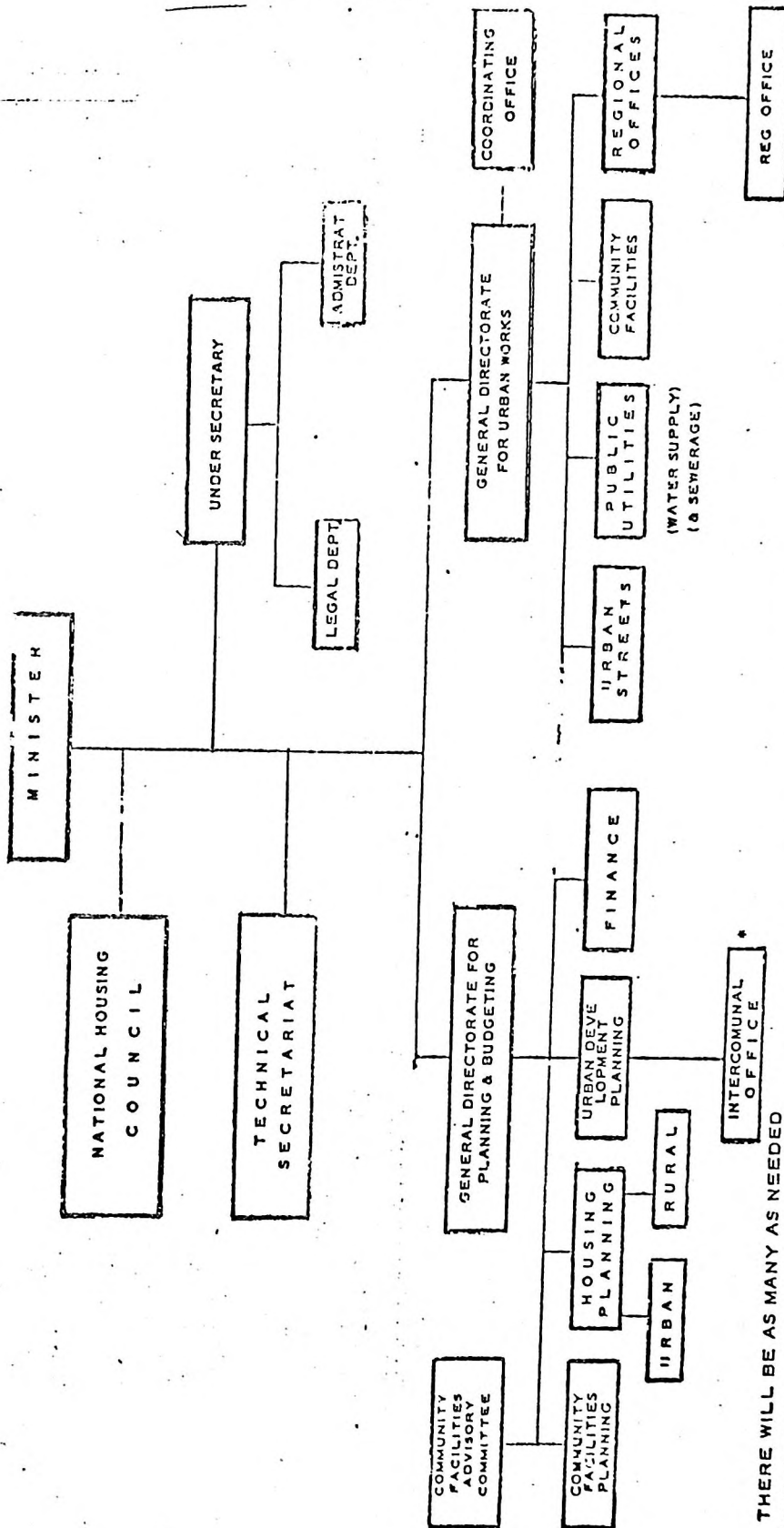
Finance Committee. To exercise the functions of the Authority in dealing with: financial matters generally or in respect of individual housing projects; staff requirements, coordinating the recommendations of other Committees; the annual estimates and the examination of the annual audit; and the appointment of one member to the Executive Committee. The execution of the Authority's decisions are carried out by the Housing Division of the Urban Services Department, which operates under the administrative control and direction of the Commissioner for Housing, the Authority's principal executive officer. The Authority has four major divisions: Administration, Finance and Accounts, Architectural, and Management.

The case of Chile's new Ministry of Housing and Urban Development, established in 1965, has been described above, and the organization chart is reproduced below as an example of a major effort to superimpose

ORGANIZATION CHART MINISTRY OF HOUSING & URBAN DEVELOPMENT CHILE

TENTATIVE
SEPT 1965

CHART X



* THERE WILL BE AS MANY AS NEEDED

NATIONAL HOUSING
CORPORATION

CENTRAL SAVINGS
& LOAN FUND

NATIONAL HOUSING
SERVICE CORPORATION

URBAN DEVELOPMENT
CORPORATION

and to strengthen central advisory, planning, coordination, and budgeting functions by means of a Ministry to secure integrated urban and community development through the functions and operations of four major but separate operating organizations: The National Housing Corporation; Central Savings and Loan Fund; National Housing Service Corporation; and the Urban Development Corporation.

As a matter of special interest, shown below is the basic structure (Chart X-A) of one of these "constituent agencies", the Central Bank of Savings and Loans or Savings and Loan Fund, which was established in 1958, and has proved to be one of the most successful organizations of its kind in a developing country.

Also shown below (Chart XI) is an arrangement proposed for Nicaragua, to graft on the functions of a National Housing Bank to an existing National Housing Institute. This may be applicable to situations in various developing countries, where Savings and Loan functions may well have a place within the organizational structures of existing housing agencies.

The effort to achieve coordination among various existing operating agencies, the proposed Organization of a Central Office of Urban Development for Venezuela, is shown below (Chart XII). Located in the Presidency of the Republic (with the Central Office of Coordination and Planning — CORDIPLAN) this proposed new Office of Urban Development would serve to focus and bring together for better defined common objectives the programs of the National Institute of Sanitary Works, the (I.N.O.S.),

CHILE

ORGANIZATION OF SAVINGS AND LOAN SYSTEM 1964

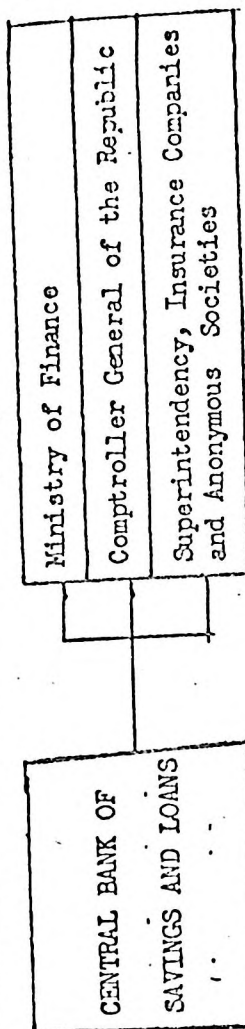
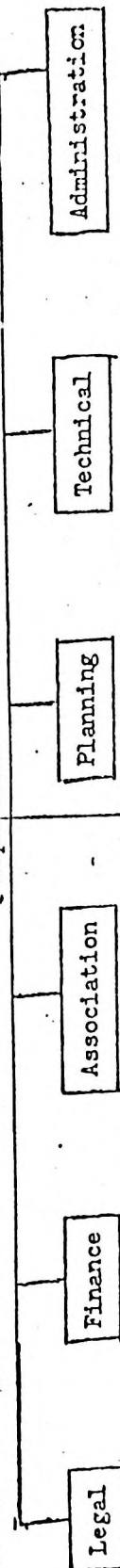


CHART X-A

Departments



SAVINGS AND LOAN ASSOCIATIONS

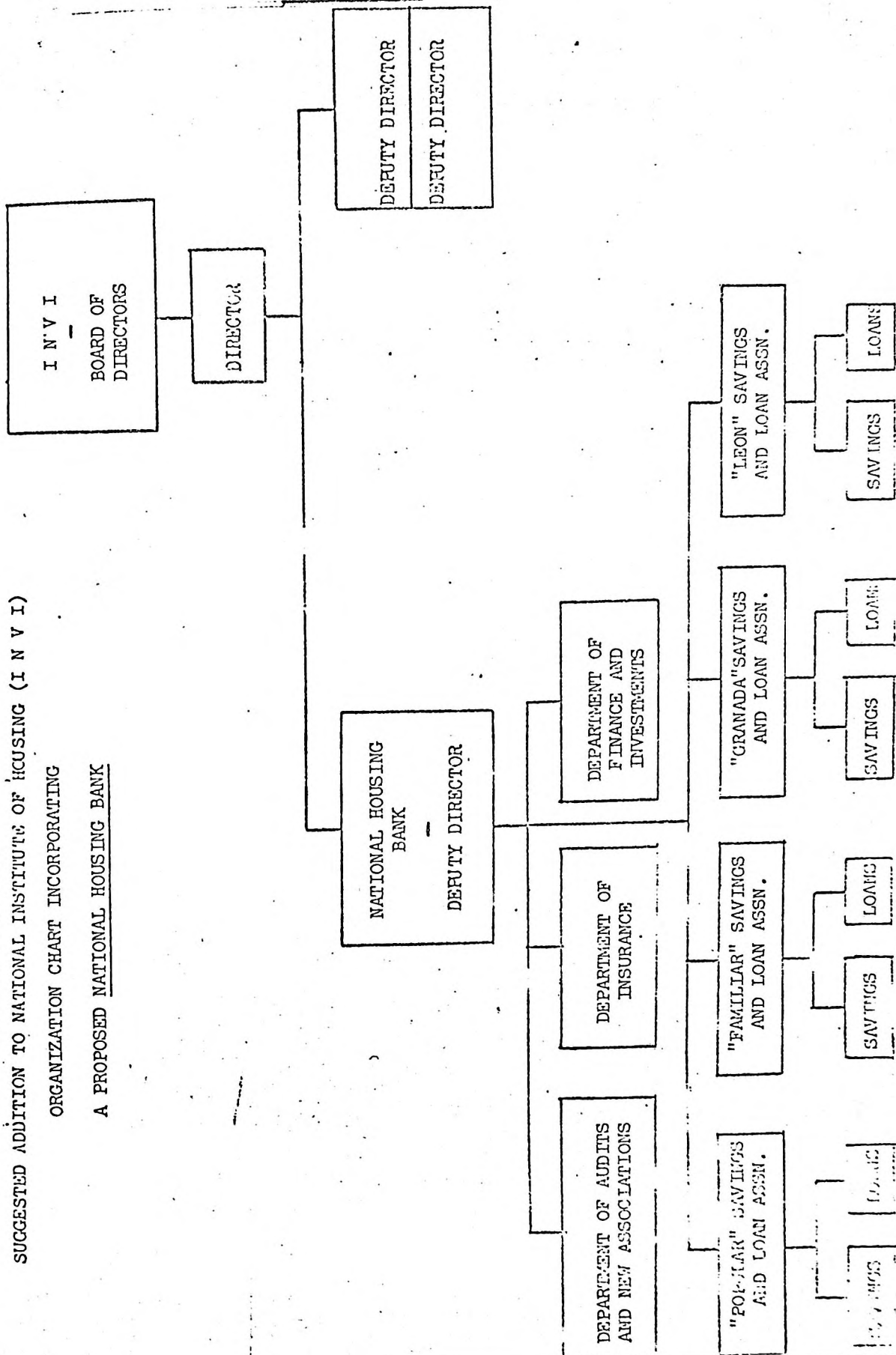
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|----------|-------|---------------|---------|-------------|-----------|--------------|-----------|------------|-------------|----------|---------------|--------------|-------------|----------|-----------|----------|-------------|---------------|--------------|-----------|-----------|
| Aprensor | Godoy | F. de Aguirre | Acovall | D. Portales | Ahorromet | B. O'Higgins | Calicanto | Casapropia | Casas Chile | Libertad | M. De Velasco | Ahorrocentro | I. Riquelme | Andalien | Alincayan | Del Laja | La Frontera | V. P. Rosales | Pillmatiquen | Reloncavi | Patagonia |
|----------|-------|---------------|---------|-------------|-----------|--------------|-----------|------------|-------------|----------|---------------|--------------|-------------|----------|-----------|----------|-------------|---------------|--------------|-----------|-----------|

SUGGESTED ADDITION TO NATIONAL INSTITUTE OF HOUSING (I N V I)
ORGANIZATION CHART INCORPORATING

A PROPOSED NATIONAL HOUSING BANK

CHART XI

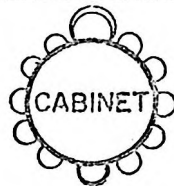
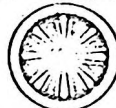
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REORGANIZATION PROPOSAL

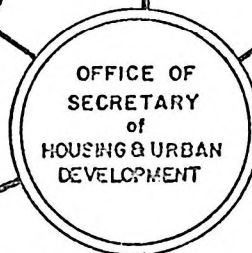
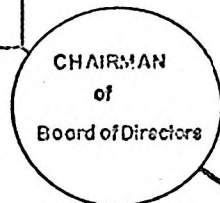
REPUBLIC OF THE PHILIPPINES

HIS EXCELLENCY THE PRESIDENT



| HOME LOAN BANK | |
|------------------------------|--|
| Capitalization of Projects.. | |
| authorized capital stock... | |
| ₱1.4 billion | |
| redeemable bonds.... | |
| Transfer of funds | |
| H.F.C. | |
| P.H.H.C. | |
| Trust funds | |
| G.S.I.S D.D.P. | |
| S.S.S P.N.D. | |

| |
|---|
| economic and social research on housing and urbanization |
| building technology and architectural science |
| standardization and modular coordination |
| financing national housing prog. with incentives to private sectors |
| documentation and dissemination |
| National Housing and Urbanization Research Center (DIRECTOR) |



| PLANNING BUREAU (DIRECTOR) |
|-------------------------------|
| regional planning |
| metropolitan planning |
| urban planning |



| |
|---|
| Home Financing Administration (Administrator) |
| building loan and associations |
| cooperative housing |
| mortgage insurance |
| local housing authorities |
| other housing group organizations |



| Housing Development Administration (Administrator) |
|--|
| housing estate management |
| real estate |
| self-mortgaging housing |
| industrial estate |
| rural housing |
| construction |
| slum clearance |
| aided self-help |

| Central Institute for Training & Rehabilitation of Urban Squatters (DIRECTOR) |
|---|
| squatter training and research |
| relocation in new communities |
| cooperative management |
| industrial establishments |
| manpower training |

RECOMMENDED REORGANIZATIONAL PROPOSAL AND ESTABLISHMENT OF RELATED INSTRUMENTALITIES FOR THE GOVERNMENT OF THE PHILIPPINES TO DEAL WITH HOUSING AND URBAN DEVELOPMENT PROBLEMS OF THE NATION.

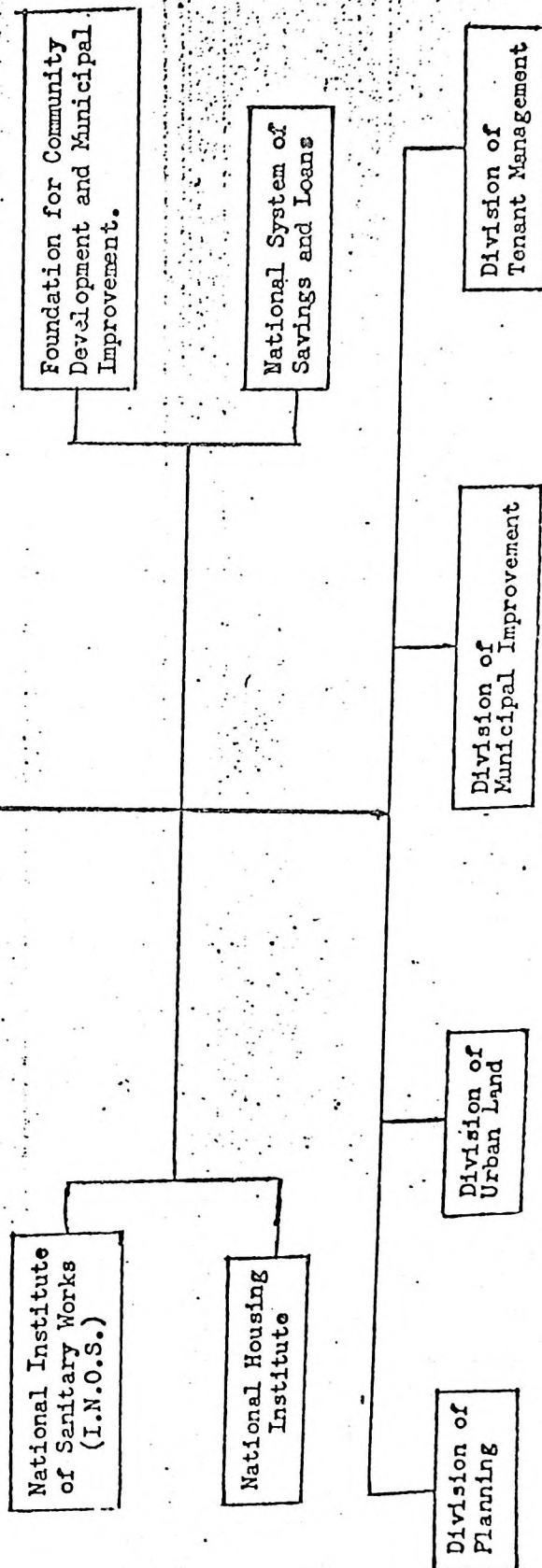
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DIAGRAM I

VENEZUELA

ORGANIZATION OF PROPOSED CENTRAL OFFICE OF URBAN DEVELOPMENT

CHART XII



the National Housing Institute (Banco Obrero), Foundation for Community Development and Municipal Improvement, and the National System of Savings and Loans. Three of the major Divisions of the office would be concerned with planning, urban land development and municipal improvement. The fourth would be a Division of Tenant Management, to supervise and to dispose of the stock of housing in public ownership.

The Venezuelan proposal is to some extent ¹³continuation of the preoccupation with organization and effective implementation of national housing activities which began with the Evaluation Project of the Superblocks of the Banco Obrero in 1958. One of the major problems of that time was to promote the reorganization of this national housing agency which had the control of administration and direction of departments lodged in a three-man board, all with substantially equal but diffused responsibilities. ^A primary recommendation adopted to improve the situation, ~~the~~ was to centralize in the General Manager the functions related to the establishment of general policy, socio-economic studies, evaluation of programs, long-range planning, programming, public relations and administration of personnel. The other two members of the board were made responsible to the General Manager, rather than exercising equal powers with him, and the Secretary was placed in charge of the offices of general services, legal services, library and scientific interchange, and catastro. The Deputy Manager was placed in charge of the major operating functions, including the

"Still another reorganizational proposal for the housing and urban development sector is found in the Philippines, where, to overcome the lack of coordination evident in Figures 10 and 11, and to improve the execution of the various programmes, it is proposed that a Secretary of Housing and Urban Development be established in the Cabinet, as illustrated in Chart ____.* As spelled out in the Chart, there would be three Under-Secretaries, for Home Financing, for Planning and Research, and for Development and Resettlement. Two important Centres would also be established, a National Housing and Urbanization Research Centre, to engage in broad economic, social, technical research and documentation, and a Central Institute for Training and Rehabilitation of Urban Squatters, to assist the Government in coping with a series of problems involved in squatter training, relocation and management. These broad proposals were under study in 1966 by the Government of the Philippines.

Administrative Department, Social Service and Community Development Department, Technical Department, and Department of Housing Management,

The above brief review of typical organization and department structures of national housing agencies in various parts of the world should serve to indicate some of the prime elements which should be taken into consideration when new agencies are formed or existing ones reorganized. However, overall recommendations on organization are likely to be far easier to evolve than such other problems as Recruitment, Staff Expansion, Education and Training, and Public Relations, to which attention will now be given.

B. Recruitment of Personnel and Building of Nucleus Team

The process of staffing an organization is usually considered to have the following major elements: effective recruitment and selection; sound classification and pay plans; correct placement; training and development; orderly promotion and transfer procedures; sound management-worker relationships; and adequate provision for separation and retirement. All of these aspects are related to each other and must be administered so as to support the objectives or policies of the organization. Recruitment policies and procedures are particularly important because they have a direct bearing on morale and performance. If employees are hired and promoted on the basis of political patronage, nepotism or other such factors, there are

few incentives for the typical employee to do his best, while if the organization has high standards of recruitment and promotion, the employee will take pride in career advances and has a real incentive for doing his best work.

One of the first requirements, then, is that there exist a clear idea of the staffing pattern required for the accomplishment of the overall objectives and the specific projects and programs, and that appropriate standards be set, defined within a sound classification system, before any recruitment takes place. In general, for many national housing agencies it will be better policy to strive to fill their posts with personnel of the most appropriate qualifications and high standards even though qualified personnel may be quite scarce, than to rush into personnel appointments ^{ments} for reasons of expediency and desire to demonstrate utilization of funds available. Another safeguard, of course, is the practice of probationary appointments, ^{to} enable an agency to size up the abilities and experience of prospective staff members.

The organization of a housing agency, just as the construction in which it engages, should be built up block by block, component by component, making sure that all elements fit well together in terms of experience, qualifications, drive, interests, and personalities. Obviously, the key department heads should be selected first, together with the vital central executive staff which may include legal counsel, public relations counsel, planning and programming functions. To aid in these tasks, it should be a definite objective to establish a

personnel office headed by a competent personnel officer as early as possible if the organization is to be a large one.

The recruitment of personnel should be undertaken on a positive and active basis, including publicizing the opportunities for development, promotion and growth, and making known suitable schedules for tests, interviews, examinations and other recruitment devices. Liaison should be maintained with the universities and also commercial and professional associations not only in the capital city, but outside as well. Candidates, for top managerial positions, should be scouted from experienced sources in both government and private sectors, and a variety of interviewing and examining techniques should be used to determine the suitabilities of key personnel.

C. Staff Expansion and Administration of Personnel.

Each organization will develop its own rhythm of activity, but because of the complexities of the operations involved, expansion of the staff of housing agencies should proceed carefully to ensure that all concerned know the objectives and programs and have the opportunity to feel themselves integrated into the organization before more newcomers are assigned. There should be regular opportunity and systematized procedures for employee evaluation. As the organization grows, it will be necessary to establish methods for service ratings and discipline when necessary, as well as opportunities for promotion and transfer. On the question of promotions, policy should be established as to whether

promotions from within the organization are to receive priority for all positions, or whether open competitive examinations will be held to help, energize and invigorate an organization from time to time. Policies should also exist with respect to such matters as retirement and whether this should be permitted after completing a certain number of years of service or should be dependent on age factors.

Among the administrative aspects of personnel matters which must receive attention are the following:

1. Personnel Rules and Regulations. These should be carefully drafted with the advice of legal counsel and, after adoption, should be distributed to all agencies and individuals concerned with their contents.
2. Manual of Procedures. This manual should describe step by step the procedures to be followed by department officials in each of the most common types of personnel transactions, such as requisitions, appointments, layoffs, leaves of absence, discharges and similar matters.
3. Employee Handbook. This should set down in clear, nontechnical language the facts about application for employment, conditions of work and other common questions affecting the employee's status within the organization.
4. Personnel Records. A file folder should be provided for each employee, containing application form, the test papers and all communications and documents relating to him.

D. Education and Training Aspects.

Three types of training are necessary for the employees of national housing agencies: pre-entry training in the knowledge and skills required in various positions to which they are recruited, training on the job to inform them of their duties and related activities, and general training in order to keep them conversant with new developments and techniques and to qualify them for higher positions.

An essential prerequisite to a successful training program is the active support and cooperation of the employees themselves. They may be classified into separate groups for various types of training programs, or all may receive essentially similar general indoctrination. There are a wide variety of training methods, as illustrated by the following list:

Group instruction off the job:

Course work, lectures, inspections, tours, field trips, demonstrations, simulated situations, laboratory, conferences, discussions, institutes and short courses, seminars.

Individual instruction off the job:

Correspondence courses, supervised reading and research, reading clubs.

Formal plans involving special recruitment and promotion:

Apprenticeship in the skilled trades or professions, internships, alternating employment and study

Individual instruction on the job:

Supervised practice, rotation of assignments, etc.

Decisions will have to be made about the use of outside training facilities, as represented by local schools, universities and vocational education institutes, and to what extent the share of the training burden should be borne by existing employees of the organization on an in-service basis.

Among the administrative policies that will have to be decided upon are those of optional or compulsory training; incentives and rewards; distribution of training costs; leaves of absence for training, and scheduling of training classes.

A typical national housing agency's concern with its training requirements is illustrated by the following paragraphs from the Annual Report of the Housing and Development Board of Singapore:

..." During 1964 there was a further intake of 31 new recruits under the Board's scheme for training its own Works Apprentices. This training scheme was initiated in 1961 because the Board experienced difficulty in recruiting Clerks-of-Works of acceptable standard to supervise its massive building programme. Since the inception of the scheme, a total of 166 recruits have been taken on. 84 of these have passed their second examination and been promoted Junior Clerks-of-Works, 14 have been promoted as Draughtsman or Housing and Maintenance Inspectors ...

12 appointments were made during 1964 to the Intermediate Professional Officers Scheme under which recruits are given in-service training and encouraged to study for professional qualifications ...

Serving junior officers continue, in increasing numbers, to avail themselves of the training facilities offered by the Singapore Polytechnic. During the year 78 Board officers attended Polytechnic courses leading to Diplomas in Architecture and Architectural Draughtsmanship (16), Structural Engineering (14), Building (32), Civil Engineering (5), and Surveying (9), Accountancy (1) and Mechanical Engineering (1). These officers are released on full pay for one whole day (or two half days) per week in cases where they are required to attend lectures during the working day, and must also attend evening classes. They are required to serve the Board for a minimum of 3 years after completing their courses.

Vacation employment was given by the Board in 1964 to 6 students from the Singapore Polytechnic, 13 commercial teacher-trainees from the Teachers' Training College, and 2 students of Architecture from London. These students were attached to various Board departments to gain practical experience and training related to their courses of study. They are paid an allowance of \$3/- per day by the Board for the period of their attachment. "11

Annual Report, 1964. Housing and Development Board, Singapore

Not the least important aspect of employee training is that having to do with relationships with the public. Regular conferences or meetings should be held to discuss with all employees particular major problems of policy and matters of general institutional concern. In this way, basic difficulties or suggestions are likely to emerge and be expressed that otherwise would remain hidden at lower echelons and never receive adequate attention. It should always be remembered that satisfactory methods for two-way communication within an organization are essential for efficient management and performance.

In general, the staff and employees of an organization should be the first to be informed about policy changes, new programmes, etc. All too often, in some countries, they receive such news first from the press or radio as it is transmitted to the general public. This is not the best way to establish staff sympathy or understanding of management objectives.

Regular conferences or discussions should also be held in the endeavor to improve the whole gamut of citizen-agency contacts, on a continuing basis. Such training would include the standardization and simplification of procedures involving correspondence, telephone calls, replies to inquiries, complaints, licensing procedures, courtesy to callers, adequate facilities and identification of vehicles, offices, and personnel, good physical appearance, etc. Such training will not only develop esprit-de-corps among the staff, but will also help in creating a good impression to the general public of the efficiency and spirit which pervades the organization.

The national housing agency will also have special responsibility for the development of seminars and training and demonstration courses at other levels of government, where proficiency, understanding and

cooperation is required in connexion with housing and urban development programmes. Such training efforts may be developed at local and municipal levels, as well as at project and community levels. There should be systematic evaluation of such training efforts.

The functions of education and training are not, of course restricted to the staff members and employees of a housing agency. Of equal importance to the accomplishment of the overall goals of a housing sector programme will be the sponsorship or organization by the agency of special courses and training opportunities for many sectors of the building industry. These may include, for example, courses in office management techniques and field supervision for private contractors engaged on housing programmes; courses in construction technology; internships and courses for housing project managers, for social workers and for home economists; courses and apprenticeship programmes to produce skilled labor and construction foremen, etc. Wherever possible, the housing agency should help to open doors to scholarship and fellowship opportunities in this field, both nationally and internationally.

Housing agencies would do well to encourage existing universities and training institutions to organize or expand courses that would be of immediate benefit to their programmes. In many cases this would mean stimulating faculties or schools such as law, economics, public health, architecture, urban planning sociology, etc. to take a greater interest in the nature of the housing problem and the contributions that respective

professions can make to it as well as encouraging interprofessional cooperation to these ends. The housing agency can also help to encourage the establishment of specific new professional training for such fields as housing administration and management.

The housing agency, wherever possible, should assist in the formation of national centres which would provide opportunities for concentrated and across-the-board training, documentation, and research in the whole field of housing, building and planning.

E. Public Relations and Information Responsibilities

Good public relations is based upon good performance, which in turn is based upon a properly trained staff operating under clear directions and guidelines, and with a sense of security as to their status, functions and responsibilities.

But for a government agency, and particularly one operating in a field such as housing and urban development, which affects so many aspects of the public's interest and concern and therefore is particularly vulnerable to comment and criticism, it is important that leadership be taken early in establishing a public relations and information policy and programme which is maintained and carried through on a regular, systematic basis. Such a policy and programme will be part of a two-way street of contact, with the citizenry. On the one hand, there will be the usual current of press releases, informative circulars and bulletins, press and radio interviews, press conferences, etc. There should be clear understandings as to who is authorized to speak in the name of the agency, and, above all, confidence should be established by the honest and frank way in which the news is released and discussed. On the other hand, in various ways, there should be regular attempts to evaluate public opinion with respect to specific projects or programmes. Such methods would include the analysis of press, radio and TV, reports and editorials, complaints, reports given by staff and employees regarding

the comments and criticism of "outside" friends and acquaintances, and perhaps occasional sampling of public opinion through various polling methods, etc.

Talks before citizen groups, demonstrations and exhibits, motion pictures, radio and television, and printed reports are some of the typical media used ~~in terms of~~ public reporting and publicity. In all cases, care should be taken to tailor the material to the specific public aimed at, rather than using a costly shotgun technique and not being sure of the results.

A national housing agency will have innumerable "publics". The public "publics" will include the chief executive and the parliamentary body, other Ministries and public agencies, as well as State and local bodies concerned with the range and impact of housing and public services programmes. Other publics will include the agency's staff employees - ^{as well as} it's "internal" public, ^{as well as} landowners, future tenant-owners, materials suppliers, contractors, industries concerned about housing for their employees, trade unions, financing institutions, professional groups, groups concerned about special housing needs — for the elderly, for large families, etc. Each of these "publics" has special needs and requirements for informational services. While the annual report will satisfy some informational needs, it obviously will not serve those of the population who are illiterate. The proper media must be carefully selected. The radio may be helpful in certain campaigns aimed at the tenant-owners of housing projects, but it will certainly have little influence in the circle of financial institutions concerned with credit operations for housing programmes. And so it goes— each group must have special attention, if impact is to be achieved.

Moreover, the public in general now knows that it has a right to be kept informed. The pressure of public opinion is also felt everywhere. In one large world-renowned public organization, the achievement of its objectives is ^{attributed to} three fundamental elements: (1), administration; (2), financing and scientific techniques; and (3), its public relations programmes.

Given the recognition of this important function, it is also clear that there must be a proper place within the organizational structure, and at a high level, for the direction of public relations activity. The chief executive of the housing agency should have easy access to the advice and services of a public relations office within the organization. In some cases, it will be useful to establish a public relations committee, composed of representatives of each of the major operating departments, who will regularly review ways of improving public relations aspects of their respective programmes as well as of the agency as a whole. Another approach is to designate an administrative assistant to the chief executive, in charge of public relations. If a more formal establishment is created, a public relations department, with a director, it may become inclusive enough in scope to take in the following four major categories of functions: employee relations, community relations; information and publicity; and institutional advertising, special reports, etc.

A housing agency will literally, of course, have its own "built-in" public--the people living in the projects built or financed by it. Next to the agency's own staff, this public deserves special attention

✓ the part of Municipal Authority

because its satisfaction or dissatisfaction with the agency's performance will inevitably be the subject of much wider comment.

In countries that have made substantial progress with their housing programmes, it is not unusual to find that citizen and professional groups have often been in the forefront, at both local and national levels, in urging legislation and action for housing objectives. The possibility of working with or aiding in the establishment of such specialized citizen groups should be encouraged by any housing agency, as it will help in gaining recognition and support for expanded programmes and activities.

As the profession of public relations has become increasingly specialized, its performance and techniques merit the same considerations, careful planning and programming and execution, as any other aspect of a housing agency's work. It involves much more than doing "favors" for certain influential sectors or individuals, or sending the photographers out to picture the laying of the corner stone, or the entrance of a family to its new dwelling. On the other hand, in this particular field, it is apparent that all need not be dull or cut-and-dried either; the public relations functions should also be a means of adding a semblance of enthusiasm, stimulus and humanity to the operations of a housing agency, which, after all, is concerned primarily and directly with people and how they live.

VI. FUNDAMENTALS OF PROGRAMME EXECUTION.

VI . FUNDAMENTALS OF PROGRAMME EXECUTION

The continuum between planning, programming and execution of housing and urban development projects must be clearly understood. Efficient execution of any housing scheme can only be the result of careful planning and coordination for the acquisition of land, financing, provision of public and community services, design factors and other aspects. All of this takes time and effort, including sizable allocations for the pre-investment studies which will be necessary. A United Nations study in 1953 found that it took from three to six years in places as widely separated as Singapore, Liverpool, New York City, and Celje, Yugoslavia, from the time that a preliminary housing scheme is submitted for approval to the authorities, or site selection is recommended, to the completion of construction.^{1/} The importance of policy directives and long-term programming on a national, regional and local basis therefore becomes quite apparent.

Preceding the detailed design of a particular project also are the physical location and planning determinations. In a developing region, the dynamic growth centres must be defined, as well as their minimum size, to attract and to sustain efficient enterprises, and their needs for social and economic services. It may well be found necessary, as in Norway and Sweden, for example, to concentrate efforts on the creation of a limited number of viable growth centres rather than dispersing limited resources in too large a number of centres. This will have important implications for the quantity and type of dwellings and infrastructure to be provided.

^{1/} Urban Land, Problems and Policies. United Nations Publication, Sales No: 1953, IV.22.

For the development of long-term programmes of housing and related facilities, comprehensive information will be necessary on the following lines:^{1/}

1. Housing shortages in urban and rural areas in general, in urban areas of specified size, and in other broad geographic areas.
2. Qualitative deficiencies in relation to defined means, including lack of community facilities and state of habitability.
3. Future requirements based on projected population movement and development in the size, composition and number of households.
4. Surveys of housing and other urban requirements should assess the socio-economic status and characteristics of the families represented by these requirements.
 - a. As part of the information necessary to plan housing programmes, current production of housing and related community facilities should be surveyed. The volume of production of housing and related facilities should be ascertained in terms of numbers, quality, location and cost category.
 - b. The existing structure of production should be ascertained, showing the agencies engaged and methods of financing, including the acquisition and development of building land.
 - c. The main technical features of current production of housing and of community facilities and services should be analysed, including the characteristics of house building and environmental engineering.

When the above information is known, continuing programmes of housing and urban development should be established and resources to carry them out should be assured for a sufficient scale of operation.

^{1/}From the Report of the Ad Hoc Group of Experts on Housing and Urban Development. United Nations Publication, Sales No.: 63.IV.1

There must be careful analysis of market demand for housing, based on careful running of distribution agencies by monetary resources - complicated income

P In the large metropolitan areas, such decisions are likely to center

around whether to build or to promote more intensive development within the city, perhaps involving urban renewal or redevelopment techniques; whether to extend existing public services and build on the outskirts, or whether to make the investments necessary to build completely new communities or new towns. In all cases, the economic and social costs and benefits must be weighed and carefully analyzed before a particular overall approach is frozen into a physical development plan. It goes without ^{stating} that the minimum standards and assumptions of such a plan must be realistic and in accord with the socio-economic needs of the population to be served. ~~This will not be an easy task of definition,~~

as indicated by the following paragraphs from a recent report of the Hong Kong Housing Society: *...to the difficult practical problems & decisions that must be faced in housing*

"At the end of September, Government published a white paper setting out the proposed policies for squatter control and re-settlement over the next ten years. *...existing action & Res plan*

"Licensed squatting areas with huts at \$3 monthly rental will be established on new sites, but existing tolerated squatter areas will not be allowed to expand. Families evicted from dangerous buildings are given some priority but advance rent in a lump sum will be charged, as these people receive compensation.

"The white paper proposes that some squatter areas be cleared and that it shall be illegal, with the landlords subject to prosecution, to erect roof top shacks."

"Government aims to re-settle 1.9 million persons in ten years at an estimated cost of \$1,700 millions and to provide low cost housing for 290,000 persons at an estimated cost of \$353 millions.

"Government has hinted that to undertake this huge programme of resettlement and Government Low Cost Housing, it may not be practicable to provide additional funds for the expansion of other low cost housing work such as that carried on by the Housing Authority and the Housing Society.

"Whilst the measures for stepping up Resettlement and Government Low Cost Housing are indeed welcome, the needs of other sections of the population are pressing and no less

important, and no reduction in financial provision should be made. It is understood that in spite of the Colony's tremendous achievements there was still a backlog of half a million units. It is ~~very~~ ^{extremely} important not to concentrate completely on minimum standard accommodation. Deplorable housing conditions are the most serious social problem, and the greatest fear menacing the people of Hong Kong is the fear of being forced into the street with nowhere to live." ^{1/}

^{1/} The Hong Kong Housing Society. Annual Report for the Year ended 30 September 1964. Post Office Box 845, Hong Kong.

It is evident that decisions on particularly projects cannot be made in isolation from each other, and, in fact, will form part of a pattern or web of conscious national policy, programming and planning for urban development as a whole. How is it possible to move from one stage to the next so as to achieve and put into practice a National Plan on Urban Development?

In Chile, three stages were proposed, in connexion with the establishment of the Ministry of Housing and Urban Development in 1965.^{2/} The first stage, of transition and organization, ~~to be terminated by~~ March 1966, called for four groupings of functions, as follows:

- A. Institutional Basis and Functional Mechanism, to include: (1), Promulgation of the Law; (2) Definition of internal functions; (3) Personnel requirements; (4) Working programmes; (5) Internal and external coordination; and (6) Foreign assistance;
- B. Elaboration of Policies, to include: (1) Analysis of the present system of investment decisions, (2) Review of present legislation revision; (3) Review of Master Plan and programming concepts; (4) Preliminary basic surveys, (5) Temporary national scheme, urban development, (6) Long-term basic surveys programme;

^{2/} Astica, Juan B. Use of Urban National Policy and Local Planning in the Process of Integral Development. The Chilean Case. Cornell University, November 1965.

- C. Urban Development Programming, to include: (1) Information requirements: statistics, research and surveys on housing, (2) Offer of information availability of statistics, information and surveys of lands, land use, municipal resources;
- D. Assistance to Municipalities and Relation with Private Sector, to include: (1) Local planning seminars, (2) Local data organization and research, (3) Training courses for Ministry of Housing personnel to be assigned to Municipalities, (4) Pilot project programme on municipal development.

Under these same groupings, the Second Stage, of Construction of the National Plan on Urban Development, would be completed in March 1967, involving the following steps under the same four groupings:

- A. (1) Information system organization, means of communication with Municipalities and Odeplan, P.P., Budget Office, (2) Revision and preparation of the urban development legislation, (3) Organization of the coordination with Municipalities and Central Government Offices (establishment of permanent committees);
- B. (1) Long-term basic surveys, (2) Analysis of the National Urban Development alternatives, (3) Adoption of the alternative chosen for Urban Development, (4) Establishment of Urban Development Policy;
- C. (1) Connexion of Housing programmes with community facilities and revision in accord with scheme, (2) Control of programme fulfillment in accord with temporary schemes, (3) Connexion with regional development plans;
- D. (1) Establishment of committees for communal planning, (2) Definition of purposes and projects: local Urban Development through Municipalities and other channels of participation; (3) Preparation of programmes and plans for long-term communal development; (4) Preparation of 5-year development programmes.

The Third Stage, of active implantation of the National Plan on Urban Development, would involve the following:

- A. (1) Adjustment of information and coordination mechanisms, (2) Revision of law establishing Ministry of Housing and Urban Development, (3) Review of urban development legislation;
- B. (1) Policies statement (principles, purposes and decisions adopted by the Ministry); (2) Statement on urban development standards, (3) Annual control of policies: progress referring to the urban pattern in accord with regional development plans;
- C. (1) Community Facilities and Housing programmes, annual connexion; (2) Compatability with investment programmes and schedules of other sectors;

The conditions of existing slum or squatter neighborhoods must be identified and plotted on maps. This will provide a clearer picture for urban and metropolitan planning authorities who will be concerned with projecting capital investment needs. In many cases, they will be able to identify which areas are likely to have stability over a period of time, which ones must eventually face clearance and renewal (perhaps because public services cannot be economically extended to them), and which ones can be partially rebuilt through temporary relocations of existing squatters.

Having done this, of course, the real job will begin, of systematic programming and organization, which will involve consulting with the communities concerned, deciding on priorities, analyzing resources available for concentration on specific projects, and the establishment of co-operative and collaborative relationships between national, state and local governments for the purposes to be accomplished. A subsequent phase will involve budgeting and scheduling so as to harness all the available resources most effectively. This might well include, for example, making available public works equipment to facilitate the work of community groups on weekends, when they can contribute their labour for such projects as building or improving streets, drainage ditches, water supply lines, community centres, etc. In several countries of Latin America programs of this type have become sufficiently important to be institutionalized on a national basis so that a number of Ministries and agencies work together within the framework of a community development approach to solve the problems of their slums and squatter neighborhoods in cooperation with municipal authorities. The national housing agency has an important role to play in these efforts, and its worth may well be judged by the success of such undertakings.

A. Project Development

The development of a specific project, whether it is a new town or a self-help building land and utilities scheme, must be specifically related to the socio-economic needs and capabilities of the population it is intended to serve. This means that careful social and economic analysis must precede the determination of type and minimum standards for a project, assuming that it will fit into an appropriate physical planning framework of urban development. This type of analysis, including a projection of effective market "demand," will in large part determine the size and type of investment to be made and to what extent public resources and public subsidies will be required if the project is to fulfill its objectives and to meet the housing needs of the people proposed to be served by it. ^{1/}

Once overall objectives for a project are reasonably well-defined, then there must occur a projected synthesis of the major variables, to the extent, if possible, of producing design alternatives. These variables would include site selection and development costs, perhaps analyzed on a stage-by-stage basis so as to avoid excessive initial capital investment in a project that may not mature or be brought to completion all at once. The availability of financing and on what terms must be considered, as well as the provision and timing of the needed public services, utilities and community facilities. Municipal and ^{regulations} Public Health authorities must be consulted about sanitary aspects, building code requirements, taxation, licensing and other aspects.

^{1/} See Appendix for examples of this type of exercise.

Determinations must be made as to the availability and costs of building materials and equipment required for the project. Similarly, the availability of skilled and unskilled construction labour and its costs must be surveyed and projected in relation to the requirements of other projects. The extent to which self-help techniques can be used in the building process should also be estimated, and will, of course, vary depending upon whether it is a "site and services" programme for squatter resettlement, a core house or roof-loan scheme, or an improvement programme for existing housing and community facilities. Not least important will be an effort to identify people's existing cultural and social standards, achievements and aspirations, as reflected in their existing dwellings and community environments. The objective will be to incorporate certain traditional elements in the provision or arrangement of space and facilities for their furniture and belongings. This should also include an effort to determine acceptability or rejection of certain proposed construction materials or design types.

If the project is a large one, the process described may well require the services of a special development team or design group organized on an inter-profession^{al} basis to take account of the elements and decisions that will be required in order to present specific solutions ~~that will be required in order to present specific solutions~~ that will put together all the principle factors involved.

Another major aspect for decision, which should be known as early as possible, is the type of developer. Will it be a publicly-established Development Corporation, as with the British New Town schemes, clothed with broad authority and legal and financial attributions to proceed with all

aspects of development, organization and administration of a project until it is ready to be converted into a municipality in its own right?

Will it be one or several private builders constructing for $\frac{1}{4}$ profit, perhaps with some element of public subsidy, dwellings or apartments to be sold or rented on the private housing market? Will it be the housing agency or the municipality itself serving as sponsor for a particular project? Will it be a non-profit sponsor, such as a patronato, trust, Foundation, housing association or cooperative, based upon some existing grouping of interests and serving a pre-determined area of housing need?

In most cases, no matter what the type or nature of the sponsor, the particular project, unless it is of the self-help type, will be built by private contractors. These elements should therefore be asked to collaborate in the design process at an early date, if this is feasible, not only because of their knowledge of existing techniques, costs, materials and manpower, etc., but also because they may be able to identify areas of saving, cost reduction, efficiency and speed of construction, which should prove useful to all concerned.

Once the major elements of a project become defined, then the process will begin of detailing its costs, related services, estimating beginning and completion dates, and budgeting for the financial and other resources required.

It is important to recognize that in the developing regions although the construction industry may account for as much as 60 to 70 percent of the fixed gross capital formation and provide directly or indirectly employment on a large scale, ^{typically} still, the industry as such will not be well-organized and will be characterized by low capital investment, absence of long-term commitment of work and impermanence of labour force.

Improving productivity will require action at administrative, organizational, financial and technical levels. Improvements and reduction of costs can be brought about mainly through adequate advance planning and budgeting for materials, ensuring a continuity of demand and long term advance orders, enforcing standardization and modular coordination in building materials and components, reducing the variety of house types, integrating the building process by closer association between the client, designer and constructor, improvement in site organization, rationalization of building codes and bylaws, and training of skilled workers.

In order to achieve utmost economy in construction costs, careful attention is necessary at all stages of a project, starting from the conception involving major decisions regarding densities, construction techniques, standards, etc., which all have a direct bearing on costs. Translation of these decisions into actual execution involves rational architectural and structural designing, choice of materials, and attention to details. Careful consideration must be given to building materials, which may account for 60 to 70 percent of the building costs in some countries. As building materials industries are not always well-developed, budgeting for building materials ~~may be a somewhat difficult task in countries where building materials industries are not always well-developed, budgeting for building materials industries can be established.~~

With a clear plan, programme and staging for the development of a project, a detailed time table and work schedule can be prepared which will aid in the organization of efficient site operations, from the installation of public services and the digging of foundations to the planting of the shrubs and flowers by the future tenant-owners.

In many developing countries it is still to be recognized that site organization requires a clear visualization of sequence of construction operations. A properly organized site reduces stoppage of work to a minimum, prevents wastage of materials, increases the productivity of labour and reduces inventories. Recent studies by the Eouwcentrum of Argentina indicate that very substantial savings can be made by careful attention to organization and management of site operations, even with the same ^{input} of labour and materials.

As for industrialized methods of house construction, it is apparent that these systems in some countries are reducing man hours per dwelling unit by 30 percent and also reducing the time of construction by over 50 percent. ~~Even though they may not result in a proportionate saving in costs~~ ^{per dwelling unit} A substantial portion of the building work is transferred from the site to the factory. However, in most developing countries, there should be a cautious approach to the adoption of prefab construction, ^{involving the complete manufacturing of the house. This} ~~which presupposes the existence of long range building programmes,~~ ^{therefore} a level of standardization in the building industry, the availability of skilled labour, and the existence of a certain minimum infrastructure. A rational combination of traditional and prefabricated construction, keeping a sharp eye on the prices of materials and labour, appears to be an intermediate approach to full scale prefabrication more in keeping with the socio-economic realities of conditions in many of the developing countries.

Much more typical, ~~challenged~~ ^{most} industrialized countries is the use of factory-built components which are assembled at the building site.

B. Award of Contracts

The development of a project to the point where contract plans and specifications can be prepared may be the responsibility of the housing agency and its design group or department or it may be provided by a planning, architectural or engineering firm engaged for this purpose. The extent to which a housing agency proceeds to prepare final design drawings and detailed specifications, estimates of quantities and costs, etc., may vary from country to country. In some countries, there is an effort to avoid this type of work as a public function, consequent dangers of overloading and inefficiency in the bureaucratic machinery. Private firms may do the bulk of this work--if they are available. Sometimes, there will also be an effort to stimulate innovation through new processes of home construction and community building, which can be achieved by providing standards and cost limitations for a particular project, but allowing the builder or contractor to work out his own techniques and materials for just how the job will be accomplished. This type of approach will tend to favour the use of prefab construction methods and materials, in toto or in part, and a more integrated approach to the whole building process.

Contracts for engineering and architectural services are generally awarded in one or other of the following ways, frequently depending upon the existing customs or regulations prevailing within a particular country:

- a. Fee based on a percentage of the actual net construction cost;
- b. Lump-sum fee based on a percentage of the estimated construction cost;
- c. Cost plus fixed fee, which provides for a fee for profit only, since all engineering costs of the project, including overhead expenses, are reimbursed by the client;
- d. Cost plus fixed fee with a guaranteed ceiling;
- d. Fixed fee based on a time rate.

Rosters of qualified professionals usually are maintained by the architectural or engineering societies in each country. Public agencies may sometimes find it to their advantage to establish their own registries of such professionals who may be required to be licensed, etc., according to the prevailing legislation. The specific amount of fee will usually depend upon the complexity of the work and the scope of the services desired, previous experience, etc. Conditions and practices also change from time to time, and it may prove necessary to adjust methods of compensation to meet such new situations.

Architectural or engineering services are usually accomplished in three phases: (1) a preliminary report, including preliminary surveys, designs and comparative estimates of cost; recommendations as to the most suitable solution and economic justification of the project; (2) preparation of contract plans and specifications, including preparation of final design drawings and detailed specifications, estimates of quantities and costs, preparation of instructions to bidders, and assistance in obtaining and analyzing bids and the award of contracts; and (3) Supervision of construction, including field layout, inspection and supervision of the work, checking of working drawings prepared by contractors, progress and final estimates and reports, issuance of certificates for progress and final payments to contractors, and revision of contract drawings to show changes introduced during progress of the work.

Once the problem of professional services is satisfactorily resolved, the construction work itself must be performed, either by the public agencies concerned directly, on a force account basis, or, as is more likely for housing projects, by private contract.

There are three types of construction contracts: lump-sum, unit-price and cost-plus.

Lump Sum Contracts. The contractor must be fully informed as to what is required of him through precise plans and specifications. The more uncertain the contractor's risk, the higher must be his bid in order to provide for these contingencies. Where a considerable risk is involved, the contractor may be tempted to ignore it so as to be able to give a low bid. If the risk materialized, he may try to get by with inferior work or material. One of the greatest disadvantages of lump-sum construction is that the interests of the developing agency and the contractor are essentially in opposition.

Unit Price Contracts. Bids may be taken on the price per unit, either of work or materials. The unit prices are multiplied by the estimated quantities and the products added together to determine the estimated total cost. A contract for a particular project can be based on a lump-sum bid for part of the work and unit prices for other parts. For example, foundation work may be based on unit prices since it is somewhat uncertain, but the structure itself can be based on a lump-sum since it can be covered with precision in the plans and specifications.

Cost Plus Contract. Where there is considerable uncertainty as to the exact cost of construction, it would seem reasonable for the developing agency to pay the cost of construction, and for the profit alone to be the subject of bidding or negotiation. The public agency will pay the cost of

construction and the profit to the contractor will be equal to a specified percentage of the cost. The chief objection to this type of contract is that it provides a temptation for the contractor to add costs. This objection has been overcome in the case of certain housing projects in the United States by providing incentives for the contractor to make savings below a certain pre-determined project cost, even though operating on a cost-plus arrangement. In one such arrangement, the savings made by the contractor, which are carefully checked and audited, are divided half and half, with half going to him and half to the developing agency or to the future tenant-owners of the project, if it is a cooperative.

The process of awarding contracts usually involves competitive bidding, the results of which are then evaluated by the responsible authorities of the agency or by an expert group or committee. Sometimes there are built-in procedures for disregarding the highest or lowest bids, and for approving those which seem closer to the estimated cost that the agency itself has prepared. In some countries the competitive bidding on specific projects is not on a completely open or unrestricted basis, but, rather, for each project which is announced in advance, upon application firms are selected who will be invited and qualified to bid. Many public agencies now recognize that seeking the lowest possible bidder is no guarantee of effective or responsible performance and that their own interests are more likely to be served by working to improve the performance and reliability of the entire building industry rather than by encouraging under-capitalized operators who may be all too prone to bankruptcy because of miscalculations and inexperience, in the execution of a housing project or programme.

C. Inspection of Performance

Because of the overriding importance of careful, thorough and exact inspection of contract construction, housing agencies are often well advised to hire an experienced professional firm to carry out this responsibility. In many Latin American countries, for example, this function is known as that of "interventor" and architectural and engineering firms may be duly registered to perform these functions for public agencies. While specifications must be carefully followed, there are a multitude of details about any project which are impossible to include in a plan of specifications, and the inspector must therefore be guided as much by knowledge of construction practice as by the plans and specifications themselves.

However, even hiring a professional firm for the inspection does not relieve the administrative officials of the responsibility for careful checks of the project. Frequent checks are also important as a basis for the progress payments which are made at various stages of completion of the work. These are usually certified to by the "interventor".

The posting of performance bonds by a contractor is another method of insuring compliance with the terms of a contract, its timing, quality of materials and construction, etc. If the specified deadlines are not met or the work is inferior, the contractor will risk the forfeiture of his performance bond.

Another type of problem is posed by the building of projects which use aided self help or mutual aid. The agency involved will have to provide almost constant supervision and inspection, which probably should be carried out by an experienced, skilled construction worker or foreman,

who will direct the construction of houses by a member of families at the same time.^{1/}

In most cases, in addition to the inspection of construction performance as such, housing and urban development projects will require approval and certification from other agencies, particularly public health and municipal departments, before certificates of occupancy can be issued and families can move into their dwellings.

The inspection process is important, not only as an administrative and financial control, but because it offers the opportunity to feed back, through reporting, information concerning problems, difficulties and deficiencies, which should be corrected through improved organizational, design, or other approaches of the housing agency for present and future programmes.

A much broader approaché to the whole problem of inspection is illustrated by the case of the Ministry of Housing and Building of the Netherlands, which created an "inspectorate of housing" as a completely deconcentrated government service. There is a chief inspector attached to the ministry responsible for housing and there is an inspector in each provincial capital. The latter has considerable freedom of action and advises both the Council of Deputed States and the municipal council. His functions include those of reporting on existing practices and problems, as well as coordinating programmes on a project level basis. Since World War II, the inspectorate of housing, together with certain other government services,

^{1/}For further information on the organization of self-help projects, see United Nations Manual on Self-Help Housing, Sales No. 63.IV.4 and Self-Help Housing Guide, Inter-American Housing and Planning Centre. Bogota, Colombia, 1962.

has been incorporated into the Central Directorate of Housing and Building (reporting to the Ministry of Housing and Building). In each provincial capital this service now has a bureau headed by an engineer in chief, who at the same time holds the office of inspector of health (as far as housing is concerned).^{1/}

^{1/} Housing in the Netherlands. Ministry of Housing and Building. The Hague, June 1964.

VII. MANAGEMENT CONSIDERATIONS AND PROVISION OF COMMUNITY
SERVICES TO COMPLETED PROJECTS.

VII. MANAGEMENT CONSIDERATIONS AND PROVISION OF COMMUNITY SERVICES TO COMPLETED PROJECTS

The construction of large new housing and urban development projects creates formidable problems of management involving social, economic and physical design and maintenance factors which should be taken into consideration well before construction is started. The responsibilities of the sponsoring agencies, the professionals and technicians concerned for the long-range success of an individual community or project go far deeper than the quantitative construction of a specified number of units. The projects must be designed to promote the creation of balanced and integrated communities. They must be satisfactory for family living, provide the opportunity for self-growth, and produce a sense of security and stability. Housing projects should not be separated from the normal flow of municipal and social services, nor should their design and location be such as to breed a sense of segregation or isolation.

Project management represents an effort to coordinate three broad and inter-related categories of functions: the socio-educational guidance and development of the occupants; the collection of payments for the dwellings; and the maintenance of property. On the social side, there are several objectives -- to help maintain a stable and responsible outlook on the part of the families housed, to assist them to cope with the daily problems of living, and to become integrated into the life of the community. New living conditions will usually provide opportunities to channel individual traits and habits into new channels of action for a fresh start, and, so that families will be helped to help

themselves through educational and other means. These opportunities should be capitalized upon ^{by} enlightened management policy techniques.

The economic factor of project management is no less important, and failure in this respect can often make social development efforts inoperative. Once a project is created and occupied it is, in fact, more similar to a business-administrative unit, albeit with social objectives, than to a government operation. However, the antecedents for success in this respect begin at an early date--the project location must be located in an area accessible to economic productivity and employment of one sort or another, so that there will be at least a minimum family income. The housing must be of such utility and quality that persons will want to pay for it, either on a sale or rental basis. The process and criteria for family selection will obviously affect the later collections of payments, as will the type and form of subsidy that is incorporated into the plan for the project. The pre-scheduled occupant share of operating costs for interest, maintenance, taxes, utilities and supervision must be collected, if it is not to be subsidized as a further direct burden on the national treasury.

With respect to property maintenance, the usual economic principles dictate that a given property should have at least a market value equal to the outstanding indebtedness against it. Simply protecting the investment, however is shortsighted, and the standard of property maintenance should be higher than just to preserve a minimum, diminishing value. In rental housing, high standard maintenance is vital to longer amortization periods which achieve lower rentals. For owner-occupied housing, which

frequently represents the only form of savings and major asset that many families will ever possess, careful protection and guidance is needed so that value will be appreciated wherever possible. From the standpoint of national welfare, high standard maintenance is critical to the total housing stock, as each year of life added to a dwelling unit helps to combat the total housing deficit of the country concerned.

One important aspect of the management function is to strive for greater efficiency in project operations, much of this related to costs and the elimination of wasteful methods, but for organized social housing projects, success in this respect will usually hinge upon the degree of occupant cooperation that can be achieved.

Community integration is a management function concerned with the job of interpretation and communication between the occupants of a project and the larger community of which it is a part. People living outside a new project should be drawn into the use of its facilities, such as shopping centre, church or mosque, school or health clinic, etc. On the other hand, there are various services within the larger community which project management should enlist for the benefit of a new project.

In self-help construction, management competence also comes into play at an early date, for the organization of human resources into effective production units. This is true whether the activities concerned are for building a house, repairing a leaking-roof, making furniture, or uniting citizens for the building of a community hall or establishment of a credit union or cooperative.

A. Form of Occupancy and Stimulation of Tenant Responsibility

The forms of occupancy of housing provided in the developing regions will obviously vary far more widely than the set patterns that have evolved in the industrialized countries. It should also be remembered that developing countries are changing from agrarian rural societies into industrial urban societies, which involves dramatic transformations in production methods, in transportation and communication, in occupational and professional skills, and in expansion of the monetary sector. Rural housing has been generally characterized by a non-monetary output of houses through the use of self-help, aided self help and mutual aid techniques involving no management-occupant relationship. However, in urban housing the monetary sector prevails, and even though there is a huge growth of shanty towns built by rural migrants, a better quality of equipment and housing stock usually exists in the cities.

In the developing countries, housing for low-income families is dependent upon the funds that can be obtained from public or private sources and by the extent to which the population itself can contribute, in either cash or services, to the construction and maintenance of their own dwellings. The policy is usually to bridge the gap between the investment and repayment capacities of families, and the cost of the house as reflected in the "social rent" - the capacity to pay for the recurring services rendered by the house - and the "economic rent," this means that financial assistance for urban housing must be considerably greater than for rural housing. However, the new migrants to the cities in need of housing must be educated to their responsibilities of paying for their

allocated share of the cost of dwellings and to maintaining and improving them, even though they may be living in a form of occupancy of such housing quite different from what they were accustomed to in their prior rural environments or small villages and towns. The establishment of efficient housing administration and, in particular, good management and control of organized social housing projects can contribute greatly to increasing the flow of both public and private capital assistance for new housing programs. This is dependent in large part, however, upon the tenant-owner attitudes toward management and the sense of group responsibility for solving common problems. The form of occupancy is likely to be one key factor in this total picture.

Among the various occupancy systems traditionally used are the following: "owner" or mortgagor-mortgagee; tenant; tenant-purchaser; or hire-purchaser. The cooperative system combines some of the characteristics of all of the above, but may have its own variations, as will be explained in Part B. There is also the condominium form, which may vary somewhat from country to country, but which basically involves a mortgagor-mortgagee relationship. The use of "leasehold" arrangements for the land involved in the building of organized social housing projects is still a further complication to the thinking and attitudes of the newcomer who finds it hard to adjust to a concept which does not involve having his own little house on his own clear-titled piece of land.

In the "owner" or mortgagor-mortgagee type of occupancy, the position of the occupant is that of a mortgagor until the loan - along with the interest - has been repaid, at which time he becomes an "owner". The mortgagee may be the financial institution providing the loan in the first instance, or an intermediate agency, public, non-profit or private, which takes the position of mortgagee.

The same legal mortgagor-mortgagee contractual relationship exists when housing is provided by a public agency in part by capital subsidy and in part by loan elements.

In rental housing, there is a tenant-landlord relationship in which the tenant is liable to pay rent regularly calculated or fixed on the basis of capital and recurring costs as reduced by subsidy. In the case of tenant purchase, the tenant is given the right of ownership if he pays rent for a certain length of time. Discount adjustments are occasionally made for early payments.

In the case of hire purchase, the eligible families or individuals are allotted houses or flats in apartment houses and are required to deposit a lump sum in a determined proportion of the capital cost or subsidy. Interest on this investment is credited to the allottee's account until he earns the right of ownership after completing his installment payments, which are spread over a certain number of years. Until these payments are completed, the allottee is considered a lessee. However, the period required to earn ownership of the house can be shortened if the allottee pays the full cost of the house under certain stipulated conditions, such as non-transfer of ownership by way of sale, gift, etc. The right of ownership is then conveyed and vested in favour of the allottee.

The condominium form, which has come into growing vogue in many developing countries, especially for multi-storied dwellings, is for the sale of apartments on an individual basis under a mortgagor-mortgagee relationship. However, there are usually built-in arrangements for the management of central

services within a dwelling or community project, which may be determined by a board of directors or committee elected by the occupants according to specified conditions.

The cooperative is generally recognized to be a superior form of occupancy and housing management because it tends to promote both individual responsibility and group solidarity and encourages the development of initiatives and community projects which will tend to make living in a particular project more attractive and desirable.

Because housing needs are likely to be overwhelming in relation to available supply, careful attention must be given to the selection process, no matter what the form of occupancy, which should be based on socio-economic criteria, and also be considered as the first step in a long-range program of occupant education before an occupancy agreement, as such, is concluded. The contract interview and the availability of a well-prepared occupant handbook are two other steps in this process.

Large-scale construction and standardization in design are tools to help bring shelter costs within reach of low-income families. Yet, the results are large assemblies of people, with many human needs, brought together in one place. The stimulation of tenant responsibility has as its primary objective to rouse occupants to action to do things for themselves, because in this way there will be savings in project operating costs and also there will be a growth of self reliance and group action within an accelerated pattern of social and economic development.

To avoid the destruction of the normal urban patterns of living and the opportunities for social interchange and communication, housing programs must envisage a much wider range of assistance to the low-income families. But

rather than being "stigmatized" socially through occupancy in a large low-income project, with an inevitable tendency to diminishing initiative and responsibility, families should have more choice and flexibility about their dwellings. In Sweden, for example, income or social eligibility for housing has been eliminated. *factory workers with frequent, he has of been by the same building as a result of necessity.* Among the ways socially integrated housing can be fostered are the following:

- a. The construction of smaller, less-institutionalized projects that would be more susceptible to eventual cooperative ownership and management;
- b. A deliberate policy of "mixture" of housing that receives more direct public assistance with housing that is privately initiated;
- c. Rent subsidies in the form of rent reductions that are geared to the individual family by carefully graded rent-to-income ratios;
- d. Special housing payments for families with children;
- e. Rehabilitating existing housing and helping to stabilize otherwise deteriorating neighborhoods and communities;
- f. Differential interest rates and longer amortization periods for groups or individual families that merit special consideration, e.e., the elderly;
- g. Providing special incentives and aids to private builders to reduce costs;
- h. Certain capital subsidies, tax reductions, etc.

Many possibilities are available, depending upon the conditions in each country. But it seems clear that responsible community living in socially integrated neighbourhoods is more likely to be fostered by some of the alternative approaches indicated than it is by exclusive concentration on large economically stratified projects for low-income families.

B. Non-Profit Associations and Cooperatives.

Non-profit housing associations and housing cooperatives are growing rapidly in many countries of the world because they meet the needs of sizable sectors of the population who would otherwise be unattended by traditional market mechanisms or by the public authorities. They offer one of the best ways for people to help themselves in the housing field because they stimulate ^{organization of community effort} individual and group effort under sound and proven standards and systems of operation capable of surviving the rise and fall of particular governments. In a number of European countries, housing associations and housing cooperatives account for from 20 to 40% of all housing construction, and they have proven particularly effective as instrumentalities for working closely with municipal and local government agencies in their planning, clearance and urban renewal programs.

In the small country of Denmark, for example, in 1954^{1/}, there were over 290 such associations of wide diversity, divided among four basic types: housing cooperatives, limited-profit joint-stock companies for the construction and administration of housing, associations for the construction and administration of social housing, and philanthropic housing associations. The Danish government does not construct housing itself, but uses these associations as an instrumentality of housing policy, by granting them loans or favorable terms and other attributions. Only those associations are eligible for aid which undertake continuous building operations - the legislative interest here being to make these associations and building societies self-supporting, with permanent professional staffs. Their technical and financial organization must be determined by purely social considerations, and the capital saved on the projects built by them must eventually be turned over to the public authorities.

1/ Housing through Non-Profit Associations. United Nations Sales No. 56.IV.7

According to the Danish Housing Aid Act, the by-laws of the housing associations must contain the following provisions:

1. The purpose of the association is to provide adequate housing for persons of limited or small means.
2. The association should aim at constructing housing as economically as possible by taking advantage of the most modern and efficient methods.
3. Savings realized in the form of surpluses and reduced mortgages should be used to construct new housing or to modernize existing dwellings.
4. The association's accounts should be verified by a certified auditor and a financial statement submitted at the end of each fiscal period to the Ministry of Housing for approval.
5. The Ministry of Housing may appoint an inspector, who, on behalf of the Government, will supervise the activities of the association.
6. Persons employed in a social-housing association may not, without the permission of the Ministry of Housing, engage in construction activities outside the association.

The occupant of housing constructed by the associations or cooperatives does not have an individual right of ownership to a particular house or flat, but merely the right of membership in the association and of the use and unlimited enjoyment of the premises, including the right to transmit the premises and the attendant obligations to an heir. He may not, however, freely transfer possession of the dwelling to a third party or make a profit through the rental or conveyance or, much less, through the sale of the premises.

Developing countries may also be particularly interested in two other aspects of the Danish housing scene. A General Federation of Danish Housing Associations, made up of delegates elected to a general assembly by the affiliated associations every three years, has been particularly helpful in consolidating the efforts of this movement. It has helped to establish a central wholesale agency for the purchase of building materials in bulk at lower prices, and established a Building Estimates Institute to seek ways of improving construction methods and reducing building costs.

A central advisory service, called Arbejderbo (The Worker's Home), supervised by a chief of section of the Ministry of Housing, and composed of various trade unions, cooperative, craft and housing organizations, serves as an advisory organ and also as an agent for the associations requesting its services, in that it supervises projects during the construction period. The organization operates through 11 district managers whose duties are to visit the localities concerned, make preliminary surveys of needs, convene general meetings, explain the Housing Aid Act, the advantages of non-profit associations, and government allowances for large families, etc., determine probable annual payments per square metre of dwelling, etc. These general meetings usually result in a decision to establish an association. The district managers then follow up by providing advisory services for all aspects of the project, including management.

Cooperative housing societies have developed special and unique impetus in a number of countries. Among the outstanding examples ^{are} ~~is~~ the cooperative housing movements in Sweden, as illustrated by the case of the large national cooperative housing society, the HSB. ^{v - the HSB.} Similar organizations exist in Norway and Finland, and several countries, such as Chile, Colombia, Peru and Argentina, have established national federations of cooperative housing societies and/or technical advisory services which are endeavoring to provide some of the functions carried on by the HSB. In the United States, at least three central organizations for the promotion and development of cooperative housing now exist: the Foundation for Cooperative Housing, the United Housing Foundation, and the Middle-Income Housing Association.

Chile is one of the "developing" countries in which housing cooperatives are showing surprising and vigorous growth, as indicated by the following figures:

1951 - 17 housing cooperatives
1960 - 226 " "
Dec. 1965 - 540 " "

In addition, 180 were in the process of being formed.

Most of the cooperatives in Chile have between 30-100 members, and during a period of from 2 to 8 years they collect savings, buy land and improve it. After securing their basic loan, which is usually on a single mortgage basis, the individual or attached houses are built, which are owned by the cooperative, the members having an occupancy agreement.

About 50 cooperatives have joined the Chilean Federation for Cooperative Housing, to represent the movement, and to provide educational and accounting services. Most of the cooperatives have a contract for technical assistance, including management in different degrees, with one of the 5 existing non-profit auxiliary Institutes, the largest of which are INVICA, TECNICOOP and ASICOOP. These institutes provide a broad range of technical, supervisory and management services for which they may charge up to 2 per cent of the mortgage on a project.

Most of the mortgage-loans for the cooperative housing projects have been handled through the private savings and loan system. Mortgages are rediscounted by the Central Bank of Savings and Loan (Caja Central). Terms are 4.5% interest, and 20-25 years amortization, with a readjustment clause for repayment based on the salary-index. An estimated 1/3 of the houses have been built with loans from the National Housing Institute (CORVI), mainly for lower income groups. These are mostly based on savings and loan contracts: 1-2 years of

prior savings amounting to 10% of cost of houses; readjustable loan for 90% with 2% annual interest and 20-25 years of amortization.

In the housing projects handled by INVICA and TECNICOOP an average of 22% of total cost was covered by savings of the cooperatives prior to building. Many projects consisted of shell-houses, and the cooperative-members once inhabiting these, complete or expand them with their own resources.

Another area of Latin America where the cooperative housing movement is achieving rapid success is the State of Minas Gerais. In this case, the State Savings Bank (Caixa Economica) has provided the leadership and financing, advised in the initial stages by the Foundation for Cooperative Housing under a contract with the Agency for International Development. The steps advocated for the organization of a project in Minas Gerais are shown in Figure 12 below.

In Sweden, a country of less than 8 million population, the HSB has built or provided for more than 200,000 dwellings, some in association with municipally-sponsored community housing corporations or public utility companies.

What are the unique features that have enabled this organization to achieve such success and, in effect, enabled it to achieve the status of a significant new social invention?

1. As can be seen from Figure 13, one special feature is the three-fold national, mother (community), and daughter (project) structure which has the advantage of (a) permitting continuous building activity, with its resulting retention and accumulation of experience, know-how and valuable centralization

FLOW CHART

CENTRAL HOUSING COOPERATIVE

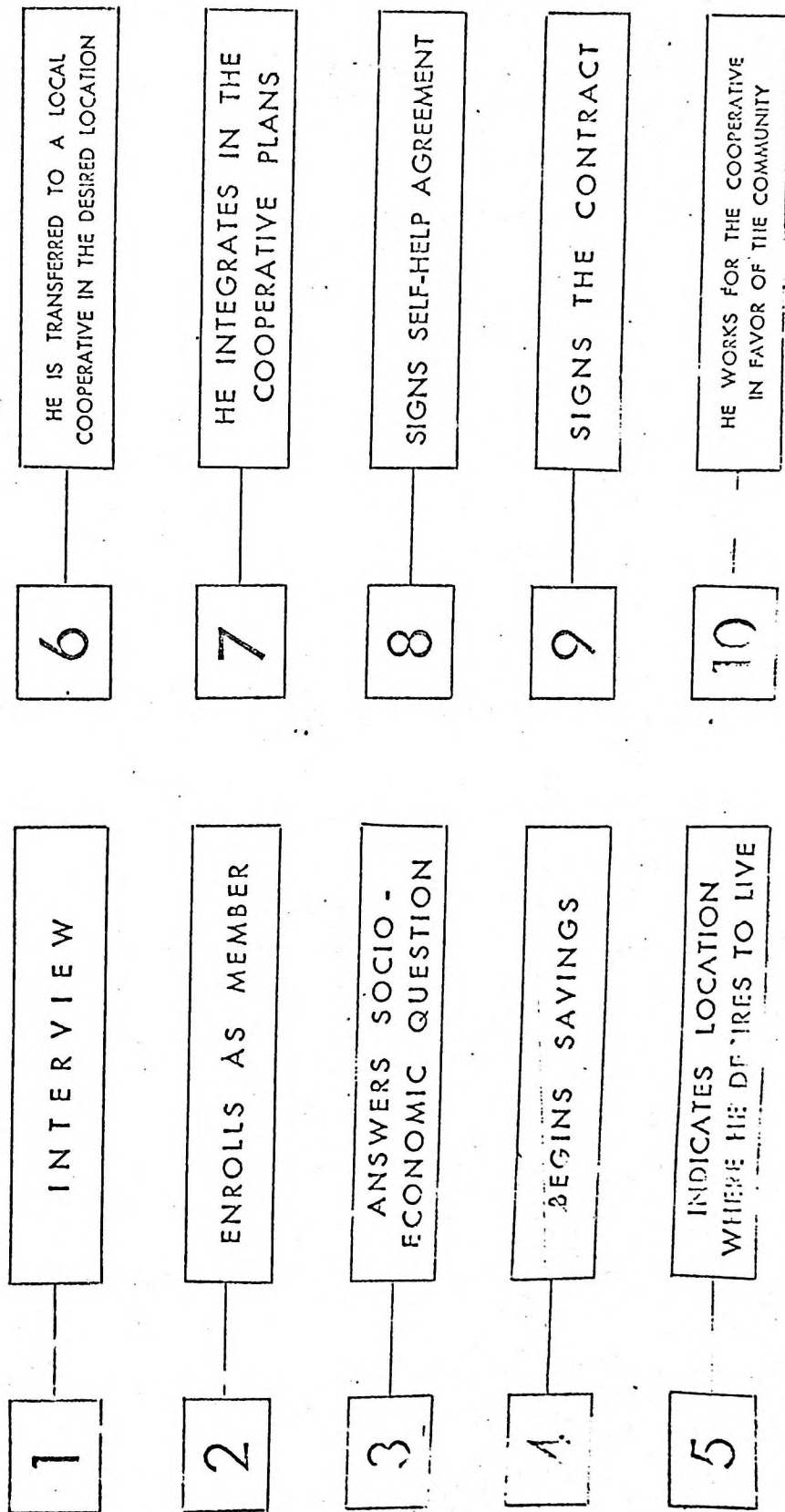
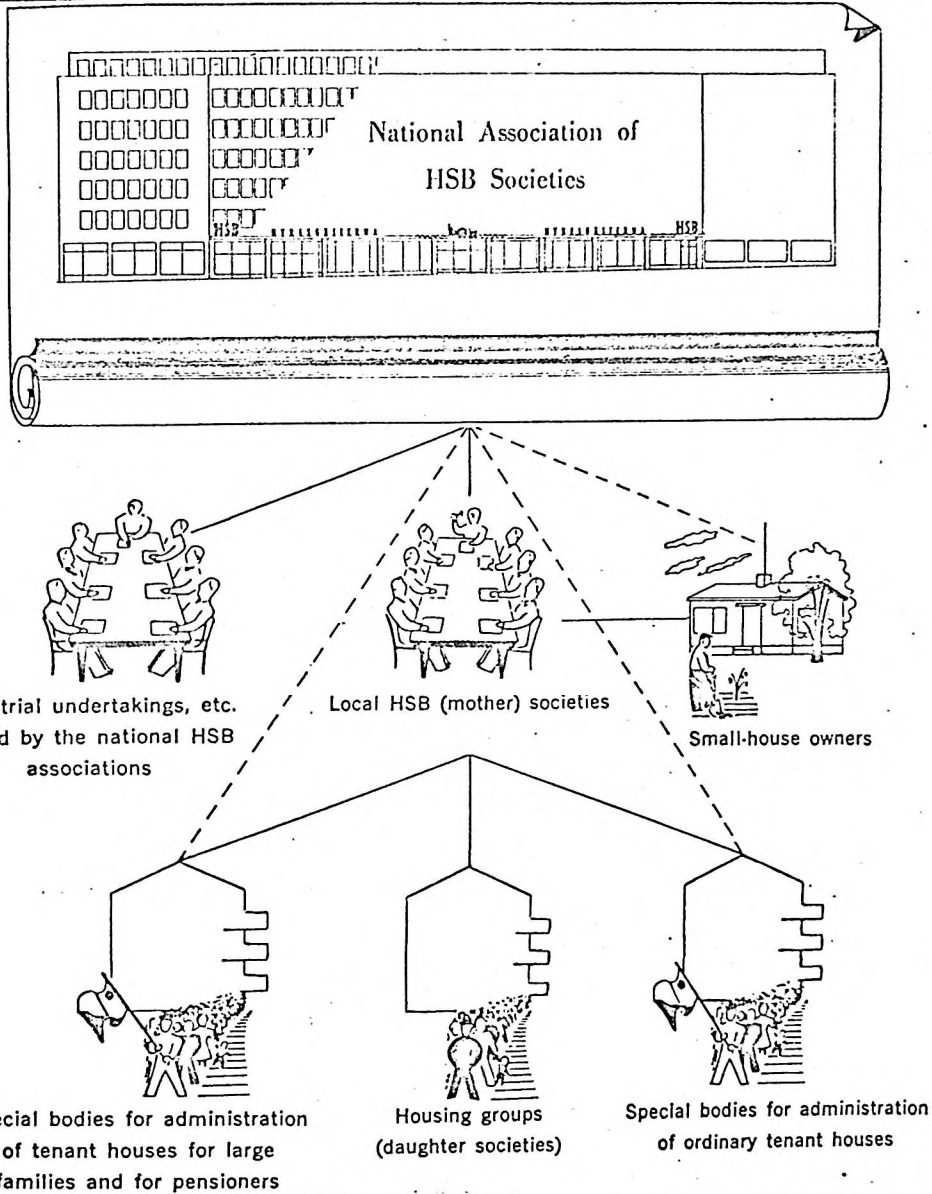


FIGURE 12

-196-

SWEDEN

Organization of the HSB movement for Cooperative Housing



of functions like architectural, planning, engineering, finance, purchasing, research and legal work; (b) development of initiating, organizational and supervisory skills for new projects, and close contacts with individual municipalities and officials; and (c) decentralization of ownership and management of the completed projects, with use of techniques resulting in keen individual and group interest in their proper maintenance.

2. Combination of savings and building functions. This has helped to overcome typical difficulties in obtaining building loans during project construction. Mother (community or local) societies serve as branch offices for a savings bank incorporated with the national association of HSB societies. Members, of course, often use their savings to finance down payments or equities in new HSB cooperative projects.

3. Diversification of operations, with interests in both apartment building and individual house construction.

4. Direct production of building materials and equipment, and prefabricated houses, for sale to member societies and to others.

The HSB is organized on three levels - "daughter" societies which own and operate a single project or development; "parent" societies which initiate projects and perform certain bookkeeping, banking, purchasing and supervisory functions for their offspring; and the "national" office which performs architectural, engineering, and financing functions and operates the various business enterprises - banking, materials, manufacture, prefabrication, and architectural and town planning consultant service to municipalities and industries, etc. - for the society.

The mother societies, formed in about 155 major towns and communities, by people who want to solve their housing problem through the cooperative movement,

take the initiative in building new houses and maintain the continuity of the movement in a particular place. They also collect savings from their members, help to obtain building sites and manage all practical details connected with the building work. When the houses are completed, the mother organization still sees to the bookkeeping, arranges and supervises the sale and exchange of flats, and assists in the purchase of fuel and material, etc.

The finished HSB house is taken over by a so-called daughter society, made up of the HSB members who are going to live in that house and who buy their flats. That means that they have had to pay an initial deposit, usually amounting to some 5 per cent of the building costs, in order to obtain flats on life tenure at low costs. There is consequently a separate daughter society for each house or group of houses representing the members as owners of the building. Each society administers its own house, and it is a separate legal and economic unit, under a management committee elected by the members. If they succeed in keeping expenses down, the members secure the benefit of this themselves, in the form of a reduction in yearly expenses. As the loans are paid back, the yearly expenses are lowered correspondingly.

If a tenant member wants to move or leave the organization, he may sell his flat to any person approved by the management committee, which - in conjunction with the board of the mother society - must also examine the conditions of every transaction to see that all is in order. As a rule, the maximum price allowed is the initial payment plus the amortization payments of the outgoing member.

Variations on the cooperative housing techniques employed by the European countries are, of course, possible and often desirable and necessary in the

developing regions.^{5/4} Several techniques do, however, appear to have general applicability, in addition to the general principles which guide all cooperative undertakings.^{2/1} One of these, as conceived and applied in several countries of Latin America, is that of a "Single Mortgage" to cover the financing for an entire project, rather than the dwellings or apartments on an individual basis. This has many advantages - of lessening paper work and servicing costs, promoting group solidarity, etc. If a very strong preference for individual and traditional home ownership still exists in a particular country, an option for this can be considered after the mortgage or financing costs for a particular project have been paid off.

Another technique is to establish a central housing agency, such as recently, where the government has established a Housing Department, to coordinate all housing activities.
Governments must, of course, provide a certain leadership, particularly with respect to both financing and technical assistance, if cooperative housing is to make much headway in a developing country. There must be a clear policy in favor of this type of approach. This is particularly necessary if continuing programs with momentum are to be established which will meet the popular housing needs of low income, poorly educated, unskilled groups of people. In most cases, in under-developed countries there is little prior experience with consumer cooperative organization or other voluntary group activities for the collective economic and social welfare. Government must show the way, and efforts should be made within the national housing agency to establish a special office or department to assist in all matters having to do with the development and organization of non-profit housing associations and housing cooperatives.

Government attention must be focused on the importance of fixing responsibility and creating permanent "technical core" organizations, central staffs, even though small ones, which will devote themselves to aiding the development of cooperative

housing. At the national level, such agencies will coordinate engineering, education, organization and construction, supervision, and link these with financial loan and grant services. They will have their counterparts at state or provincial and municipal levels, each with separately defined functions for meeting various categories of needs. In some cases, such organizations will be new administrative structures; in others, they will be integrated into the work and operational programs of existing government departments. One of the major objectives of these government organizations should be to encourage and assist in the establishment of strong, continuing non-profit building agencies that are relatively independent in character, and that eventually can develop their own self-sustaining methods of savings and building to serve as wide a variety of housing needs as they find economically feasible. In the initial stages, determined government support and nurturing of these infant enterprises will clearly be necessary until proper techniques and methods are developed, until there is an adequate body of trained leadership, and until there is general public understanding, acceptance and participation in the various projects and undertakings.

Moreover, direct government financing aid - whether through direct loan revolving funds for equity or "down payment" purposes, the use of government credit at national, state or local levels, or ^{through} the guaranty of mortgages - will undoubtedly be needed for most forms of cooperative housing in developing areas in the foreseeable future.

Wherever possible, cooperative housing efforts should go forward through existing organizations and institutions, ^{such as labor unions, professional groups, etc.} and the aid and assistance of community leaders and officials must ^{also} be enlisted at an early stage. Technological innovations must be on a "next step" basis - that is, they cannot be too advanced but must be simple, specific and identified with the people. Perhaps the chief lesson is that engineering skills and proficiencies must be combined with community organization and group leadership understanding and techniques. There must be a focus on the human objectives - the building of houses is not an end in itself, but only one

step in a spiral of self-improvement and community improvement. That is why cooperative methods are important - they stimulate group initiative and working momentum that can be applied to other affairs.

C. Principles of Management - Tenant Relationships

Management begins with the selection of the tenants and this selection cannot exist in isolation from the housing program as a whole. Public confidence in housing management will be lost unless it is evident that the basis for the selection of tenants is equitable.

In establishing eligibility for housing projects, the socio-economic needs to be met should be ascertained and kept under review; field personnel should make on-the-spot surveys and studies to supplement application data, particularly for slum-clearance projects. An order of priority will have to be established to allocate tenancies, and it is essential that the rules, procedures and principles of allocation be simple, well-publicized and clearly understood by all concerned, including the public at large, the prospective tenants and those making the allocations. Each allocation should be decided on its merits within an overall priority system, so that human and personal factors can be taken into account. A points system or a ballot can, however, be useful where there are large numbers of applicants having similar needs or circumstances.

There should be clear a responsibility for the selection decisions. These decisions should be based on complete and reliable information on the circumstances of the families submitted by persons with training in social welfare, public health or similar fields and a good knowledge of the area and the persons concerned.

Bureaucratic attitudes and procedures should be avoided in tenant selection. An effort should be made to keep prospective tenants informed of the status of their applications, and there should be willingness to explain to disappointed

applicants the reasons for the decisions made. The selection system must be safeguarded against abuse or malpractice.

In the process of organizing new housing projects, management has an unusual opportunity to stimulate self-respect, ambition and awakening the sense of belonging to a group in which the new tenants can create their own social space and security. Habit patterns of irresponsibility and shiftlessness can be replaced by responsibility; latent creativity, long forgotten, may be stimulated into activity.

Among the first steps in management-tenant relationships are the following:

1. Leasing interview. This should be much more than a business meeting to sign papers. Coming from a slum or squatter settlement, applicants may arrive with fears, apathy, resentment or a sense of insecurity. The scheduling of interviews should allow for a careful unhurried discourse in a conversational tone. This is not a screening interview, but rather this personal contact method of education should attempt to establish rapport - that management is interested in respecting the individual, but must insist that the individual, in turn, respects certain fixed obligations that are inherent in responsible tenancy. Each pre-established rule and regulation should be reviewed, but too much detail should be avoided, as the end result should be a feeling on the part of the tenants - and both male and female heads of the household should be present - that here is an opportunity for a fresh start in life.
2. Tenants' Handbook. The main objective of this is to help tenants to maintain their houses properly and to use the community services. It is a textbook for all members of the family, and should be presented at the close of the leasing interview.

3. Group meetings and group work. Before moving into a housing project, relatively small groups of new occupants should be brought together for further explanation of matters that the management wishes to communicate. An explanation of the reasons for certain requirements by the management is part of the educational process to win tenant cooperation. Moreover, this type of group meeting will serve to introduce group techniques of discussion and participation which will eventually serve to producing leadership within a project for all manner of civic and professional activities.

4. Community development. To facilitate tenant participation in the administration and in community improvement, it is necessary to have a simple structure of representation which can be served by the formation of a tenants' association. This is not advisable immediately after occupancy, perhaps, but only when the tenants feel the need for it and are prepared to be responsible members. As there are also some dangers of disruptive use of such associations, the housing agency may do well to make or approve rules governing the by-laws, functions and election of members and officers of the association - especially if it is to serve an official purpose in connection with the management or maintenance of the project.

One of the most important requirements of management-tenant relationships is ensuring that rents are paid as due. This may be facilitated by: the employment of door-to-door collectors; the use of tenant committees; arrangements to collect at the source, e.g., orders on salaries or pay deduction plans; the use of collection depots in housing project areas; the use of other collection agents, such as the post-office, etc.

The use of door-to-door collectors is preferred in some countries where incomes are low and arrears would otherwise grow. However, it would appear that this is a question of tenant education, taking into account the comparative cost of collection. Another factor is that the collector may have other duties, such as those of maintenance

inspector. In any event, it is clear that the collection system must be supplemented by an efficient review system that can readily indicate when a tenant is in arrears, so that the management can take steps to remedy the defaults, to the extent of contract termination and removal from the project if this proves necessary in accordance with duly established procedures.

There is no set pattern for meeting the diverse individual and family problems that may arise in a housing project. When recourse to all available services fails to remedy a situation affecting the rights and welfare of other tenants, authoritative action may be necessary. But in the case of conflicts between neighbors, it is better if these can be resolved by social service guidance without management interference.

D. The Maintenance Factors.

The importance of maintenance becomes clear when it is recognized that the existing housing stock is usually the largest single capital asset of a country, and that in some countries, its capital value may even be equivalent to the gross national product. A reasonable annual allowance for the maintenance and administration of housing is up to 2 per cent of the value of the housing

stock. *If the value of housing is 5.0% of Gross National Product, which is 4.3% of the total population of 1.75 billion, the total value of housing is \$1.75 billion.*

Strictly from an official point of view, the maintenance problem in a typical project involves three types of work: (a) day-to-day repairs, such as electrical work, leaking taps, etc.; (b) periodic upkeep, such as painting; and (c) major repairs requiring heavy expenditures and the services of technical experts, e.g., foundations, re-roofing and storm or flood damage. Management must provide for the following aspects: (a) Determining the responsibility for

Footnote

From Results in 1965, Ministry of Housing, Inspection Branch, La Cite Construction, Paris, 1966

repairs; (b) Ascertaining what work is required or when it is required; (c) Arranging for the work to be done; (d) Making some allowance for maintenance in the revenue from the housing.

There are also three distinct areas of control: the residential structure and its interior, (2), the yard and walkways adjacent to each unit, and (3) common areas and common use spaces, such as community rooms.

Each of these must be treated in a somewhat different way. But undeniably true is that an ounce of prevention is worth a pound of cure, in all cases - and that serious efforts at tenant education and to promote tenant understanding of maintenance problems will repay themselves many times over in real savings for the project as a whole. Specific practical techniques can be worked out so that the benefit of savings in maintenance can be passed on in part to the individual occupant, thus adding an incentive for his increased care and responsibility for the property.

It is essential, in any event, for a housing agency to make definite financial provision for maintenance expenditures. It may build up a fund based on a percentage of construction costs on a fixed charge per unit, or it may charge actual expenditures annually, as incurred. There is a danger when there is no obligation to make a fixed allocation from revenue for the maintenance fund each year, that essential work may be deferred or that inadequate allocations may be made. On the other hand, establishing in advance a sizable fund for maintenance may also risk declines in value if heavy inflation takes place. As maintenance must be met at current prices, a charge based on original costs is not as satisfactory as a fixed annual charge for each dwelling unit. These annual allocations should be credited to a maintenance reserve fund which may either be invested separately or re-invested in the housing

project itself by being applied to reduce the mortgage or loan. This would offset the effects of inflation.

Maintenance factors are likely to involve a good deal of community cooperation also, especially in areas of rapid urbanization, particularly with respect to points such as: the keeping of animals, fowl and pets, the building of yard sheds, the erection of fences and walls, the handling and storage of garbage and waste materials, etc. All of these points must be carefully considered, and be the object of rational, pre-determined controls. Certain other aspects, such as the planting of trees, flowers, and shrubs and their care will also require careful consideration, but here an opportunity will exist to arrange special events or ceremonies at which the occupants and their children participate in planing or watering this greenery and thus themselves become custodians and caretakers, relieving management of much of this function.

With regard to the private housing stock, beyond the direct control of the housing agency as such, there may still exist important maintenance problems which the housing agency may wish to concern itself with. If rent control is in effect, there may be questions as to how the existing stock is being maintained by private landlords who may be lacking incentives to keep up their properties. Similarly, questions can be raised about the extent to which credit or financial assistance is available to assist in conversion, remodeling or repairs of existing structures. Provisions for such credit or financial assistance should be considered in all national housing programs.

As many maintenance factors and problems stem from the design of the dwelling unit and the type and durability of the building materials used, it is apparent that there should be fairly direct feedback to the "home office" of particular problems that appear to be universal and difficult so that suitable design and specification changes for new projects can be made as soon as possible.

E. Extension of Community and Social Services

The lower the socio-economic level of a group served by a housing program, the more acute are the social problems and, therefore, the more necessary are the social services and community facilities in such projects. Furthermore, special attention must be given to rural migrants to urban areas and to former slum-dwellers, as new occupants in housing projects. The creation of a good physical environment does not automatically create a good social environment - and special social services are doubtly necessary for people who are seeking to adapt themselves to new ways of urban living.

The planning of social services should be based on practical research and data regarding the family groups who are intended to be housed. Such data will help the planner to estimate the type and size of social services to be provided in connection with a specific project.

It will also be necessary to analyze the structure of community facilities and services in the area where a project is to be built. Such a study should indicate the health, educational, recreational and welfare services available or not available, and the agencies responsible for providing them. This analysis may at the same time provide an opportunity to explain to the various agencies the nature of the project that is to be built and the families that will live in it. This should facilitate the provision or expansion of the required social services, or assistance to the housing agency to provide the necessary services.

Wherever possible, the social services available in the community-at-large should be extended to the population of the new housing project, to avoid duplication and to facilitate its integration into the community. In areas where no social services are readily available, facilities for these should be included in the housing estate and the services should be made available to both the occupants of the housing project and the citizens of the community. It has been found that grouping various social agencies in one building will make for better coordination of their services and also prove more acceptable to many citizens. However, a

minimum requirement for any housing project is some simple meeting place or community center, either within the project boundaries or nearby.

With regard to the types of services and the agencies responsible for them, it may be well to consider them in three categories:

1. Public services, such as water supply, sewerage system, transport, telephone, electricity, garbage collection, street lighting, street cleaning. Wherever possible, these services should be performed by the agencies regularly responsible for them within the municipality, although the housing agency should, of course, endeavor to aid in programming and coordinating these services so that they will be available when the construction of a project is completed and the occupants are ready to move in.

2. Social programs, such as those for health, education, culture, recreation, welfare, social improvement, etc.

Wherever possible, these should also be performed by the regular municipal or community organizations responsible for them throughout the rest of the urban area. Here again, often the housing agency, in league with its tenant-owners, can help to stimulate the extension and improvement of such services for a particular project area.

3. Consumer goods and services, such as banks, shops, theatre, restaurant, markets, etc. Although these will normally be provided by private enterprises in many instances, attention should be called to the opportunity for organizing some of these on a consumer cooperative basis - so that all residents will benefit and exercise a degree of control ^{over} the quality of the services rendered. Frequently, a small informal newspaper or bulletin will prove to be a valuable means of inter-communication within a particular housing project.

It should not be overlooked from the beginning that areas for consumer, commercial, and professional facilities within a housing project can be sources of considerable income for the housing agency. Sometimes, such income can logically be devoted to reducing monthly costs, subsidizing interest rates, etc., for lower income families.

In some areas, the management of housing projects and programs will undoubtedly feel obliged to take a more active role with respect to the organization and stimulation of certain activities that will have a direct influence on the economic well-being of their inhabitants, such as credit union, perhaps special vocational training courses, the organization of nursery school and library services, etc. The range is infinite, as is the variety of human activity. However, judicious discrimination will be desirable in the endeavors to stimulate group endeavors and any tendency to providing all the inspiration should be avoided. Even ideas planted by the management should be handled so that they unfold with apparent spontaneity. For management to attempt to dictate group performance is to add a phase of institutionalism that is contrary to the social objective of promoting individual growth, and it must be recognized that mistakes and failures are an important part of group education and growth.

Because of the need for the services, and the sensitivity of the problem involved, many housing agencies have found it desirable and essential to establish within their administrative organizations special offices or department of social work and services, staffed by trained social workers. Such personnel will serve to advise the agency with respect to the whole area of social services in connection with a particular project, and will also be helpful in the case work and group work that may be required. Such staffs will be particularly necessary, and helpful, in areas undergoing rapid urbanization where there are large influxes of rural migrants who need adaptation to urban living.

Many housing agencies will also find it useful and desirable to employ the specialized services of a home economist, to assist management and occupants of

a project to make the best use of their facilities, and to conduct training and demonstrations with respect to such matters as furniture, food preparation and conservation, sewing, etc.

Increasingly and inevitably, housing agencies in many countries are becoming concerned with the whole complex of services necessary to upgrade employment and economic opportunities for the occupants of their projects, as well as helping with their typical "social" needs. Among other aspects, this will mean special consideration of opportunities for developing vocational training courses assisted by project management, possible organization of small production facilities or cooperatives, special rules and regulations for shops and small businesses within a project area, etc. Although it is not a traditional function for housing management, as such, sometimes a more positive and activist posture on such matters will pay both direct and indirect dividends in terms of project stability and return on its investment.

VIII. PERIODIC REVIEW AND EVALUATION FUNCTIONS OF HOUSING
AGENCIES.

VIII. Periodic Review and Evaluation Functions of Housing Agencies

The functions of periodic review and evaluation of housing agencies are important for a number of reasons: (1) to accelerate feedback for improvement in project conception and design between the realities of living in a completed project and the limitations of resources, creativity or sense of practicality of a particular housing or community design effort; (2) to revive durability of materials; (3) to investigate financial aspects, including compliance with repayment schedules, maintenance of value of such repayments, effects of taxation policies and service charges, etc; (4) to review community development aspects of a project -- growth of self-help and group activities, etc.; (5) to explore integration of a project with its surrounding neighborhood; (6) to investigate provision and adequacy of public services and community facilities; (7) to check on administrative structure of agency responsible for project management, etc.

These functions will inevitably focus attention on the great needs for much intensified research and development at all stages of the housing and urban development process. No national investment plan can ignore these needs, nor can any national housing agency be without a research, development and evaluation arm, whether this is constituted within the agency itself or whether these activities are performed under separate arrangement and agreement by specialized permanent institutes or centres. It should be clear that the type of permanent institute or centre referred to is meant to be far more than a building materials testing laboratory. In fact, in some countries it has been found that such specific functions, particularly of materials testing

while undoubtedly important, should be organized and conducted in a somewhat separate framework. Otherwise, there is a real danger, that, with the pressure of testing and reporting on materials, the other basic aspects of research in the field of housing, building and planning will tend to be submerged by this one technical activity.

This is not to indicate, however, that the programmes and projects of research institutes in the field of housing, building and planning should be conducted in an academic atmosphere, divorced from the realities of public and private building enterprises. Far from it -- the experience with such institutes in the Scandinavian countries, the Netherlands, etc., makes it clear that they derive their vitality and influence in the whole building sector because of the fact that they serve as a meeting ground of the real common interests of those in government, private industry, commerce, and the professions concerned with the improvement of the processes of environmental development. For these reasons, they have been able to clear the way for innovations of technology, organizational concepts, building methods and materials, which have resulted in substantial increases in efficiency, better quality products, and lowered costs for housing and urban development.

In the case of Denmark, for example, the Ministry of Housing has the responsibility for research, development and standardization in the field of building, building techniques and building organization. The objectives of the Danish state-financed National Institute of Building Research are :

"..... to follow, promote and coordinate technical, economic, sociological sanitary and other investigations and research work likely to contribute towards the improvement of building and the reduction of building costs, and to disseminate results also of foreign building research."

The functions of the Institute cover eight fields, as follows :

1. Town Planning Research:

On how urban areas should be organized to effectively fulfill their functions. How roads and railways should be planned. How sewage systems and other public work utilities should be provided.

2. Dwelling Research:

To find data and information on the most effective layout of bathrooms, kitchens, furniture and other domestic utensils, or for the needs of hospitals or factories. In general, the Institute takes the initiative in conducting such research projects, but at times it carries out specific research projects at the request of firms or other organizations.

3. Farm Building Research:

To find the most proper building designs for livestock in regard to planning insulation and ventilation. The Institute has a laboratory for the purpose of experimenting with animal living in different kinds of climates, and the results are used to arrive at standards for the design of the buildings.

4. Building Material Research:

To ascertain the quality and safety for the people in using new materials in their construction. The Institute advises the Ministry of Housing on the suitability of new building materials to be used, which automatically sets the standards for the producers and importers of new building materials.

5. Architectural Construction Research:

Research into standardization and modular co-ordination, including a publication on different kinds of construction components in the building industry, designs, etc.

6. Civil Engineering Construction Research:

This is a small section in the Institute, responsible for research projects relating to civil engineering.

7. Building Physics Research:

This type of research relates mostly to climate conditions in the building and outside. The outdoor and indoor effects of the climate upon materials used for construction, climate control in the building, etc.

8. Sanitary Research:

This field covers such research as related to ventilation and other sanitary problems of the house or building.

In Sweden, the Institute of Building Research was created to carry out research work on building activities not undertaken by traditional technical institutes or by voluntary private research groups. The work is performed by various teams within the institutes who are assisted by one service pool of statisticians, sociologists, physicists and other technicians. Another service pool for public information prepares the results of the research for printing and distribution. The institute is financed by a special tax paid by the building industry, equivalent to 0.4 percent of the total wages in the building sector. This fund is distributed by a Council of Building Research, for various investigations performed by Government at the central, county and municipal level, and by the private building industry. A full third, however, goes to the Institute of Building Research. The Institute is also permitted to perform other work under contract for government bodies and for the building industry. The building industry has established a standardization commission with a small state subsidy, containing a building standards committee, which is now collaborating with the Institute in fixing modular standards of building components as well as equipment.

In both Denmark and Sweden, there are also Building Centres which maintain a permanent exhibition of building materials, provide an information and consultant service, and organize educational activity. Probably the most famous of such building centres is the Bouwcentrum at Rotterdam, which is self-supporting and operates on a non-profit-making basis. The Bouwcentrum incorporates a number of Foundations, each specializing in its own sphere, but whose activities are closely interwoven. In all, in the Netherlands, there are about forty institutes and organizations concerned with research, documentation, training and information in the field of building. In the field of standardization mention should be made of the Foundation Netherlands Standardization Institute, which has 208 committees, a number of which are specially engaged in technical building problems.

Many developing countries will find it particularly important to establish housing or building research institutes or centres, even on a modest scale, as soon as possible not only because of the need for improved technology and savings in the housing and urban development sector as such, but because the construction industry is the channel through which such an overwhelming part of any national investment programme must flow -- and therefore it must be efficient if national resources are to be fully utilized.

It should also be emphasized that there are no substitutes for such national institutes which should be devoted to the problems and utilization of resources within each country's prevailing structural and technological conditions usually far removed from the sophisticated research being carried out by the industrialized countries at the present time. These institutes should be called upon, as part of their research programmes, to undertake period review and

evaluation functions of specific local housing projects and programmes.

A. Importance of Inter-Professional Approach.

An inter-professional approach to review and evaluation functions is essential because of the complex aspects of all housing and urban development projects. Such review and evaluation functions should be carried on at periodic intervals to enable the housing agency to establish new objectives, goals and targets which are deemed to be feasible and practical within the limitations of resources available. Systematic evaluations are of vital importance to every housing agency and should include economic, social and administrative, as well as technical and design aspects.

Evaluations of housing projects and programmes take on special significance during periods of dynamic social and economic change in the life of any country or major metropolitan area. Architects, planners and housing administrators find the independent evaluation study useful for its insight into relationships between project, neighbourhood and the larger community area for its information on housing utilization and for its measurement of construction standards, serviceability and costs as long-term investments of community effort and wealth.

In the case of public housing or urban development projects, often planned on a large-scale, assured of a market, and involving a highly-centralized body of decisions, the evaluation study may provide unique opportunities for "consultation" with the housing consumer, to determine his points of view and adaptability to the physical surroundings that have been created for him, whether they give pleasure and stimulus and recognize his varied needs and desires.

In recent years, various groups -- social workers, planners, sociologists, psychiatrists, etc. -- interested in the relationships between housing and residential environment, and mental health, family stability and social structure,

have become increasingly concerned with sub-standard housing as a major factor in perpetuating the culture of poverty. They have come to recognize that even the most skillfull therapeutic efforts can be frustrated by neighbourhood environments which not only fail to encourage social movility and desirable behavioral change, but, to the contrary, generate hostility, delinquent-criminal sub-cultures, and separation from normal society activity.

It is apparent, of course, that housing is much more than physical shelter -- but never has the importance of co-ordinated physical and social planning become so meaningful as in the last few years. Such planning must, of course, be based, in turn, on an awareness of the design and subdivision alternatives, financing problems, and city and regional development, all of which help shape the ecology and social system of urban communities.

Housing agencies in developing areas must face the fact that for many years to come they will be concerned primarily not only with very low-income families, but with families unaccustomed to urban standards and living conditions, families who have migrated from rural areas unequipped culturally, socially and emotionally for the "shocks" or for the disciplines imposed by urban life. To what extent should housing policy, housing programmes and housing design be shaped to the needs and traditions of these families, if there is to be a minimum of management problems, as well as the development of social and physical environments in which basic human dignity is respected and civic responsibility can be fostered to the utmost to meet the demands of a rapidly growing nation? These are the questions that evaluation studies can help to answer. The simplest form of "evaluation" usually occurs at the project manager level, when complaints come in about construction defects from the occupiers. In addition to taking remedial action, the project manager must

see to it that the results of such complaints come to the attention of the "head office" -- so that the design, construction, or materials' defects are not repeated in future projects. More difficult problems suitable for evaluation usually turn up which involve design limitations, poor space utilization, inadequate equipment, leakages, lack of protection, non-existence of properly planned community facilities, etc. If these prove sufficiently serious, the time may have arrived for the executive of the housing agency to call for a series of inspections, reports and spot interviews. These would then provide the basis of various meetings and seminars in which the major groups of professionals directly concerned or interested would be brought together for frank review and discussion of the improvements required for the projects involved, as well as for future projects.

Sometimes, a private consultant or a management firm may be brought in to conduct a special study or review to be submitted to the chief executive or to the Board of Directors. If a particular project or programme is especially large, important, and the problems cut across many areas of national concern and involvement, it may be desirable to request a full-scale inter-professional mission from an international source to conduct the evaluation required.

In at least three countries of Latin America comprehensive evaluation studies of the latter type have been made, in collaboration with CINVA, the Inter-American Housing and Planning Center in Bogota, Colombia. The first was a research project carried out mainly under the direction of Peruvian housing and planning authorities, to evaluate certain aspects of the model neighbourhood

project, "Unidad Vecinal No. 3". The second was an evaluation of Barrio Quiroga, a Bogota housing project built by the Colombian housing agency, the Instituto de Credito Territorial. This evaluation was carried out by an interdisciplinary team of students under CINVA's direction. The third evaluation study, which proved to be highly successful in that it led to a complete change of national housing policy, programming and administration, was the Evaluation Project of the Superblocks of the Banco Obrero in Venezuela, carried out in early 1959.

The Venezuelan project was particularly important because, in proportion to its population of less than 7 million inhabitants, Venezuela had made a greater investment in public housing between 1954 and 1958 than any other country of Latin America. This investment, of over \$200 million was largely concentrated in ^{ninety} seven 15-storey high-rise apartment buildings known as Superbloques, eighty-five in Caracas on twelve project sites and twelve in the nearby port city of La Guaira. However, the management of these buildings, housing an estimated 180,000 persons, became surrounded by serious physical, social, economic and administrative problems and difficulties almost from the beginning and, after the fall of the dictatorship, the government housing agency, the Banco Obrero, decided to request outside assistance in the form of a thorough evaluation study.

In consultation with the key officials of the Banco Obrero, it was agreed that the evaluation should be comprehensive in scope, with the following principal objectives:

1. To establish criteria for future policy with regard to the construction of superblocks.

2. To recommend to the Banco Obrero immediate steps for improving living conditions in the superblocks and for the conservation of the investments that have been made in this type of construction.
3. To recommend to the Banco Obrero and other authorities concerned, long-term steps for the management of the superblocks and the integration of their inhabitants with the community by means of educational and social programmes.

To achieve these objectives, it was agreed that :

1. There would be maintained complete co-ordination with the personnel of the Banco Obrero, including conferences and specialized training in the social work field and periodic meetings to review and discuss the preliminary observations and conclusions.
2. During the study the necessary steps would be taken to help the community to understand the problem of the superblocks and the general problem of housing in Venezuela, in order to obtain public and civic support.
3. Orientation and information would be obtained through :
 - (a) Regular meetings with an Advisory Committee, composed of distinguished representatives of professional and civic groups.
 - (b) Special meetings with the residents of the superblocks to interest them in the evaluation and to obtain their co-operation in educational and community action programmes.
 - (c) Meetings with representatives of public offices and with civic and professional groups interested in the various aspects of the superblocks.
4. A policy of information and public relations would be maintained with the interested institutions and the public at large, and the preliminary results and conclusions of the study to be made available to the First Venezuelan Congress on Housing, and the final report to be ready and available for

distribution by March 1959.

An inter-professional, international team was assembled for the evaluation project, and, by dint of hard work and excellent co-operation, the study was completed within a three-month period, and its conclusions were not only accepted, but the recommendations were put into practice in short order.

As the detailed methodology and principal findings of this evaluation study have been described in detail elsewhere, ^{1/} it may be of interest here to indicate in Section B the steps leading to the establishment of new long term and specific objectives for housing policy and programming in Venezuela.

B. Establishing New Objectives.

Evaluation projects, if they are conducted in depth and are comprehensive in scope, may well indicate new directions and new objectives for housing policy, programming and administration. Often there will be a sequence of inter-related steps to these ends. In the case of Venezuela evaluation project, the first step was to provide a definitive finding with respect to the existing pattern of the Superblocks. This was stated as follows: ^{2/}

"The construction of superblocks can be conceived as one of many partial solutions to the housing problem, but in no case is it a definitive answer, even in the city of Caracas where the high densities and the scarcity of available land constitute a serious problem for urban development. The Government should suspend all construction of superblocks until there exists a defined housing policy in relation to the economic and social development of the country and within a process of national planning and co-ordination.

Another fundamental reason for detaining the construction of superblocks is the lack of a series of basic considerations for their normal operation. There is inadequate management and there exist multiple factors that do not facilitate community life and which profoundly affect the possibilities for establishing well-integrated communities. The massive construction of superblocks brings with it a series of human problems which should be seriously considered and which run counter to the normal processes of urbanization.

There should also be considered the high cost per apartment, a cost

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- 1/ Carlson, Eric. "Evaluation of Housing Projects and Programmes" The Town Planning Review. Liverpool University Press. October 1960.
Banco Obrero, Proyecto de Evaluacion de Los Superbloques. Caracas. 1959
- 2/ Carlson, Eric. Ibid.

Carlson, Eric. "Evaluation of Housing Projects and Programmes" The Town Planning Review. Liverpool University Press Oct 1960

which can be appreciated by studying the amount of money invested in the construction of the superblocks; also, it is necessary to take into account the high cost of maintenance and conservation. These facts indicate to us that because the housing problem is so serious and generalized in Venezuela, more rational means can be found for attending to the problem with similar investments; other types of housing programmes should be considered, taking into account the recommendations of this report."

Secondly, the framework for a long-term housing policy was outlined by the evaluation team, in the following points: ✓

"An appropriate allocation of public capital for housing is necessary. Such an allocation should take into account the nation's need for increased productivity, the importance of putting idle labour and other resources to work, the need to stabilize the levels of construction activity and employment, and the importance of achieving a steady and significant improvement in housing conditions. It is also essential to have an appropriate allocation of housing between the different cities and regions of Venezuela; and this allocation must be geared to the requirements of economic development, and the Government's general policy of encouraging a more decentralized pattern of urban settlement.

It is necessary to create a modern national mortgage system which will: increase the supply of savings for housing through incentive programmes; facilitate the flow of mortgage capital to different regions; lower the high interest rates throughout the country; improve the terms under which self-liquidating loans are made to borrowers, such as reducing down payments, extending the period for repayment of loans, eliminating extra commissions and discounts, establishing 'level payment' plans, and so on.

The Government should encourage the building industry to expand the production of houses in attractive neighbourhoods at lower costs to the consumer.

An incentive system is necessary, possibly in the form of mortgage insurance to make possible cheaper credit and larger scale production of houses; but such assistance should be extended only to builders who will construct housing at price and rent levels below a stipulated maximum. Arrangements should also be made to provide a secondary market for these insured mortgages.

A long-term programme is needed of well planned and well designed subsidized public housing with all appropriate neighbourhood facilities. It should be made available to low-income families at low rentals.

Technical and financial assistance should be provided for housing programmes sponsored by co-operatives and non-profit organizations. Where feasible such housing should be managed by local co-operatives, formed by labour unions, government employees, and the like.

A high priority programme of loans, of technical and financial assistance, and of research is necessary: to provide inexpensive land, utilities and core housing for squatters and migrants; to encourage minimum standards of land use, and effective rehabilitation in rural areas and urban neighbourhoods where the quality of the housing justifies such programmes; to develop

Carlson, Eric. "Evaluation of Housing Projects and Programmes".
The Town Planning Review. Liverpool University Press. October 1960.

Banco Obrero, Proyecto de Evaluacion de Los Superbloques. Caracas. 1959

economical and easily assembled prefabricated housing components, using self-help methods along lines which have proven successful for rural and even urban housing in other countries with similar problems.

An effective urban land use and planning policy is needed which will: curb inflationary land prices; establish realistic zoning of land uses, adequate land reserves and a well planned transportation policy to counteract quasi monopolistic land values, wherever prevalent in Venezuela; ensure that housing will be built within a framework of long-range local and regional land use plans for urban and rural development; give to the community and the nation a method of sharing through an efficient system of ad valorem taxes and property assessments existing and future increments in land values.

Efficient and just policies must be established for the management and disposition of the existing stock of housing built and owned by the Government. Emphasis should be placed on co-operative and local management, where feasible. Appropriate safeguards should also be taken against sub-leasing at a profit and against speculative re-sales if ownership arrangements are made.

A new national agency with cabinet status is required: to study the housing problems and needs of the country as a whole in relation to the problems of encouraging economic and social development; to plan, supervise and to develop the housing policy and programmes of the nation; to explore the best means of establishing and guiding municipally sponsored urban and rural housing programmes; to establish minimum housing standards; to collect data on construction activity, ranchos and their families, migration and population trends, movements in rent and price levels, and so on; to encourage appropriate personnel training programmes and the necessary technical, social and economic research programmes; to recommend other policies and programmes which may be necessary for the solution of the nation's housing problems."

Thirdly, the specific recommendations for solving the immediate problems of the superblocks were listed as follows:^{4/}

"Reappraisal of the costs of the superblocks and the individual apartment units to determine their real value, taking into account that during their construction cost inflations were normal. This reappraisal to determine the new rent and management policies.

Progressive regularization of rent payments, occupancy standards, etc., based on the reappraisals and the newly-calculated payment schedules.

A subsidy policy for low income families, based on establishing rent scales somewhat higher for upper-income families so that lower rents are possible for those in worse circumstances; also offering lower-income families special terms for acquiring their apartments, by extending payment periods and lowering interest rates enabling lower monthly payments.

Standards of permanent occupancy. Offering families who have shown responsibility and regularity in rent payments for a certain period of time the option to buy their apartments under favourable terms that they can afford. Special diplomas for all families making regular payments, as well as the possibility of certain prizes and rent rebates. Emergency fund for families

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in difficulties, to be raised from rent collections, and administered by a board consisting of Bank employees, representatives of the tenants and a social welfare agency.

Decentralizing all functions of rent collection and payment to the projects, establishing special offices for this purpose, which would also stimulate savings deposits by the tenants.

Encouragement of consumer co-operatives. Review the situation of existing commercial establishments in the projects, put them on a regular rent-paying basis, and encourage the organization of consumer co-operatives as a means of helping to lower costs and stimulating community development programmes.

Extraordinary administrative measures. Indispensable for resolving the situation caused by the invasion of 4,000 families into vacant apartments and still living in them in illegal conditions after one year.

Special Provisional Office. Such an office, headed by a highly qualified official, responsible directly to the Director of the Banco Obrero, is needed to devote itself exclusively to problems caused by the invasion of apartments, to establish occupancy standards, and the like, and to translate policies into effective administrative measures, which, once in effect, are to be carried out by the regular departments of the Banco Obrero.

Functioning of Special Office. Duration of this office should be clearly established as temporary, for perhaps two years, with possibly six months extension, to clear up all major problems. The office will initiate educational, social work and all other programmes necessary to confront the emergency situation, but without interfering with routine work of the other departments of the Banco Obrero. "The work of the office should begin in one of the projects where the chances seem good for successful accomplishment within a short time, the experience with this pilot project, suggested as 'Simon Rodriguez', to determine the type of action and programmes necessary in the other projects."

Finally, after a try-out period for testing specific recommendations in one of the project areas, the following points were made public policy in a major radio-TV public relations and information campaign, directed to all occupants of Banco Obrero project:^{5/}

"Reappraisal of buildings and apartment units to establish their actual worth and new payment schedules. In almost every case this will mean reductions in appraised value and therefore lower monthly payments.

All occupants must begin paying regularly after June. In May 1960 all occupants who have made 12 regular payments will receive a special certificate or diploma, and the Banco Obrero will cancel any previously-owed rent, provided they are in conditions of legal occupancy. (The Banco Obrero was authorized to take this step by the Venezuelan Cabinet).

5/ Carlson, Eric. "Evaluation of Housing Projects and Programmes". The Town Planning Review. Liverpool University Press. October 1960.

Banco Obrero, Proyecto de Evaluación de Los Superbloques. Caracas. 1959.

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Occupants who do not pay their rent will be subject to special investigations, and, if necessary, to legal action.

All occupants will be offered the possibility of acquiring their apartments in ownership. Basic terms are 10 % down payments, with balances to be paid off at 4 % interest, over either 25 or 30-year plans. If the tenant does not have sufficient cash for the 10% down payment, he can enter into an option-to-purchase-plan and acquire his equity over a five-year period by making slightly higher monthly payments.

Tenants who do not wish to purchase their apartments may continue in occupancy on a straight rental basis at rents that are still below the payments required for even a 30-year purchase plan. But they will be required to adhere to all the rules and regulations of occupancy.

For tenants who have been punctual and regular in their rent payments up to May 31, 1959 and who wish to purchase their apartments, 25% of their monthly payments in the previous year will be applied to their 10% down payment. For other tenants who have been paying rent regularly but do not wish to purchase, the Banco Obrero will award 25% of their monthly payments in the previous year in the form of household equipment and furnishings.

With better care of apartments and buildings by the occupants, it is expected that maintenance costs will drop. If this proves to be the case, the Banco Obrero offers the possibility of reducing monthly payments correspondingly for the buildings affected."

-Ch. V. C. ...

In this case, therefore, the evaluation project of a housing agency served as a lever for effectuating sweeping changes of policy and administration, and the establishment of new objectives based on a more comprehensive and realistic view of national requirements for the housing sector.

A different type of evaluation may become increasingly important to many housing agencies who are concerned with the basic problem of improving existing housing stock, and upgrading the community facilities and living conditions in large squatter areas. They will, of course, be facing the realities that as sufficient resources are not likely to be available for all the large new housing programmes needed in the near future, organized efforts must be made to improve the conditions in situ of families who are living in conditions of illegal land occupancy or "squattling". Among the prime considerations to the community here are likely to be environmental health and sanitation aspects, as well as safety from flash floods, fire, etc. An order of priority must be worked out

for such housing and community improvement programmes, taking into account also the "felt needs" of the inhabitants of such low-income squatter areas, as well as the possibilities for the financing of home improvements and the extension of minimum public services. These latter have to be done in collaboration between various levels of government, public service corporations, and neighbourhood or community associations who may guarantee to provide all or part of the labour required for specific projects or provide the basis for contractual agreements as to the costs to be paid by individual families or groups of families.

Comprehensive methodology and techniques for such improvement programmes ~~have been~~ ^{developed} worked out by the Inter-American Housing and Planning Center (CIHVA), as illustrated in the projects carried out in Barrio Siloe of Cali in 1957-1958, and in Barrio Belo Horizonte of Bogota in 1958. The latter project served to stimulate a comprehensive and continuing programme by the municipality and its public utility corporations for the provision and upgrading of community services on an organized basis, involving a community development programme under the direction of the municipal planning office, in co-operation with various city departments, and the establishment of revolving funds to provide the injection of small credits needed ^{to spark} and carry through many of the projects.

The first step in each area to undergo progressive improvement is the evaluation of the socio-economic realities and existing physical conditions, so that, in co-operation with the community leadership and groups involved, improvement projects and programmes can be planned and executed.

National housing agencies may well be called upon by municipal authorities to assist with endeavours of this type. Indeed, they must assist with financing if substantial headway is to be made. Such progressive betterment programmes, in many developing countries, must be an essential counterpart of efforts to construct new housing or to clear large areas for urban renewal and slum clearance projects in an organized way.

Although many such programming efforts must necessarily be on an ad hoc basis at first, it will gradually become apparent that systematic evaluation of existing situations as well as the potentials of community collaboration can be an important aid in setting new objectives and in establishing new investment targets for specific purposes.

An illustration of a type of point system that may be applied as an aid in evaluation and in specifying investment priorities and amounts is set forth in the table below:^{1/}

This table is meant to be illustrative only in character, and obviously would require modification to take account of diverse local and national characteristics in the various countries. However, something like it would be helpful in arriving at a first general approximation useful for planning and programming purposes.

^{1/} Adapted from Utría Rubén D., "El Problema de la Vivienda en el Contexto del Desarrollo Latino-americano". CEPAL. Santiago. February 1966.

Point System for Identifying Composition
of
Housing and Community Conditions
in Low-Income Urban Sectors

| <u>Components</u> | <u>Relative Value</u> <u>(Percentage)</u> |
|---|--|
| 1. <u>Urbanistic integration</u> | <u>15</u> |
| 1.1 Land appropriate for basic services | 6 |
| 1.2 Environmental health and safety | 7 |
| 1.3 Access to urban services | 2 |
| 2. <u>Basic Services</u> | <u>20</u> |
| 2.1 Potable water supply | 10 |
| 2.2 Sewage and drainage | 5 |
| 2.3 Electricity | 2 |
| 2.4 Garbage removal | 2 |
| 2.5 Others | 1 |
| 3. <u>Dwellings</u> | <u>35</u> |
| 3.1 Area constructed, per person | 20 |
| 3.2 Area constructed by function | 10 |
| 3.3 Family privacy | 5 |
| 4. <u>Equipment</u> | <u>20</u> |
| 4.1 Bathroom - W.C. | 10 |
| 4.2 Kitchen | 5 |
| 4.3 Washing area | 2 |
| 4.4 Others | 3 |
| 5. <u>Community Facilities</u> | <u>10</u> |
| 5.1 Access and circulation roads | 3 |
| 5.2 Neighbourhood Schools | 3 |
| 5.3 Parks and green areas | 2 |
| 5.4 Other services | 2 |

Total ... 100

- D. (1) Technical personnel of Ministry loans to Municipalities and regional organisms, (2) Revision and approval of communal development plans, 5-year programmes, and sectional projects, (3) Transfer of part of the administrative control to municipalities and Mixed Economy corporations.

The step-by-step transition from conceptualization to implementation^a of national urban development policy such as envisaged for Chile will require unusual consistency, firmness and will power on the part of the government officials concerned. It will also require very careful linkages with the projected availability of resources for this sector, which is always difficult in the situations of many developing countries.

Assuming that some consideration has been given to the establishment of suitable urban development and physical planning framework, we can now go on to identify some of the principal aspects of "project" development as such.

IX. INTERNATIONAL TECHNICAL ASSISTANCE.

IX. INTERNATIONAL TECHNICAL ASSISTANCE

While the gap between the productive capabilities and the per capita incomes continues to widen between the industrialized countries and those of the developing regions, increasing attention is being given to how international technical assistance and financing potentials can be directed so as to help the developing countries confront their mounting housing and urban development requirements. One difficulty is that as the national investment plans and programmes of many countries do not give this sector much priority, the corresponding national and local government instrumentalities for receiving international technical and financial aid are sometimes not sufficiently organized for effectively applying large amounts of external resources. Still, in the sphere of international agency and bi-lateral aid policy, programming and action for housing and urban development, some remarkable breakthroughs have been achieved, particularly during the present decade, which give great promise for future developments. National housing agencies in the developing countries should as a matter of course carefully review the types of aid available^{for} in this sector from all sources, to determine how their own capabilities for mounting housing and urban development programmes can be expanded by the possible use of external assistance, and they should organize for the most efficient use of such aid.

Concern with international assistance efforts for housing has arisen in the past in connexion with such programmes as disaster relief, rehousing refugees, reconstruction of devastated areas, etc.)

The League of Nations and the International Labour Organization showed

concern for housing at an early date, and the ILO is still actively interested in problems of workers' housing and co-operative housing. In 1936, the League's Health Organization organized a Housing Commission which as the result of its report between 1937 and 1939 created a world-wide awareness of the public health aspects of housing. The wide-spread devastation of World War II led to special attention to housing and urban development programmes aided in part by the Marshall Plan and other international aid efforts. The decade of the 1950's witnessed the beginning of efforts to rationalize and institutionalize international action in this field in both international and bi-lateral programmes, and the present period is one of consolidation of policy and establishment of new programmes and instrumentalities which should be ready for considerable growth in capacity to assist developing countries once the current phase of international tensions is dissipated.

Although still very small in relationship to the needs, the current volume of international and bi-lateral technical and financial assistance for housing and urban development is in the order of \$300 to \$400 million per year ^{1/}. While the amounts are not large, the concepts have been developed for how such resources can have maximum leverage value for mobilizing additional domestic investment in the housing sector, whether as seed capital for creating new financial institutions or to help in building the institutional structures necessary for each country's organized social housing efforts -- involving the training of personnel, the organization of co-operative and

^{1/} United Nations, Account of Funds Expended for Housing, Building and Planning by Agencies Participating in the International Programme in these Fields. (1963-1965), pursuant to Economic and Social Council Resolution 976 G (XXXVI). Report of the Secretary-General. E/C.6/42 and Adds. 1 - 3.

workers's housing, etc. Moreover, a continually growing circle of agencies has become involved in the international housing and urban development sector, both public and private, and there is also a significant growth in the type and variety of programmes being offered to assist the developing countries in this sector.

A. Types of Aid Available

1. United Nations.

The Committee on Housing, Building and Planning, created in 1962, composed of 21 countries on a three-year rotating membership basis, serves as the major international body for co-ordinating and over-seeing the work of the United Nations in the field of housing, building and planning. Responsible to the Economic and Social Council, the Committee endeavours to frame broad policies and programmes for eventual acceptance by the General Assembly. It is serviced by the Centre for Housing, Building and Planning in the United Nations Secretariat, which has been in existence as a separately constituted unit since June 1965.^{1/} The Centre in turn also serves as the substantive unit for consultation and servicing in connexion with all aspects of the United Nations development programme; including technical assistance, the establishment of new centres and institutes in this field under the allocations of the Special Fund, the organization of pre-investment studies for specific pilot and demonstration projects, the development of projects in this sector under the World Food Program, etc. Upon request, the Centre collaborates with the International Bank for Reconstruction and Development and the International Development Association, as well as other agencies, by

^{1/} A housing section was organized in the Secretariat as early as 1951, which subsequently became the Housing, Building and Planning Branch of the Bureau of Social Affairs.

making available specialized personnel for generalized survey missions and other assignments. Upon request, the Centre also co-operates with bi-lateral programmes in this field.

The Centre, therefore, serves as a focal point for carrying out many of the United Nations' activities in the housing sector. Governments may apply through the U.N. Resident Representatives in each country, and within the limits of the resources available under the country allocations, for technical assistance and other aid, which may take one or other of the following forms:

Consulting experts or specialized teams for short term or long term assistance, seminars and conferences, pilot projects, research programmes, training and scholarships, administrative interchange and publications and documentation, etc.

The Centre now has available a small corps of experienced inter-regional advisers who are available to respond quickly to requests for technical assistance, and specialized advisers to assist in the formulation of Special Fund requests for pilot projects, pre-investment studies, or the establishment of new Centres and Institutes. Through specialized advisers, World Food Program aid requests, for self-help and community improvement projects, can also be evaluated.

The Centre endeavours to assist the regional economic commissions in matters concerning housing policy and programming. Some of these commissions now have regional advisers assigned to them in this sector, and at least one is concerned with training courses and seminars for housing programming,

financing, etc.

The Centre gives special attention to the development or establishment of research, training and documentation centres in the housing, building and planning field, and carries on an active publications programme. The UN has also assisted the regional housing centres for the ECAP region, in New Delhi, India and Bandung, Indonesia, and has collaborated with the Inter-American Housing and Planning Centre (CIHVA), a Pan American Union project in Bogota, Colombia.

Included in the UN technical assistance activities are fellowships for specialized study in the field of housing, building and planning. These may usually be applied for within the scope of UN resources available in country programmes.

Several of the specialized agencies of the United Nations, such as the International Labour Organization, the Food and Agriculture Organization, the World Health Organization, etc., carry on programmes which have direct relationship to the housing, building and planning sector. Efforts are made to coordinate these programmes in the administrative and budgeting process.

The most recent United Nations General Assembly resolution^{1/} outlines the broad direction of policy which should be given emphasis, and is contained in the Annex I. Fuller details on the UN's activities and programmes in this field are contained in the reports of the Committee on Housing, Building and Planning.^{2/}

^{1/} A/RES/2036 (XX), 7 December 1965.

^{2/} The most recent report is UN Document No. E/4124.

Inter-American Development Bank

The Inter-American Development Bank, legally constituted 30 December 1959, has engaged in extensive lending and technical assistance programmes for housing and community water supply and sanitation facilities in Latin America since the establishment of the Social Progress Trust Fund on 19 June 1961, from a grant of the United States Government. Full details on these activities are contained in the Annual Reports of the Bank and of the Social Progress Trust Fund. In the field of housing for low-income families, the requirements for technical assistance and loans have specified that they must be given:

1. through assistance to self-help housing;
2. to institutions providing long-term housing finance and engaged in mobilizing domestic resources for this purpose.

The Bank has become one of the major suppliers of seed capital loans for the development of national systems of savings and loan associations.

Technical assistance may be provided as a component of loans for specific projects or programmes, or it may be extended separately.

In 1965, the Bank undertook an evaluation of certain aspects of its lending activities in the housing sector, and a comprehensive new policy statement was evolved and adopted which considerably expands the Bank's interests in the broader aspects of urban development. This policy statement is included in Annex II because of its implications for national policy in this field.

United States Government. Department of Housing and Urban Development, Division of International Affairs, and Agency for International Development.

The Department of Housing and Urban Development, in meeting its international responsibilities, provides technical support and guidance to the Agency for International Development in carrying out overseas programmes. It develops training programmes in the United States and abroad within its sphere of competence and exchanges information relating to housing and urban development with other nations.

The Department works closely with the Department of State on matters arising in the field of housing and urban development and assists international organizations, such as the United Nations, in their programmes which are directed toward improving urban living conditions.

Technical assistance generally offered through AID takes many forms. It covers virtually all facets of urban development, such as urban planning, organization of financial institutions, housing feasibility studies, development of community facilities, mortgage guaranties, training architectural and engineering design, and construction inspection. Applications from developing countries for loans for housing and urban development projects are also reviewed by the Department at the request of AID.

Technical assistance generally includes training. In many cases it is done on the job in the country receiving the technical assistance. Most specialized training, however, is carried out in the United States.

Annually young men and women from developing countries are invited to participate in the Department's Intern Programme. Side by side with American college graduates, the trainees receive extensive training in the implementation and administration of housing and urban development

policies and programmes. The Intern Program prepares young people for positions of responsibility and leadership in their country's housing and administrative agencies.

Other training programmes are directed toward providing specific on-the-job training and experience. Governments, for instance, have requested the Department to train their staffs in such areas as mortgage insurance and physical planning. These programmes are individually planned to meet the specific needs of the participants.

In addition, seminars and workshops are held by the Department in the United States and abroad on specific subjects of current interest to developing countries.

The Department is fully aware of the great need for training in the housing and urban development field and makes available its many resources and skills in planning and conducting specialized programmes.

At the request of AID, the Department reviews applications for housing investment guaranties under which the lender is protected against financial loss.

New construction materials, building techniques, urban planning concepts, and financing methods are being developed throughout the world at an ever-increasing rate. The Department serves as a general clearing-house and documentation center for international technical data. Requests from technicians throughout the world are received for information on such varying subjects as the use of coral and sea water in concrete construction and building sewage lagoons in developing countries. Foreign literature and professional journals are studied for information on new developments and are summarized for publication.

The Department also issues technical documents for use of technicians in developing countries. Films on technical subjects are also available for loan.

The Agency for International Development has become increasingly concerned with the housing sector as a vital factor in the acceleration of both economic and social progress. It has established an Advisory Committee on Housing, which brings together leading elements of the building industry, financial institutions, professional and university groups involved with this field. A major policy statement issued in 1965 serves to clarify the legislative directives and to delineate the broad new guidelines for housing and urban development which the Agency will use as its terms of reference. This ^{is} included in Annex III.

Among the significant developments of the last few years is the extensive use which the Agency is making of specific private non-profit organizations as channels for technical assistance and training. Among the major agencies of this type serving the housing sector are the Foundation for Cooperative Housing, the American Institute of Free Labor Development, and the National League of Savings and Loan Association. These agencies supply the organizational backstopping and support necessary for the recruitment and servicing of experts, for arranging seminars and training sessions, conducting specialized research and studies, etc.

Technical advisory services for various aspects of the housing and urban development sector are also available from many other organizations. For example, the WHO provides experts in the field of water supply and sanitation, and, through its regional bodies, such as the Pan American Health Organization, provides fellowships and training courses, as well as regional advisers to the economic commissions. The Pan American Union and the Organization of American States provides technical assistance, fellowships, and opportunities for training, including sponsorship of CINVA, the Inter-American Housing and Planning Center. The Ford Foundation, among others, is another source of technical assistance to certain countries in the housing and urban development sector.

← Programs of bi-lateral aid and technical assistance in this field are also expanding, as reported in the UN document on "Funds Expended."^{1/}

1/ It is apparent, therefore, that in recent years the developing countries have had opened to them many sources of technical assistance and aid programmes, pilot projects, new training and research centres, etc. Thus far, the total resources available for these purposes have not been voluminous, but there is no doubt that this is an expanding area of international activity which may grow quite fast in the future. It is up to the developing countries now to prepare to make most productive and efficient use of the aid that is available.

An unusual multi-lateral organization, the International Cooperative Housing Development Association, was created in 1966 by representatives of cooperative housing organization, from six countries - Chile, Finland, Great Britain, Israel, Sweden and the United States specifically to assist the developing countries in establishing cooperative housing movements.

^{1/} United Nations, Op. cit.

B. ORGANIZING FOR EFFICIENT USE OF SUCH AID

As the range of available international technical assistance in the housing sector is growing wider and as the objectives of such aid are becoming more clearly defined, national governments should endeavor to make effective use of such outside resources for strengthening their programming and action in this field.

As a first step the Ministry of External Affairs, the National Planning Office or other agency concerned with the coordination of international assistance for a given country should be informed of the specific interests of the housing agency. What are its needs for training, pre-investment studies, pilot projects, documentation, technical assistance, etc.? Consultations could then be arranged also with representatives of the housing sector in the national planning body and the international agency representatives involved. The purpose would be to define job descriptions, timing, international resources available, etc., in order to frame a programme and schedule for requesting and utilizing the aid that may be forthcoming.

The housing agency itself should establish a special office to be concerned with all matters of external aid, to serve as a point of international coordination and liaison in this sector, a "window to the outside world". This office should be located at the top executive level of the housing agency. Some agencies simply designate it as a consultant or advisory service, to avoid overly sharp distinctions between national and international expertise. Larger countries will tend to formalize the functions - in the United States, for example, the Office of the Secretary, Department of Housing and Urban Development, contains

the "Division of International Affairs."

The establishment of such an office will help to avoid duplication of international technical assistance, and provide a base for planning, programming and supervision of the experts and services available, even though these may be located in areas away from the capital city.

Some newly independent countries will find it necessary to arrange for long-term external assistance, to the extent of requesting experts under "OPEX-Type" arrangements from the UN, actually giving such experts executive responsibilities for organizing and directing certain housing agency functions until their own training and recruitment needs in this sector can be resolved by the use of local personnel.

In the early stages of organization of a national housing agency every effort should be made to benefit from and adapt to local requirements the very considerable body of international experience which now exists in this field. It may be useful to review the techniques of transfer of organizational and technological skills in other areas, such as those of the large international corporations engaged in the establishment of branch plants or operations in ^{many} ~~other~~ countries.

The special external aid office established within the housing agency should be a point of stimulus and evaluation for the introduction of new programmes in the housing sector. These might include, for example, recommendations and review for the use of seed capital loans in the savings and loan and cooperative housing fields, private housing investment guaranty programmes, the use of food aid resources in housing and community development programmes, proposals for the establishment of new building materials industries related to housing programmes, recommendations for fellowships and training, etc. In all these matters, the office could obviously be of great assistance to the top management of a national housing agency.

X. SUMMARY

Some Concluding Observations

The housing sector for too long has been divorced from the mainstream of thinking of those concerned with accelerating economic and social progress in the developing countries. As the world is rapidly approaching a major crisis with respect to housing and urban needs, the problems involved can no longer be swept aside at either international or national levels. The situation is epitomized in the fact that the urban population of the world is now expected to grow from 500 million in 1950 to four billion people by the year 2000. As cogently stated by the former director of the United Nations Centre for Housing, Building and Planning, "Thus, a tolerable urban environment will have to be built in a half century for 13 times as many people as in the previous 150 years at a rate 40 times that of the past."¹ Though cities in many developing countries are poor places to live, masses of congestion, squatting and squalor, and disorganized for both social and economic functions, they continue to be the scenes of explosive urban growth as the world continues its transition from an agricultural and rural to an industrial society.

Developing countries must acknowledge the growth and shifts of population that are taking place, and in their development planning recognize that by giving order to the physical environment through planned housing, urban and regional development programs they have an opportunity to make a real impact upon national economic and social development. It is apparent that better living conditions do not

¹Weissmann, Ernest, "The Urban Crisis--Its Meaning for Development." UN Monthly Chronicle, Volume 3, Number 4, April 1966.

automatically result from economic growth, and, in fact, many of the urban areas in the developing countries today are in danger of being engulfed by blight and slums. Unless this is to be the new pattern of the future, governments must dedicate substantial attention to this area and establish the appropriate instrumentalities for dealing with the problems of housing and urban development on a systematic, continuing basis.

As to the argument that no resources are available for this purpose, it should be pointed out that, even without rational plan and objective many countries are today devoting not less than 40 to 50 percent of their investment resources available for fixed capital formation to housing and urban services and facilities. The opportunity exists in many developing countries to use these resources more effectively, through more strategic direction, planning and administration so that they will strengthen the urban economies and provide the "infrastructures" so essential to accelerated yet balanced economic and social growth. Also, even in the very poor countries where per capita income may be \$100 or less, the dynamics of development can produce additional resources for investment in the housing sector, especially if the problem is considered in its proper time perspective of at least 20 or 30 years. If planning and programming begins now the barest minimum standards applicable to today's conditions can gradually be raised and more widely applied to the point that they will enlarge and not frustrate the human qualities of life. If given the proper focus, the housing sector can be a factor in helping to meet the employment targets of national development plans, in mobilizing untapped resources, and in serving as a force for community development and political maturity.

There will be very little progress, however, unless the proper administrative mechanisms are established for work in this field. This

means the creation of housing and urban development programs and the institutions to carry them out, with the authority and resources necessary to cope with the complex, interrelated aspects of all the public and private sectors that are involved and concerned. Although separate volumes could be written to replace each of the chapters in this publication, the attempt has been made in it to provide a guide to the broad areas of experience and practice of the national housing and urban development agencies in several countries which have made notable efforts in this field. The chapters have been roughly organized so as to proceed from the general considerations to the more specific ones. In this way, the overall importance of this sector and the need for sound government orientation to deal with the problems posed was discussed first. This was followed by chapters on legislative and financial aspects, and discussions on basic elements in planning and executing housing programs. Subsequent ~~chapters~~ ^{chapters} included considerations ~~involved~~ in the organization and staffing of housing agencies; the fundamentals of program execution including project development; management and community services; periodic review and evaluation functions of housing agencies, and international technical assistance.

As has been stressed in this publication, there is no magic formula for the establishment of the agencies required in this field or for the overnight creation of meaningful and effective national housing and urban development programs. They will be the product of hard work and methodical step-by-step efforts in accordance with sound principles of management and administration and in full recognition that the building of a complex human enterprise which will last for any time is likely to be far more difficult than the building of any

physical structure or project. Fortunately, an increasing number of successful patterns of experience and operations now exist in various countries so that many wasteful, ill-considered and painful mistakes can be avoided by the heedful government officials and administrators of new housing agencies in the developing countries. In fact, by taking this experience into account, and with a proper spirit of innovation, they are likely to have considerably more "design initiative" in shaping their emerging urban and regional environments to fulfill human aspirations and potentials than was ever the case in the industrialized countries.

This publication is therefore only one small step along the way to providing a view of prevalent practices in this field--by no means a substitute for the insights, understanding, vision and wisdom that will be necessary for major accomplishment. One thing is sure: it is increasingly clear that all peoples and countries must learn to live together and share the resources available on this small planet. The creation of a suitable environment for the human society is inextricably involved with these broader considerations. The administration of housing programs and housing institutions in developing countries can be viewed, therefore, as part of this larger cause, and calls for a maximum of responsibility in the utilization of available resources, as well as for a comprehensiveness of approach equal to the demands and potentials of our technological age.

A N N E X E S



Appendix

Table 1 *

Estimated housing needs of Africa, Asia and Latin America,
1960-1975

(in millions of dwelling units)

| Housing required to provide for: | Average annual requirements | | | | | | Total requirements | |
|--|-----------------------------|-------|-----------|-------|-----------|-------|-----------------------|-------|
| | 1960-1965 | | 1965-1970 | | 1970-1975 | | 1960-1975 | |
| | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural |
| <u>Population increase</u> | | | | | | | | |
| Africa | 0.4 | 0.9 | 0.5 | 1.0 | 0.7 | 1.1 | 7.8 | 14.7 |
| Asia | 2.2 | 4.0 | 2.7 | 4.2 | 3.2 | 4.3 | 41.0 | 62.1 |
| Latin America | 0.9 | 0.4 | 1.3 | 0.3 | 1.5 | 0.5 | 18.7 | 4.8 |
| Sub-total | 3.5 | 5.3 | 4.5 | 5.5 | 5.4 | 5.7 | 67.5 | 81.6 |
| <u>Replacement of obsolescent stock</u> | | | | | | | | |
| Africa | 0.1 | 1.1 | 0.1 | 1.1 | 0.1 | 1.1 | 1.6 | 16.1 |
| Asia | 1.1 | 6.3 | 1.1 | 6.3 | 1.1 | 6.3 | 16.5 | 94.0 |
| Latin America | 0.3 | 0.7 | 0.5 | 0.7 | 0.3 | 0.7 | 4.1 | 10.3 |
| Sub-total | 1.5 | 8.1 | 1.5 | 8.1 | 1.5 | 8.1 | 22.4 | 120.4 |
| <u>Elimination of existing shortages</u> | | | | | | | | |
| Africa | 0.1 | 0.7 | 0.1 | 0.7 | 0.1 | 0.7 | 1.6 | 10.7 |
| Asia | 0.7 | 4.2 | 0.7 | 4.2 | 0.7 | 4.2 | 14.6 | 62.6 |
| Latin America | 0.2 | 0.5 | 0.2 | 0.5 | 0.2 | 0.5 | 3.4 | 6.9 |
| Sub-total | 1.0 | 5.4 | 1.0 | 5.4 | 1.0 | 5.4 | 19.8 | 80.2 |
| TOTALS | 6.0 | 18.8 | 7.0 | 18.0 | 7.9 | 19.2 | 109.7 | 262.2 |

Table 2 *

Dwelling output per 1,000 population required to meet
housing needs of Africa, Asia and Latin America for
specified years 1960-1975

| | 1960 | | | 1965 | | | 1970 | | | 1975 | | |
|---|-------|-------|------------|-------|-------|------------|-------|-------|------------|-------|-------|------------|
| | Urban | Rural | To- tal | Urban | Rural | To- tal | Urban | Rural | To- tal | Urban | Rural | To- tal |
| New dwellings required per 1,000 population | 15.8 | 10.7 | 11.6 | 13.1 | 9.5 | 10.6 | 13.7 | 9.4 | 10.5 | 11.1 | 8.7 | 9.5 |

* From World Housing Conference and Estimated Housing Requirements, Department of Economic and Social Affairs, United Nations, New York, 1965, S/CN.3/1965/12/5

2/0.6.46
English
Page 27

Table II. Economic significance of construction.

| Country | Symbol | Gross domestic capital formation | | | | Gross domestic product | | |
|----------------------|--------|--|-----------------------------|--------------------|----------------|--|-------------|----------------|
| | | Gross domestic capital formation as a % of GDP | Construction as per cent of | | Period covered | Average annual rate of growth of real gross domestic product | | |
| | | | GDP | GDP | | Per capita (1958) | Annual rate | Period covered |
| | | | | | | | | |
| | | % | % | % | Years | \$US | % | Years |
| Argentina | ARG | 21 | 44 | 9.2 | 1956-62 | 474 | 2.0 | 1953-61 |
| Australia | AUS | 25 | 43 ^{a/} | 10.6 | 1956-62 | 656 | 6.0 | 1953-61 |
| Austria | AUT | 18 | 60 | 11.1 | 1956-62 | 51 | 4.7 | 1953-61 |
| Canada | CAN | 21 | 54 | 15.6 | 1956-62 | 1,767 | 3.6 | 1953-61 |
| Ceylon | CEY | 13 ^{b/} | 66 | 8.9 | 1956-62 | 122 | 3.7 | 1953-61 |
| China | CHI | 12 | 40 | 4.6 | 1956-62 | 409 | 3.0 | 1953-61 |
| China (Taiwan,) | CHT | 20 | 41 | 8.2 | 1956-62 | 115 | 7.1 | 1953-61 |
| Colombia | COL | 20 | 52 | 10.3 | 1956-61 | 301 | 4.4 | 1953-60 |
| Cyprus | CYP | 20 | 44 | 9.0 | 1956-62 | 403 | 2.7 | 1953-61 |
| Denmark | DEK | 21 | 42 | 8.7 | 1956-62 | 975 | 4.1 | 1953-61 |
| Ecuador | ECU | 15 | 48 | 7.3 | 1956-62 | 179 | 4.3 | 1953-61 |
| Federation of Malaya | MAL | 13 | 65 ^{c/} | 8.4 | 1956-61 | 216 | 4.1 | 1956-60 |
| Finland | FIN | 25 | 61 ^{c/} | 17.4 ^{c/} | 1956-62 | 750 | 5.0 | 1953-61 |
| France | FRA | 24 | 47 | 11.1 | 1957-62 | 1,113 | 4.7 | 1953-61 |
| Germany (Fed. Rep.) | FRG | 25 | 45 | 11.5 | 1956-62 | 931 | 7.0 | 1953-61 |
| Greece | GHA | 18 | 71 | 12.6 | 1956-62 | 154 | " | " |
| Hungary | GRE | 17 | 53 | 13.0 | 1956-62 | 310 | 6.2 | 1953-61 |
| Iceland | RON | 13 | 59 | 7.9 | 1956-62 | 192 | 3.7 | 1953-61 |
| Ireland | EIR | 15 | 53 | 8.2 | 1956-62 | 474 | 1.9 | 1953-61 |
| Israel | ISR | 29 | 63 | 18.4 | 1956-62 | 579 | 10.2 | 1953-61 |
| Italy | ITA | 23 | 55 | 11.6 | 1956-62 | 490 | 6.0 | 1953-61 |
| Jordan | JOR | 16 | 44 | 6.8 | 1959-63 | 138 | " | " |
| Kenya | KEN | 18 | 58 | 11.6 | 1956-62 | 76 | " | " |
| Korea | KOR | 14 | 59 | 8.1 | 1956-62 | 115 | 4.4 | 1954-61 |
| Luxembourg | LUX | 24 | 54 | 12.7 | 1956-61 | 1,355 | 3.3 | 1953-58 |
| Mexico | MAR | 18 | 64 | 6.6 | 1956-62 | 159 | 0.6 | 1953-61 |
| Netherlands | NDL | 26 | 46 | 12.0 | 1956-62 | 767 | 4.8 | 1953-61 |
| Nigeria | NIG | 13 | 35 | 4.6 | 1957-62 | 66 | 4.5 | 1960-62 |
| Norway | NOR | 30 | 46 | 13.8 | 1956-62 | 1,035 | 3.6 | 1953-61 |
| Philippines | PHI | 11 | 40 | 4.3 | 1956-62 | 191 | 5.2 | 1953-61 |
| Portugal | POR | 18 | 57 | 10.0 | 1956-62 | 216 | 4.8 | 1953-61 |
| Puerto Rico | PRC | 29 | 60 | 14.1 | 1956-62 | 581 | 7.3 | 1953-61 |
| Rwanda and Nyasaland | FRN | 27 | 53 | 14.1 | 1956-62 | 134 | 5.8 | 1955-61 |
| South Africa | SAR | 20 | 55 | 11.3 | 1956-62 | 386 | " | " |
| Spain | SPA | 18 | 51 | 9.7 | 1956-58 | 322 | " | " |
| Sweden | SUD | 13 | 53 | 6.8 | 1956-61 | 82 | " | " |
| Switzerland | SWE | 27 | 61 | 13.8 | 1956-62 | 1,313 | 4.0 | 1953-61 |
| Switzerland | SWI | 28 | 52 | 13.7 | 1956-62 | 1,316 | " | " |
| Syria | SYR | 16 | 70 | 11.2 | 1956-62 | 136 | 3.2 | 1954-61 |
| Tanganyika | TAN | 15 | 61 | 9.4 | 1956-62 | 52 | " | " |
| Thailand | THA | 17 | 43 | 7.3 | 1956-61 | 78 | 5.4 | 1953-61 |
| Tunisia | TUN | 19 | 46 | 8.6 | 1960-63 | 153 | 4.6 | 1960-63 |
| Uganda | UGA | 12 | 57 | 7.0 | 1956-62 | 65 | " | " |
| United Kingdom | UKG | 15 | 43 | 8.7 | 1956-62 | 1,078 | 2.7 | 1953-61 |
| United States | USA | 20 | 61 | 11.5 | 1956-62 | 2,324 | 2.8 | 1953-61 |
| Venezuela | VEN | 21 | 61 | 11.8 | 1956-62 | 975 | 6.6 | 1953-61 |

Source: United Nations Yearbook of National Accounts Statistics, 1963 (Sales No.: 64.XVII.4).

^{a/} Construction figures covering only 1956-61.^{b/} Excluding 1957 and 1958.^{c/} Construction figures excluding 1956.

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ANNEX IUNITED NATIONS

RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[On the report of the Third Committee (A/6126)]

2036 (XX). Housing, Building and Planning in the
United Nations Development DecadeThe General Assembly,

Noting that in countries throughout the world inadequate housing is one of the most urgent problems necessitating immediate solution,

Recognizing that the housing problem can be successfully solved only by mobilizing the efforts and resources of the nations,

Recognizing further that social reforms aimed at accelerating social and economic development have an important part to play in the successful solution of the housing problem,

1. Recommends that Member States should:

- a. Assume a major role in the solution of the housing problem in every country and, to this end, make provision in their national development planning for the necessary activities and resources;
- b. Establish for this purpose central and other organizations or bodies in charge of housing and town and country planning and empowered with the necessary authority;
- c. Take all necessary measures to develop a building material industry utilizing local raw materials to the maximum, and to promote or establish, as appropriate, building design and construction organizations which will improve efficiency, lower costs and establish designs and standards that are appropriate to the relevant cultural, social and economic requirements;
- d. Prepare and implement programmes for training architects, construction engineers and workers in sufficient numbers to carry out national development programmes;
- e. Bring about conditions in the spheres of land ownership and land use by basic reforms, if such conditions have not already been achieved, that will ensure a speedy and rational solution of housing and industrial construction problems, harmonious town and rural development, the elimination of speculation in plots of land and a more equitable use of housing resources in the interests of the whole population;

2. Recommends that international assistance to developing countries in the field of housing, building and planning, whether multilateral or bilateral, be directed towards the financing of housing, the establishment of a national, or, if necessary, State building materials and components industry and of national or, if necessary, State building design, construction and financing organizations, the training of national cadres of architects and construction engineers and workers, the establishment of national bodies in charge of housing construction and town building, and the planning and execution of emergency programmes in urban and rural areas and pilot projects contributing to the earliest possible solution of the housing problem;
3. Suggests that the Secretary-General, in close co-operation with the executive secretaries of the regional economic commissions, prepare biennial progress reports on the application of the present resolution;
4. Invites the Committee on Housing, Building and Planning to work out, on the basis of those reports, additional practical and effective measures for the implementation of the above recommendations and the solution of the housing problem.

ANNEX II

AN URBAN DEVELOPMENT POLICY
FOR THE
INTER-AMERICAN DEVELOPMENT BANK

Introduction

The phenomenal growth of Latin America's urban centers has been accompanied by a vast range of socio-economic problems which stifle their economic productivity. This growth promises to continue at an unprecedented rate in the face of the demonstrated incapacity of the cities to absorb even their current population. The key role of the cities as the centers of growing industrialization of Latin America is threatened by the housing crisis, inadequate transportation, communication and other economic facilities, and gaps in the availability of health, educational and basic community services. Above all there persists a continuous lack of planning for urban development, and inadequate instruments for urban administration and financing and for developing civic participation in the solution of urban problems.

The Bank, through its housing, potable water supply, and sewerage disposal programs, has contributed significantly to the development of national institutions and programs designed to mobilize domestic resources and efforts for the solution of grave problems in these fields. It is timely, however, without impeding the current work program of the Bank, to expand the scope of operations of the Bank to incorporate other essential components of urban development so that the problems of the cities can be considered in an integrated fashion. Although the range of needs in the urban centers is bewildering in its variety, the Bank, through the exercise of internal discipline so as to avoid undue proliferation of its activities, can apply an attitude of experimentation in the selection of sound opportunities for investments which will contribute significantly to the solution of urban problems.

At the same time the Bank must bear in mind that the problems created by the explosive urban growth in Latin America are so great that their solution, especially that of the housing gap, is in the near term beyond the total availability of domestic and external resources. Consequently, the objective of all agencies should be to contain the problem, thereby preventing further deterioration, to support efforts to improve the situation wherever possible, and to assure the integration of housing programs with other essential community services.

Policies

1. The Bank in the future will consider proposals for technical assistance and loans from its ordinary capital and the expanded Fund for Special Operations in fields of special importance to the growth of Latin America's cities. Investments in these fields by the Bank will be made wherever possible as components of integrated urban development plans rather than as isolated or project oriented activities.
2. In carrying out these expanded activities, the Bank will emphasize in its relationships with its member countries and its prospective borrowers the need for improved planning, administration and financing of urban affairs, and the incorporation into national plans of the priority requirements of urban centers. In addition, the Bank will, as heretofore, have as its central objective the support of national policies and institutions concerned with initiating and continuing programs in these fields.
3. In sponsoring activities in the field of urban affairs, the Bank will continue to support the principle of mobilization of public and private resources and to assure that the projects which it finances are a part of continuing and expanding programs which it is hoped eventually will be self-supporting.
4. The Bank will continue to encourage the principle of self-help, mutual aid, and the development of voluntary community effort in carrying out urban development programs. As in the past, the Bank must be prepared to work with and strengthen public entities concerned with the direct administration of public sector investment in urban development, and those organizations which serve an intermediary role in mobilizing private resources for this purpose. The Bank must also be prepared to support and deal with non-governmental, non-profit organizations, especially cooperatives, including those organized by trade unions, in advancing the objectives of these programs.
5. A significant portion of the low-income sector in the urban population consists of marginal groups, living in slum areas, who potentially are dynamic and positive elements of society. The Bank's resources allocated to housing and social facilities must increasingly be directed to this sector, and appropriate criteria devised especially to incorporate the marginal groups into the economic and social life of the cities.
6. The most effective device for improving the approach to integrated urban development is through experimental-demonstration projects. Such projects, if well designed, provide an opportunity for applied research, the utilization of improved technology, the testing of new policies and procedures, and the training of personnel.

The Bank, whenever feasible, should encourage the development of such projects of sufficient size to exert a demonstration effect.

7. The aid the Bank can provide consists of technical assistance, pre-investment and project loans. Reimbursable technical assistance and pre-investment loans should be encouraged as steps fundamental to the development of balanced programs. In the case of integrated projects, the Bank is prepared to consider "package" loans, encompassing the important elements of integrated programs, and designed to implement soundly conceived urban plans. Terms and conditions of such loans should, especially in the case of loans for social purposes, reflect the need for longer periods of grace and amortization. In calculating the contribution of the borrower to the cost of a program, new investment in a portion of an integrated program should be considered.

Fields of Activity

1. Urban Planning. The Bank will support the strengthening of selected national and local urban planning organizations. It is indispensable that local organizations be adequately equipped with the administrative and technical resources required for the development of comprehensive plans and projects. The Bank will consider technical assistance or pre-investment aid.

2. Urban Administration and Financing. The Bank recognizes the widespread need in Latin America for improving the quality of administration of cities, and for improved institutional arrangements for financing urban development. The Bank will consider technical assistance and other forms of support for well-developed proposals for this purpose.

3. Housing

- a. Proposed housing loans should, wherever practicable, be integral parts of national and local urban development programs. Assurance should be provided by the prospective borrower that the essential public and community services will be available simultaneously with the construction of houses, and, when required, will be considered as contributions to an integrated program.
- b. The socio-economic nature of the housing problem in Latin America requires that preferential attention be given to programs designated for families of low income, by far the largest sector of the urban population. In order adequately to relate its programs to this objective the Bank, in collaboration with other agencies concerned with this problem, will need to agree on a definition of "low-income" which is realistic and operationally useful. At the same time, the

Bank will need to require of its prospective borrowers information heretofore missing concerning income levels in the urban centers to be served by its housing programs.

- c. The Bank continues to consider that an important objective in the field of housing should be to encourage private home ownership. With this purpose in mind, however, and in order to incorporate in its programs a larger number of families in the lowest feasible income levels, the Bank should:
 - i. continue to incorporate in its projects substantial aided self-help and mutual aid components;
 - ii. make available to the ultimate beneficiaries variable down payments, interest rates and loan amortization periods, so that the proportions of income required for home ownership will be more realistically related to the income levels of the beneficiaries.
 - iii. consider that in certain circumstances the contribution of the national or local government to a housing program of land, essential services or administrative costs should not be charged, or charged only partially to the ultimate beneficiaries.
- d. Programs affecting the extensive slum areas which surround every major urban center should be incorporated as an essential element of national and local plans for urban development. In view of the large population of these areas and their role of absorbing in-migrants, a high priority should be accorded to programs for providing essential facilities to those slum areas which are basically suitable for settlement.
- e. In its effort to make more housing available to more families at lower cost, the Bank should encourage the development of a healthy and competitive construction industry, and should encourage the application of measures designed to reduce housing costs through the use of new materials, new construction techniques, and improved designs.
- f. To avoid the deterioration of savings mobilized for home ownership as a result of inflation, as a general policy the periodic adjustment of outstanding mortgage and savings accounts should be required.

4. Essential Public Services and Community Facilities. It is a national and local responsibility to assure the availability of facilities and services essential to the efficient functioning of cities. The Bank, on its part must be flexible in its contribution

to rational urban growth, and should be prepared to adopt new and experimental opportunities if these represent important steps toward the improvement of the urban situation. Proposals in the following fields should be entertained, especially if they are significant elements of urban development plans:

- a. Potable Water Supply and Sewerage Disposal. The program and policies of the Bank in these fields should continue as heretofore and should continue to be closely integrated with urban development plans.

It should be noted, however, that the needs of cities extend beyond the availability of potable water and waste disposal facilities. Pure water is indispensable to industrial processes, and the Bank must be prepared to take into consideration this need in assessing proposed loans in this field.

- b. Essential Social Services. Educational and health services, important as they are to the improved productivity of the labor force, are remarkably deficient in the urban centers. The provision of these services is the primary responsibility of national and local governments, and the Bank should insist on their availability concurrently with the investment by the Bank in housing or other aspects of an urban development plan. In those significant cases in which the fulfillment of an urban program is dependent upon the availability of health, educational, or other important social facilities, the Bank will entertain proposals for financial support if it can be demonstrated that the Bank's participation represents a high priority contribution to a balanced program. Fragmented and unrelated projects are to be avoided; whenever possible, projects in the social field should be incorporated in "package" loans.

- c. Essential Economic Services. Streets, surface transportation, communications, electric power, and marketing facilities, comprise the economic "circulatory" system of urban areas. Their modernization in the major urban centers in Latin America is indispensable to the efficient movement of people and essential goods and services. In this field, too, fragmentation should be avoided, and relevance to a balanced urban program applied as a criterion for considering proposals.

5. Community Cooperation. Through the encouragement of voluntary community organizations it is possible to enable members of even the poorest sectors of the urban population to participate actively and responsibly in the planning and operation of projects which will improve not only their material condition but also the quality of their lives. The initiative and principal support for these urban community development activities must be borne by national and local authorities. But the Bank can contribute to this work by assuring

that plans for urban development submitted for its consideration include provisions for such activities. The Bank should be prepared to reinforce its support for this effort by including in its urban development loans provision for technical assistance by professional community development experts, when it appears appropriate to do so.

6. Research. The development of programs designed to relieve the source of the major problems of urban growth in Latin America is hindered by the lack of socio-economic and technical research. Data on income levels, occupational and other socio-economic characteristics of the urban population are lacking, or inadequate where they do exist; little quantitative information is available about construction activity; there are few, if any, housing market studies. Although there is an urgent need to reduce the cost of building construction through the application of technological innovations, there is little research on the development of low cost building materials, more efficient design and construction methods.

These deficiencies create impediments to good planning and wise investment by the countries themselves, and create significant problems for the Bank in its own work. Consequently, the Bank should promote the collaboration of other agencies with equal concern in these matters in developing a common approach for the encouragement of socio-economic and technical research, and should welcome requests for support in carrying out well-formulated, practical research projects.

ANNEX III

AGENCY FOR INTERNATIONAL DEVELOPMENT

(Statement of Policy)

URBAN DEVELOPMENT AND HOUSINGA. INTRODUCTION

A basic and pressing problem facing every developing country is how to cope with the unprecedented growth of urban areas. It is estimated that the total population in less developed countries will increase by 40% in 15 years - but the number of urban dwellers in these countries will double in the same short period. As agricultural productivity increases, the migration to cities will accelerate.

An urban crisis of this magnitude - and no other word adequately described the situation - is giving rise to a host of development problems. Effective local and regional planning, adequate land use controls, essential municipal services and housing are all urgent high priority needs.

A development program which ignores the problem of urbanization is not complete. National programs which will facilitate private and public activity, development of institutions, trained personnel and processes required to plan, regulate and build urban areas - and to provide such urban areas with an appropriate level of municipal services will contribute to the achievement of economic and social development goals.

Legislative guidance for A.I.D.'s housing and urban development activities is provided in Sections 102, 221, 224 and 601 of the Foreign Assistance Act of 1961 as amended. Under "Statement of Policy" in Section 102, Congress has declared "the highest possible emphasis should be given to programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of farms, the purchase of homes . . ."

Section 221 provides "where the President determines such actions to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk." This provision in effect gives a special preference to investment guarantees for housing projects over and above the usual 75% limitation covering other types of all risk investment guarantees. This section also authorizes a total of \$180,000,000 of such all risk investment guarantees and Section 224 authorizes a total of \$250,000,000 for housing projects in Latin America.

Section 601 provides for the encouragement, development and use of cooperatives, credit unions, and savings and loan associations. Savings and loan associations are required by law in the United States and most other countries where they have been established to invest all of their assets (with the exception of certain reserves for liquidity) in residential mortgages.

The Administrator in appearing before the Committee on Banking and Currency made the following statement regarding the role of housing in a development program:

"Accepting the importance of strongly encouraging investment in the immediately productive sectors, there is nevertheless no question in our minds that a substantial, simultaneous investment in housing is a legitimate and proper part of a development program. Housing demands will rise with income, and the satisfaction of that rising demand is a proper part of the increase in the standard of living that should take place in a developing economy. Furthermore, a substantial part of the savings that will be mobilized by local savings and loan associations - or their equivalent - would not arise in any other way. To put such savings, therefore, into housing is not to divert them from alternative investments. The possibility of home ownership is undoubtedly a strong incentive for consumer savings. Without this incentive, such funds tend to be expended for other consumer uses, rather than saved. U.S. loans and investments to the locally emerging savings and loan institutions stimulate the effective growth of such institutions. In doing so, they both increase the funds immediately available for home loans and foster the habit of saving in the form of home equities. Finally, apart from economic considerations we believe strongly that improved housing - and especially more widespread home ownership - are major means toward the kind of social and political development, which will prevent Communist successes in underdeveloped countries. Housing is one of the most immediate visible and individually satisfying hallmarks of Social development. Allegiance to the concepts of private enterprise is engendered by widespread property ownership."

B. GENERAL POLICY ON URBAN DEVELOPMENT

1. A.I.D. is prepared to assist developing countries concerned with the rapid growth of urban centers deal with this problem in as orderly and efficient a manner as possible; solutions adopted should be those which make the greatest possible contribution to the nation's economic progress, political stability, social order, and equity among its several citizens.
2. To the extent possible, A.I.D. assistance should be directed to the building of institutions and capabilities rather than the building of physical structures.
 - a) In giving assistance for the building of institutions priority will be directed to improvements which have the effect of promoting private activity in urban development as well as those which have the effect of enhancing the authority and efficacy of local government.
 - b) Since institutions are built in large measure by training the personnel to man them, priority should be given to training programs established to equip personnel to assess needs, develop policies, plan, devise, administer and enforce:

1. Building and housing codes and other land-use controls, as well as regulations governing the acquisition, financing, and transfer of land and real property;
 2. Land-recording and title-registration systems;
 3. Local tax systems, including tax assessing and cadastral surveys;
 4. Overall metropolitan development plans;
 5. Municipal services.
3. There is a need for broad economic and social analysis of country situations as they pertain to urbanization and housing. A.I.D. is prepared to provide technical assistance for such analysis when resources are not available from the U.N., other donor countries, or private foundations.
- a) A typical economic and social analysis will be concerned with the following factors:
1. Is there a national housing policy legislation or agency?
 2. Are there local or regional institutions competent to train personnel for both private and public activity in the fields of housing, planning and the administration of utility and other services?
 3. Are local governments equipped to assume responsibility for local planning, regulation of physical development, administration and other services such as environmental sanitation?
 4. Are there financial institutions which assemble savings and channel them into housing and other forms of building activity?
 5. Is there an equitable system of property taxation to permit the provision of essential municipal services?
 6. Do Governmental practices assure fair and equitable treatment in subdivision regulations, zoning controls and building codes?
 7. Is there a basic system of law and practice which will facilitate the transfer and mortgaging of land and buildings?
 8. Is there a building and materials industry composed of experienced entrepreneurs and a trained labor force?

4. A.I.D. is also prepared to give assistance to countries in the form of financing sector studies in depth of urban and housing needs designed to develop priorities and indicate where resources should be concentrated in order to be most effective. (Such studies may well indicate that the key essential areas in which to carry out complete programs of urbanization on a priority basis are sites other than capital cities, or even the largest cities).
5. Metropolitan development plans are logical prerequisites to specific projects for urban improvement. (Such projects encompass any and all major physical changes which occur within a metropolitan area, e.g. ports, airports, water and sewage systems, markets, highways.) In formulating a metropolitan development plan, urban surveys, studies and data collection must be undertaken. The conclusions and relevant data should be made generally available, so that private persons as well as public officials may be able to adjust their plans accordingly. It is the policy of A.I.D. that such studies should be initiated, in general, before large-scale development projects are undertaken; and, where necessary, some contribution may be made by A.I.D.
 - a) A typical metropolitan plan should contain four basic parts:
 1. A physical plan to allocate scarce urban land among competing uses, whether public or private, so as to achieve complementarity of uses.
 2. An economic and financial plan to set the policies, which will govern the economic growth of the metropolitan area, and to place the burdens of paying for urban development on the public and private parties who should bear them.
 3. A plan including public health and education to deal with social problems generated by urban growth and development, such as those involved by squatters and recent immigrants from rural areas.
 4. An institutional plan to schedule and make whatever legal and institutional changes may be necessary to carry out the metropolitan plan as well as to allocate responsibility between various agencies of government and to define the role of private and public sections in urban development.
 - b) Specific projects for urban improvement, if carried out in accordance with sudden decisions taken in response to the pressure of short-range problems, may be self-defeating or mutually contradictory; therefore, A.I.D. will normally consider assistance to urban improvement projects if they have been devised and are to be executed in the context of a

sound comprehensive metropolitan development plan, which has been scrutinized for compatibility with the economic development plan and other general policies of the central and regional governments.

C. GENERAL POLICY ON HOUSING

The problem in many less developed countries is essentially one of adequate and efficient use of the current level of resources, both public and private which are spent on housing. There is a need for a better balanced supply of housing to meet more of the needs of middle income and lower income groups. By and large market mechanisms now serve to supply the requirements of upper and upper-middle income groups. Therefore, the policy of A.I.D. is as follows:

1. Since the total deficiency of urban housing in developing countries is on a scale far in excess of the financial resources of A.I.D., the policy of A.I.D. is to make grants or loans for urban housing projects only under specific circumstances. An urban housing project should satisfy the general thrust of the following conditions (not necessarily each and every one) in order to qualify for any form of assistance, including technical assistance and local currency financing:
 - a) If it has an important demonstration effect, either for the private construction industry or allied industries, and especially if the effect is relevant to the circumstances of many other places.
 - b) If it provides housing for low income families.
 - c) If, in communities where many members of the lowest income groups live as squatters, it provides for the reorganization of existing sites for the rehousing of squatters or the official designation of areas in which squatters can acquire ownership in programs of urban home steading.
 - d) It is financed in such a manner as to marshall private resources, whether domestic or foreign, or when such investment will attract increased savings. (Although there should be continued emphasis upon the marshalling of private resources, both foreign and local, for housing programs, assistance to publicly-financed housing should not be precluded.)
 - e) If it has unusually important effects in training entrepreneurs, managers or laborers in the construction and allied industries, or in stimulating the growth of private industries which supply materials or services to the construction industries, or in stimulating the development of domestic financial institutions - especially those (such as savings and loan associations) which specialize in housing.

- f) If it is a project to be financed and constructed substantially by self-help methods or cooperative efforts.
- g) Where direct construction is financed, it should be of such a nature that it can be repeated without recourse to additional foreign aid funds.

2. Dollar loans for housing should normally cover only:

- a) Seed capital and technical assistance needs of intermediate credit institutions, trade unions, cooperatives or similar agencies which marshall local capital for investment in housing.
- b) Direct foreign exchange costs of low-cost housing programs or projects, whether privately or publicly financed, and related technical assistance costs associated with improving supervisory practices, construction techniques, etc.
- c) Direct foreign exchange costs and related technical assistance costs of industries which produce building materials or supplies, or construction industries. Such loans should be subject to normal development lending criteria.
- d) Only in exceptional cases should dollar loans be used to finance directly the local costs of housing construction projects, e.g., where such loans are required for overriding social or political reasons, such as the amelioration of slum conditions which play a critical role in political unrest.

3. Local currency loans may be used to finance local costs of housing construction as well as capitalization of credit institution and building industries.

4. Paragraph on A.I.D. requirements for supervision of urban construction projects. Indicate differences in policy, if any, for dollar financed and local currency financed projects and for directly financed construction and that undertaken through intermediate institutions.

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