Formalizing the Informal Sector:

Should Microfinance Play a Role in Mexico's Housing Policy?

Michael Weisner
HUT-264, Housing Policy
Profs. Retsinas and Belsky
Kennedy School of Government

May 16, 2005

Introduction

Housing, in Mexico, is on the agenda. Vincente Fox's goal to reach 750,000 new homes built each year by the end of his term in 2006 is within reach according to many. (The Economist, 2005) In 2004, over 530,000 loans have been made to purchase new homes. (CONAFOVI website, accessed 5/14/05) With over 300,000 of these loans being issued by INFONAVIT, the government mandated private sector workers program, the federal government is playing a big role in the housing boom.

All of this new construction, however, is taking place in the context of a glaring fact – two thirds of Mexico's housing stock, and half of the new homes being built, are self-built. This informal housing market is providing shelter to many Mexican families, and therefore fills an important role in the market, however the size and growth of this sector also raises concerns. Among these concerns is the state of disrepair that many dwellings are in. The Joint Center for Housing Studies (JCHS, 2004) found that 75 percent of all housing needed some level of repairs, including 14 percent that may need to be replaced. (p. 14) With a huge informal sector and a housing stock in need of repair, it is surprising that a largely neglected area of housing policy in Mexico is the finance of home repairs, as well as the development of financing options for progressive housing.

This paper will explore three topics: 1) the state of Mexico's housing stock and housing policies; 2) a focus on the progressive and self-built or informal housing markets; and 3) the potential for microfinance institutions to provide capital for the improvement and construction of housing for the moderate- and low-income segments of the population.

The Context: Housing, and Housing Policy, in Mexico

Mexico's population of over 100 million people boasts about 24 million units of housing. (Joint Center for Housing Studies (JCHS), 2004, p. xi) Close to 80 percent of households own their homes – a relatively high rate that, in part, reflects government policy that encourages ownership and mostly ignores rental housing as a priority. The four largest cities – Mexico City, Guadalajara, Monterrey and Puebla – represent a large share of the stock and much of the growth. Although in recent years, border tourist cities are experiencing the highest *rates* of growth. (JCHS, p. 20)

Thanks to population booms in the 1970s and 80s, the Mexican population today is young and represents a sizeable demand for new housing in the future. The median age in Mexico is currently 22 years old. Over the next 20 years, the fastest growing segment of the population will be in the 25-50 year age range, and will be looking for homes. (JCHS, p. 21) Therefore, with estimates that new households will form at a rate of 700,000 to 800,000 a year, President Fox's goal of developing 750,000 homes per year may be exactly what is required to meet this coming wave.

Housing Finance in Mexico

How do Mexican families finance the purchase of their homes? The answer to this question has changed over time. However certain elements of housing finance in Mexico have held constant. While changing slightly today, the majority of the mortgage market is for the purchase of newly constructed homes. The secondary housing market – that is, the purchase/sale of existing homes – is very small. This means that families are not mobile, which impacts their ability to move for employment reasons or due to changes in family size or income. With such a limited secondary housing market, housing in Mexico becomes a very illiquid asset. Ideally, families would be able to realize the appreciation on their homes, pull out equity for consumption if the need arises, and move up the ladder to better quality housing as incomes rise.

With only about 13 percent of the existing housing currently mortgaged, the value stored in the existing stock is not highly leveraged. While this 13 percent figure is almost twice the share of housing that had mortgages 20 years ago, (6.6 percent in 1984), it is still quite low compared to the U.S., for example. In fact, the JCHS's report (2004) points out that only a quarter of Mexico's housing has *ever* been mortgaged. (p. 12)

Two other critical aspects of housing finance in Mexico are, first, the almost non-existent involvement of the private sector in the market (aside from the wealthiest segment of the population), and second, the absence from the mortgage market altogether of many citizens with moderate- to low-incomes. According the JCHS (2004), "the housing finance system in Mexico serves only a small segment of the overall potential market, both in households and in product types…" (p. xv)

With the private sector mainly absent, the public sector currently dominates housing finance. By far, the biggest player in the market for home loans is the *Instituto del Fondo Nacional de la Vivienda para los Trabajadores*, or INFONAVIT. Founded in 1972, INFONAVIT is the fund for formally employed private sector workers, supported by a five percent tax on payroll. In 2002, for example, INFONAVIT provided 57 percent of the lending, and 72 percent of the total loan value for homes in Mexico. (JCHS, p. 31)

The agency used to focus more on development and had a reputation for inefficiency and corruption. According to a recent Economist article, "Under the rule of the Institutional Revolutionary Party (PRI) until 2000, the institute [INFONAVIT] was a pork barrel for politicians and trade-union leaders. It tendered directly for houses (a process riddled with corruption and kickbacks), assigning them by fiat to beneficiaries." In recent years, the agency has made a number of market-oriented reforms – from using independent appraisals to set home values, to moving from a lottery to an open loan system using qualifying points, to allowing borrowers to apply loans to different homes instead of limiting households to one lifetime loan. (JCHS, pp. 31-33)

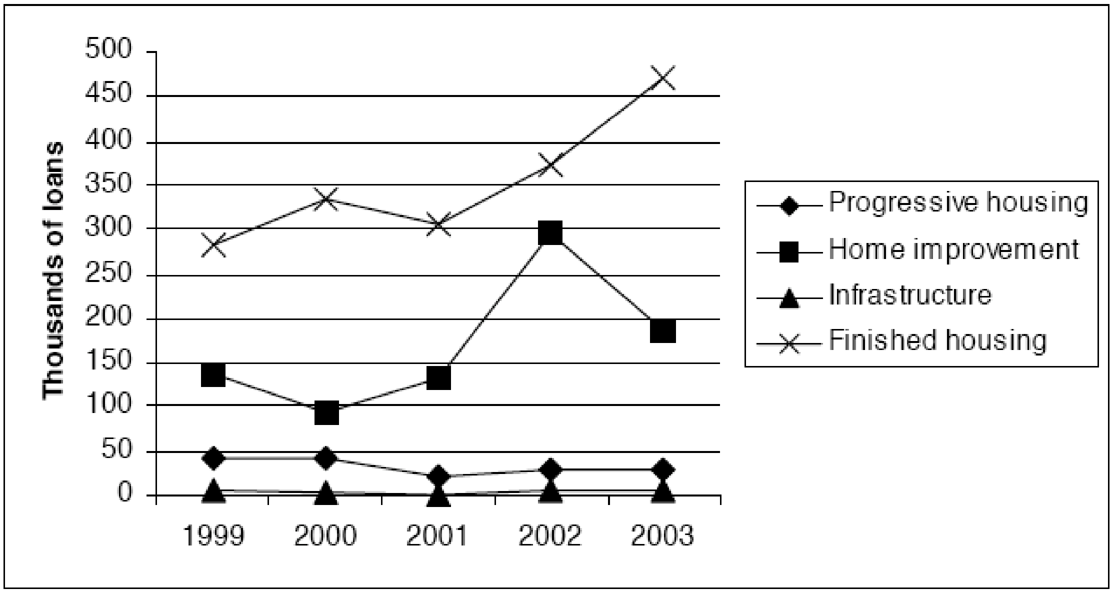
Along with INFONAVIT, the *Sociedad Hipotecaria Federal* (SHF), formed in 2001 to replace its predecessor, the *Fondo de Operacion y Financiamento a la Vivienda* (FOVI), is becoming an increasingly important part of housing finance in Mexico. SHF targets a much wider, and increasingly higher-income, segment of the population, focusing on households earning from 2 to 50 minimum salaries, compared to INFONAVIT's target of 2 to 11 minimum salaries. (JCHS, p. p. 32-3).

Instead of SHF providing loans directly to households, they direct their funds through the *Sociedades Financieras de Objecto Limitado*, or SOFOLes. Only in existence for a little over 10 years, SOFOLes are financial institutions that provide loans (including auto and consumer credit) often to a specific target market, but are prohibited from taking deposits. While initially targeting low-income households, they have moved up the income ladder and are now competing with commercial banks. A recent report by Fitch Ratings (2005) examining Mexican banks in 2004 cited the trend in banks acquiring SOFOLes. For example, BMBV Bancomer has purchased the largest mortgage SOFOL, Hipecaria Nacional, and Groupo Financiera Scotiabank Inverlat is in the process of purchasing a majority stake in the third largest SOFOL, Credito y Casa. (Fitch, p. 2) The largest SOFOLes are not the only entities seen as attractive acquisitions, as Fitch mentions examples of banks purchasing some of the smallest SOFOLes as well.

The innovation of many SOFOLes can be found in their loan origination and servicing techniques. Working with low-income households that are more likely to be un-banked and lacking any formal credit history, many SOFOLes give clients the option of depositing funds equal to a desired future mortgage payment into an account in order to demonstrate their ability to pay. In terms of servicing, SOFOLes quickly follow up on late payments with in-person reminders, tapping social pressure as a way to boost repayment rates. (JCHS, p. 35) As will be discussed later in this paper, these techniques are not unlike those used by many microfinance institutions (MFIs).

Even as these SOFOLes provide credit, primarily with SHF funds, to segments of the population who had previously been without any credit options, they provide loans only for the purchase of newly constructed, developer-built housing. They do not finance self-built or progressive housing. (Jenny Schuetz, conversation 5/13/05) Exhibit 12 below demonstrates the fact that, across all lending in Mexico, loans for finished housing dominate. (JCHS, p. 40)

Exhibit 12: Finished Housing Dominates Other Programs (1999-2003)



Source: JCHS calculations, data from CONAFOVI 1999-2003

Informal Housing Market

What is clear is that the informal housing sector in Mexico is substantial in terms of size and growth. What is less clear is how to gather and maintain information about this sector. The JCHS (2004) defines the informal sector as including "…housing that is self-built, lacks clear title and formal connections to urban services, and is financed through cash or informal loans." (p. xi)

The JCHS has attempted to estimate the size and value of the self-built housing stock, but because of incomplete, unreliable, or nonexistent data, these numbers are difficult to be pin down. The fact that many of the transactions in the informal market are just that – informal and not recorded – puts this data in the shadows. Purchasing and improving homes unofficially avoids taxes and other regulations, but also leaves the clear ownership and value of the property and land murky.

Nevertheless, JCHS estimates the number of self-built homes at between 12 and 16 million units on 6 million lots. (p. 62) Estimating the value of these homes is even more difficult. Given that self-built housing represents such a large share of existing housing and current construction, one would think a great deal of expertise and resources would be going into better understanding how to address this issue. According to Jenny Schuetz of the Joint Center for Housing Studies, however, any report about housing in Mexico does little more than mention the size of this sector, and then proceeds to ignore it. (Schuetz, conversation 5/13/05)

Without self-built housing, many families would have no affordable housing options. So the informal sector fills a role in the housing market. However, it may exist to the extent it does today party due to policy decisions, or *lack* of decisions. The absence of a true rental housing policy may be partly responsible for driving the continued growth of the self-built market – again, where half of all new homes fall in this category. The Joint Center for Housing Studies point out that, “To the extent that rental housing functions as a substitute for self-built housing, neglect of rental contributes to the problems of illegal settlements.” (p. 9)

Progressive housing, however, where households are built or improved incrementally, will likely be an important part of Mexico’s housing policy going forward. For many low-income households, progressive housing is a preference or perhaps a necessity. As the JCHS report points out, “Progressive housing serves a valuable purpose, in that it allows the household to purchase materials as their income and cash savings permit…" (p. 16)

As mentioned above, housing policy in Mexico has placed little-to-no emphasis on providing progressive housing loans. INFONAVIT, FOVISSSTE, and SHF all aim to finance the purchase of new homes. FONHAPO represents the only government effort to provide loans for home improvement. Funded through federal and state taxes as well as donor funds, FONHAPO provides a mix of home improvement and progressive housing loans to low-income households – those below 2.5 minimum salaries. While FONHAPO's lending activity had been steadily declining since the 1980s, hitting a low of 10,000 loans in 2000, it has since rebounded and in 2002 it provided over 140,000 loans. See Exhibit 9 below for information about FONHAPO's portfolio. (JCHS, p. 37)

Exhibit 9: FONHAPO Lends for Diverse Purposes but Few Loans (2002)

Type of loan	Number of loans	Value of loans (000s of pesos)	Avg. loan amount (pesos)
Home improvement	117,792	290,668	2,468
Progressive housing	25,047	705,423	28,164
Finished housing	85	12,723	149,685
Total	142,924	1,008,814	7,058

Source: JCHS calculations, data from CONAFOVI 2002

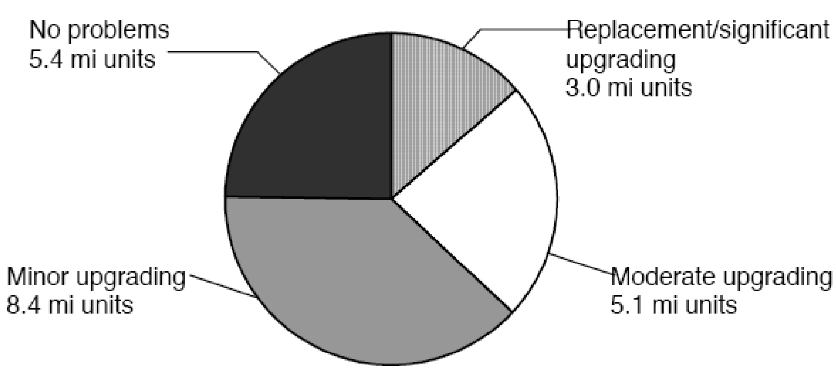
In addition to FONHAPO, the state housing finance agencies, OREVIS, provide loans for progressive housing, although their activities vary significantly across Mexico's 32 states. The total number of loans issued in 2002 varied from 4,981 in Morelos to

94,511 in the Distrito Federal, home of Mexico City. In Oaxaca, its 27,104 OREVI loans represented 91 percent of all loans in that state. However, OREVI loans represent a small share of the *value of loans* in all states, with the Distrito Federal being the only exception to single digit percentage shares of loan value – including 12 states where OREVI loans made up essentially zero percent of the total loan value. (JCHS, p. 38)

Disrepair and the Current Housing Stock

A concern in Mexico is that the housing stock is aging. By some estimates, about half of the housing stock, and a larger share of the self-built stock, is over 20 years old. (JCHS, p. 12) In an attempt to capture housing quality, JCHS classified Mexico's housing stock in four categories: 1) no problems; 2) minor upgrading needed; 3) moderate upgrading needed; and 4) significant upgrading or replacement needed. (p. 14) In 2000, they report that over one third of housing in Mexico needs moderate or significant upgrading, or replacement. In fact, only one in four units were classified as needing no repairs. (p. 14) See Exhibit 4 from JCHS (p. 14) below for details.

Exhibit 4: Stock in Need of Upgrading (2000)



Source: JCHS calculations, data from INEGI 2000. See *Appendix C* for explanation of categories.

The size of the housing stock in need of repair would imply a robust market could exist for financing these improvements. A World Bank/Capital Advisors study (1997) of demand in 3 border cities, found some evidence that this demand exists. "The study concluded that 14 percent of the low income households in need of home improvements in these three cities were willing to take out loans and could qualify for them." (cited in Goldberg and Motta, p. 56)

There is potentially a market opportunity for the private sector in financing home improvements and progressive housing. In an extremely rough estimate of demand for home improvement loans, Goldberg and Motta (2003) combine the 14 percent figure from the World Bank/Capital Advisors study mentioned above with the JCHS (2004) report, and estimate that, "assuming that 14% of the 9.5 million households in need of moderate or minor improvements are willing to take on and qualify for a loan, we can conclude that there is a market for housing improvement loans of about $1.6 billion (1.3 million households ready to take out a home improvement loan of $1,250)." (p. 56)

While this calculation may not be completely accurate, it likely demonstrates a broad range for this potential lending market. According to the JCHS report, "… given the observed demand for progressive housing, it seems reasonable to assume that many households would choose to invest in improvements that would use the value of their property and accommodate changes in family size and income." (p. 17)

The State of Microfinance in Mexico

Microfinance has become an extremely popular tool in development circles over the past 25 years. Microfinance institutions (MFIs) provide various financial services, most commonly small loans for productive uses, such as a small business, to poor individuals. MFIs can be NGOs, credit unions, or for-profit financial institutions, including regulated banks.

In the areas of loan origination and servicing, MFIs have developed innovative techniques to maintain high repayment rates. Among these techniques is group-based lending. As a way to leverage social capital and peer pressure in place of traditional collateral, clients receiving loans are asked to form groups where all group members jointly guarantee each individual's loan. Over the past 25 years, many MFIs began to prove that the provision of financial services to the poor could be sustainable, and even profitable, and the approach is now widely used as a tool to combat poverty. As loans are small by definition and generally have short terms, the key to MFI sustainability is efficiency and volume.

The MFI sector in Mexico is relatively small, compared to some other smaller Latin American nations. The largest and most successful MFI in Mexico is Compartamos. Founded in 1990, Compartamos partnered with U.S.-based ACCION International in 1998 to help it transition from an NGO into a SOFOL. They are currently expanding dramatically and now have about 240,000 clients, who are almost exclusively female. (ACCION website, accessed 5/12/05)

Two smaller Mexican MFIs, FinComún with over 46,000 active clients (Ogarrio, 2005, p. 4) and CAME with around 38,000, have also had success and experienced substantial growth in recent years. (CAME web fact sheet, accessed 5/14/05) FinComún, a credit union founded in 1994, currently has 28 branches focused mainly in the Mexico City area. Beyond Compartamos and these two mid-sized institutions, the MFI sector in

Mexico includes a number of smaller organizations. All of these institutions focus primarily on women micro-entrepreneurial clients. While many low-income households feature small enterprises, there are many poor households that are not in the target population. Although growing, the MFI sector in Mexico is still a very small segment of the lending sector. However, according to one study (Ashby, 2000, cited in Goldberg and Motta, 2003, p. 63), the current MFI sector in Mexico is operating under its potential – only reaching 14 percent of the estimated $5.1 billion in demand for micro-enterprise loans.

The Case and Vision for Microfinance in Mexico's Housing Policy

The official housing policy of the Mexican government leaves little doubt as to its primary focus – new construction for the formal housing market. Progressive housing, home improvement finance, a policy for low-income households, the secondary housing market, the rental market, among other priorities are secondary or not part of the agenda at all. In their recommendation for housing policy in Mexico, the JCHS report states that, "… offering more finance – possibly short-term and in small amounts – for progressive housing will allow those households that cannot afford finished homes to build decent housing that exceeds their current purchasing power…." (p. 58)

Typically, families build progressive homes in Mexico, as in many developing countries, over a 5 to 15 year period. (Ferguson and Navarrete, 2003, p. 310). The model of complete developer-built houses purchased through long-term mortgages, is not attractive to low-income households. Because of uncertainty about the future – specifically about future income – poor households are wary to commit to a long-term financial obligation such as the typical mortgage loan of 15 to 30 years. Since the demand for shorter-term home improvement finance is not being met, households typically rely on savings (often in the form of building materials, as way to protect against inflation), help from family and friends, informal savings clubs, and small loans, possibly from a local moneylender charging extremely high interest rates. (Ferguson and Navarrett, p. 313)

The question becomes – are MFIs the right entity to provide finance for progressive self-built housing? Leading the case for MFI provision of progressive housing financing is the fact that these institutions know the market and have developed innovative approaches to lending to that untapped segment of the market. Much of the population in Mexico is un-banked. As Ferguson and Navarrete (2004) write, "Largely as a result of this lack of home finance and poor savings instruments, 70% of Mexican families have no relationship with a financial institution, not even an account." (p. 312) Commercial banks have seen poor households as an excessive credit risk, while MFIs have proven that presented with the right products and with creative alternatives to collateral, this can be a profitable market – paying market interest rates with high repayment rates.

According to many MFIs, they are, to some extent, already in the business of providing housing loans. As enterprise loans are fungible, and since many micro-entrepreneurs run their business out of their homes, a share of existing loans often go to making home improvements. In Peru, for example, it is estimated that, on average, 20 percent of loans now go to home improvement efforts. (Brown and Garcia, 2001)

Based on the type of loan product desired for progressive housing and home improvement, MFIs have a case for their role in this market. Progressive housing loans fall in between enterprise micro-loans and mortgage loans for completed homes. FONHAPO loans for progressive housing, for example (see Exhibit 9 above), averaged about 28,000 pesos, or a little over $2,500 U.S. Dollars at today's exchange rate. Loan amounts for housing microfinance loans range from $500 to $5,000 according to Ferguson (2003, p. 21). In the case of Mibanco in Peru, an MFI that has successfully launched a housing loan product called *Micasa* (or "My House"), their median loan amount has been $1,000. (Brown and Garcia, p. 2)

The terms of microfinance housing loans, like the loan amounts, also fall in between the micro-enterprise and mortgage loans. While Peruvian MFI Mibanco's housing loan product, *Micasa*, has a limit of 3 years for its terms, they are actually providing these loans for between six to 12 month terms, based on client preference. (Brown and Garcia, p. 2)

Goldberg and Motta's (2003) review of the literature and the early experiences in Mexican housing microfinance, leads them to conclude that if loan amounts needed are in the $500 to $2,000 range, and terms range from one to two years, then MFIs would be the best to provide them. However, if loan amounts range from $5,000 to $10,000, with terms of five to 10 years, then they conclude that mortgage banks, including SOFOLes, credit unions, and commercial banks are better suited to provide this market. (p. 56) In addition to loan amount, term, and interest rate, they also look to the collateral loan guarantees needed for progressive and home improvement loans. While mortgage loans require full lien on the property and legal title, MFIs are more flexible and use small collateral and group-based loans. (p. 57) MFI experience with these types of guarantees makes them well suited to make housing loans.

In their proposed classification of the Mexican housing stock, JCHS put forward four categories for existing homes, with the goal that households would move up this ladder over time. The four levels are: 1) untitled and self-built; 2) regularized (possibly titled) and self-built; 3) titled, developer-built, and publicly financed; and 4) titled, developer-built, and privately financed. (p. 56) However, the opportunities today for households to filter up these four levels may be very limited. While this framework may be an ideal vision, there is too little mobility and such extreme income gaps to make this vision a reality.

Housing microfinance can be seen as a way to improve household mobility across those four classifications of housing types. Coupled with improvements in the secondary housing market, an improved progressive housing policy could allow families to steadily make improvements to their homes with manageable repayment amounts. Then, upon selling their home and realizing the capital gain from their construction, they could afford the down payment on a low-end developer-built home. Successful repayment of microfinance housing loans along the way, for example, could establish a credit history and connect that family with the low-end SOFOL.

Housing Microfinance Pilots in Mexico: The Case of FinComún and FUNHAVI

FinComún, the only MFI currently offering housing loans in Mexico, and FUNHAVI, an NGO operating in Ciudad Juarez, are two cases of the extremely nascent housing microfinance sector in Mexico. FinComúm has recently tested a home improvement loan product with about 500 loans made to its existing client base. The loans range from $500 to $1,000, for a one-year term, paid off weekly at a 6 percent monthly rate calculated on a declining balance. (Goldberg and Motta, 2003, p. 69) This means that a typical family pays about $80 per month, making the loan quite affordable. While this has been a slow start for its entry into housing loans, FinComúm plans to expand its reach in the coming years and has recently commissioned a policy analysis exercise Master's thesis, written by Ana Ogarrio at the Kennedy School which explored a new larger home loan product, which she recommended in her final report. (Ogarrio, 2005)

FUNHAVI was established in 1996 in Ciudad Juarez to support workers in the expanding *maquiladora* factories. By 2001, they had 1,100 active clients, a portfolio valued at $1.6 million, and an on-time repayment rate of 97 percent. (Goldberg and Motta, 2003, p. 65) Their housing loans range from $510 to $2,590, and average about $1,550. FUNHAVI's strengths include a streamlined loan application process, integrated technical assistance, and a number of effective partnerships with other organizations and companies. For example, Cementos Chihuahua offer its clients discounts on construction products, and the ESMART grocery chain offers access to over 400 cash registers so that clients can make installment payments 24 hours a day. (Goldberg and Motta, 2003, p. 66)

While FinComún and FUNHAVI's experiences in housing microfinance are both promising, they underscore the reality that the MFI sector has a long way to go before it can makes a noticeable impact on housing nation-wide.

Negative Externalities of Informal Housing

While progressive housing is a reality in Mexico and one that houses many families, it is not without its faults. The first step in progressive housing involves the acquisition of land – typically through squatting or purchase of a plot, although rarely is the formal title acquired. Therefore, most of the two thirds of Mexico's housing stock that is self-built includes homes on land with unclear ownership. As households claim land, on the urban periphery for example, they first built a basic shelter to secure the land. Then, over the next 5 to 15 years, they slowly make improvements, replacing zinc roofs and dirt floors with cement, or adding rooms one at a time. (Brown and Garcia, 2001, p. 2) Initially urban services are informally or illegally installed, including electricity, water, etc. Public health often suffers as a result. But over time, clusters of self-built housing that has been unplanned get regularized and retrofitted with services by the government – but at high cost. The externalities of these unplanned communities can be costly.

This goes to underscore the need to regularize and plan for progressive housing. As the JCHS write, "One of the long-run goals should be to eliminate the future development of illegal irregular settlements. By providing legal opportunities for progressive housing and enforcing land use planning, such new development could be channeled directly into the self-built but regularized stock." (p. xxiv)

Caution in the Potential for Microfinance Housing

There are also substantial reasons for caution in terms of microfinance housing in Mexico. The primary concern is around capacity and scale. As mentioned above, the current microfinance sector in Mexico is quite small. Goldberg and Motta (2003) estimate that MFIs may be reaching just 14 percent of the potential market for micro-enterprise loans. (p. 62) Among the reasons for this constrained position are a difficulty in finding and retaining quality loan officers, regulatory barriers, and software systems challenges. (Goldberg and Motta, p. 62)

The lessons drawn from various studies of housing microfinance suggest that MFIs interested in launching housing products should do so after reaching financial self-sustainability in their core lending programs, and that any products should follow careful market research and a pilot phase initially. That being said, other than the clear market leader – Compartamos – there may be few MFIs that are prepared to follow those steps into housing microfinance. Also, even if an MFI is profitable in its core business, its loan officers and management may simply lack knowledge specific to lending in the housing market.

Another concern in terms of housing microfinance not addressed in the literature, is the issue of gender. While most MFI clients are women, it is unclear if the market for progressive housing loans should be made to woman household members. While the female household member may not be actually doing the self-building of the family's home, she may be a good conduit for funding to support that construction. This, however, could be a point of weakness for microfinance housing lending.

Conclusion

The need for new construction in Mexico is real. The need to develop a stronger mortgage market, secondary housing market, and secondary mortgage market is also real.

However, a large segment of the housing market in Mexico appears to be getting ignored. Many households in Mexico cannot afford standard full, long-term mortgages for new developer-built housing.

A policy for progressive housing should encourage planned, self-built development on titled land. This is a lofty policy goal, but it is an import piece to a housing policy which would allow families to start with progressive housing, and then move their way up to a developer-built home over time.

An important tool in implementing this policy may be housing microfinance. Progressive housing could potentially be funded through small, short-term loans with more flexible collateral requirements. The size of these loans could start small and then increase as borrowers prove their credit-worthiness. While the microfinance sector is small in Mexico today, it is growing. With proper investment and funding, MFIs serving low-income households could serve an important role – even if they would not receive the same media attention as Fox's goal of 750,000 new homes.

Bibliography

Ashby, L. M. 2000. *El sector de la microempresa en México y sus características. Microempresa, financiamento y desarrollo: el caso de México*. Universidad de Anáhuac.

Brown, W. and Garcia, A. 2001. "MiCasa: Financing the Progressive Construction of Low-Income Families' Homes at Mibanco." A Case Study prepared for the City Alliance. Accion Internacional/Cooperative Housing Foundation.

Center for Urban Development Studies (CUDS). 2000. "Housing Microfinance Initiatives. Synthesis and Regional Summary: Asia, Latin America and Sub-Saharan Africa with Selected Case Studies." Harvard University's Graduate School of Design: Cambridge, MA.

The Economist. 2004. "An overlooked revolution: Laying the foundations of a property-owning democracy." 8/28/2004, Vol. 372, Issue 8390.

Ferguson, Bruce. 2003. "Housing microfinance – a key to improving habitat and the sustainability of microfinance institutions." *Small Enterprise Development*, vol. 14, no. 1, pp. 21-31.

Ferguson, Bruce and Jesus Navarrete. 2004. "New approaches to progressive housing in Latin America: A key to habitat programs and policy." *Habitat International* 27, 309–323.

Garcia, Alejandro and Gustavo López. 2005. "Mexican Banks: 2004 Results." Fitch Report, accessed online, www.fitchratings.com, 5/14/05.

Goldberg, Michael and Marialisa Motta. 2003. "Microfinance for Housing. The Mexican Case," *Journal of Microfinance*, Vol. 5, No. 1, Spring, pp. 51-76.

Joint Center for Housing Studies. 2004. "The State of Mexico's Housing." Harvard University: Cambridge, MA.

Ogarrio, Ana. 2005. "FinComún's Home Improvement Loan." Policy Analysis Exercise written for FinComún while at the Kennedy School of Government.

Schumann, Richard. 2004. "Developing Housing Microfinance Products in Central America." *ACCION InSight, No. 12*.

World Bank and Capital Advisors. 1998. "Demand for market-based financial services for progressive housing and microenterprise development on Mexico's northern border." Report prepared for the World Bank, Finance and Infrastructure Department, Latin America Region. (cited in Goldberg and Motta, 2003)