

Housing in the EEC

THIS Spanish study analyses housing conditions and policies in four countries of the European Economic Community: France, Italy, the United Kingdom and West Germany.

The book describes the general economic framework of each country and the situation in the residential property market. The housing policies are then analysed from an institutional point of view, that is to say, the extent to which policy is decentralised, in particular, the role of regions.

A second aspect studied in detail is how housing policies are implemented through programmes and so on, and their financial evaluation.

The book analyses the financial aspects of housing with regard to both new housing and rehabilitation, and, also, privately promoted housing with the direct or indirect aid of the state.

The book endeavours to present the different options and results achieved as they are relevant to the debate on housing policy in Spain.

The recent incorporation of Spain into the European Community implies an adaptation of the present Spanish framework, which, although it directly affects housing very little, does affect it indirectly through the construction industry, the financial markets, the regulation of free competition and the free circulation of workers and firms. ■

HOUSING IN THE EEC, by Agusti Jover Armengol is distributed by K'osko, Callosa D'ensarri 9, Valencia, Spain.

Apartment prices

THE October 1987 issue of *FIABCI Press*, the quarterly journal of the International Real Estate Federation, includes the results of a survey, carried out in 1987, on sale prices of residential real estate per square metre. The figures are shown below.

Sale Prices of Residential Real Estate Per Square Metre

Countries and cities	New apartments		Old apartments (10 years and more)		
	Minimum US\$	Maximum US\$	Minimum US\$	Maximum US\$	
AUSTRIA	Vienna	1,110	1,910	630	1,190
	Salzburg	1,110	1,590	560	1,110
BELGIUM	Brussels	670	1,610	400	940
	Antwerp	670	940	270	670
FINLAND	Helsinki	2,180	2,180	1,600	1,600
	Turku	1,720	1,720	920	920
ISRAEL	Jerusalem	2,500	2,500	1,000	1,500
	Tel Aviv	2,500	2,500	1,000	1,200
ITALY	Milan	2,310	2,310	1,540	1,540
	Turin	1,920	1,920	1,310	1,310
NETHERLANDS	Amsterdam	1,190	1,190	950	950
	Eindhoven	950	950	710	710
NORWAY	Oslo	1,520	3,040	1,520	1,520
PAKISTAN	Karachi	210	210	165	165
PERU	Lima	360	360	250	250
	Arequipa	280	280	200	200
PORTUGAL	Lisbon	710	920	420	570
SPAIN	Madrid	1,660	1,660	1,400	1,400
SWEDEN	Stockholm	3,160	3,960	3,160	4,750
	Uppsala	630	790	630	950
SWITZERLAND	Geneva/Zurich	2,360	4,050	2,360	3,720
	Bern	2,030	3,380	1,760	2,430
UNITED KINGDOM	London	1,830	2,130	915	1,120
USA	New York (Manhattan)	2,500	10,000	1,000	10,000

NB: All prices were given in national currencies and were converted into US dollars according to the rate of exchange of 10 September, 1987.

India: Housing Development Finance Corporation

THE Housing Development Finance Corporation (HDFC) was established in 1977 as a private sector institution to make long-term housing loans. Its initial share capital came from a number of financial institutions together with a public share offering. Its annual report for 1986/87 shows that at 30 June, 1987 it had 54,685 shareholders, the vast majority of whom held 10 or fewer shares.

The chairman, H. T. Parekh, in his statement, comments on land, housing and housing finance policy in India. A key issue for the housing sector is the availability of land. The present regulations prevent an equitable land policy. He suggests that the Government should develop sound and effective policies for urban and housing investment that subsumes specific strategies for institutional development resource mobilisation, greater efficiency in the use of resources and a clear demarcation for the division between the Government and the private sectors.

HDFC has shown that retail housing finance is possible, commercially viable and economically essential. The critical role of housing finance has been recognised in a draft housing policy statement by the Government as well as in proposals to establish a National Housing Bank. However, Mr Parekh suggests that while the proposals to create the National Housing Bank is a positive initiative, much of its value could be dissipated unless it performs several key, well defined functions. He suggests that one of the primary tasks of the National Housing Bank should be to create a regulatory environment conducive to the healthy functioning of a variety of housing finance institutions.

The directors' report shows that two new branches were opened during the year, giving a total of 16.

Gross loan approvals during the year were 2,375 million rupees (\$183 million); in terms of numbers this represented 46,000 units. 77% of gross loan approvals were for individual home ownership.

HDFC raised funds through various deposit schemes and it also obtained long-term loans of 200 million rupees (\$15 million) from banks.

During the year HDFC signed an agreement with the United States Agency for International Development approving the fifth and last tranche of \$15 million out of a total programme of \$90 million of loan finance. HDFC also raised a fourth tranche of \$25 million in the US capital markets during the year.

HDFC executives have been involved in various consultancy projects in other countries. At the request of the United Nations Centre for Human Settlements and on behalf of the Government of Bhutan, one of the Corporation's senior executives undertook two missions to that country to study housing needs, housing policy options and institutional and financial arrangements.

A second assignment was carried out in Bangladesh with two HDFC staff members as part of a World Bank consultancy team. The project will assess the existing constraints facing the formal and informal housing finance systems in Bangladesh, and will recommend a strategy to overcome them. Domestically, HDFC has actively been involved with issues and policies concerning the housing sector.

HDFC has taken a number of initiatives to promote specialised institutions. One of these is the Gujarat Rural Housing Finance Corporation Ltd (GRUH). This has been established by HDFC together with the International Finance Corporation and the Aga Khan Fund for Economic Development. It will cater exclusively for the housing needs of families in rural areas and small towns by providing long-term loans for the acquisition of new housing and for upgradation of existing housing. It is expected to start operation by the end of 1987 and to serve as a model for similar institutions in other states.

The report highlights HDFC's lending to low income households. Among the schemes in which it has been involved are:

(a) It has granted loans to several tea

plantation companies which in turn have built suitable housing for their workers. 6,000 dwelling units with an average loan amount of 13,000 rupees (\$1,000) have been constructed.

(b) The Kerala State Government has undertaken a scheme of rehabilitation of families who have lost their homes in floods in Kerala. HDFC has disbursed loans for building 5,500 dwelling units with an average loan of 4,500 rupees (\$350).

(c) Financial help has been designed for the police forces of three states to build homes for police constables. The average loan amount is 7,000 rupees (\$680).

(d) HDFC has also been involved in various experimental projects, covering, for example, landless tribes and pavement dwellers.

Key statistics 30 June, 1987

	Rupees m	\$ m
Loans and bonds	2,295	177
Certificates of deposit	3,128	241
Other deposits	695	54
Housing Loans		
Individuals	3,799	292
Corporate bodies	939	72
Other	104	8
Total	4,842	372
Shareholders' funds	431	33
Total assets	6,148	473

Note: \$1 = 13 rupees at end-1986

Housing Development Finance Corporation Ltd, 10th Annual Report 1986-87, is published by the Corporation, Ramon House, 169 Backbay Reclamation, Bombay 400 020, India.

USA: '87 Savings Institutions Sourcebook

THE *Annual Sourcebook* published by the United States League of Savings Institutions is a comprehensive source of information and statistics on the business of saving institutions in the USA. The *Sourcebook* begins with a description of the savings institution business, including chartering and supervision, insurance, ownership, savings, other services, home ownership and home financing, the mortgage market, other loans, investments, balance

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sheet data, assets and reserves, operations framework and tax laws. The *Sourcebook* describes the various federal government agencies including the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, and various other agencies, particularly those active in the secondary market.

Most of the *Sourcebook* comprises statistical data. This is divided into five sections: savings data, mortgage lending data, housing data, savings institutions' operations data, and Federal government agency data.

The section on saving institutions operations data shows that at the end of 1986 there were 3,227 saving institutions which were insured with the Federal Savings and Loan Insurance Corporation. Of these only 219 had assets in excess of \$1,000 million, and as many as 1,658 had assets of less than \$100 million. 974 of the associations had the stock form of ownership and they had total assets of \$608 billion out of total assets of all FSLIC insured institutions of \$1,165 billion.

The total assets of FSLIC insured savings institutions were \$1,165 billion at the end of 1986. Mortgage loans accounted for 60.3% of total assets, and insured mortgages and mortgage backed securities accounted for a further 13.5%. Savings deposits accounted for 76% of liabilities.

The section on Federal government agencies show that the Federal Home Loan Bank Board had advances outstanding of \$109 billion at the end of 1986. The Federal Savings and Loan Insurance Corporation had total assets at September 13, 1986 of \$11 billion; during the year it incurred an operating deficit of \$3.9 billion. The reserves of FSLIC totalled \$3.6 billion at the end of 1986, compared with \$7.5 billion at the end of 1985.

The Federal Home Loan Mortgage Corporation has become a major participant in the secondary mortgage market, and during 1986 purchased mortgage loans of \$103 billion. Another secondary market agency,

the Federal National Mortgage Association, purchased loans of \$30.8 billion in 1986 and at the end of the year had an outstanding loan portfolio of \$97.9 billion and mortgage backed securities outstanding of \$97.2 billion. The third government agency, the Government National Mortgage Association, issued pass-through securities totalling \$98.2 billion.

'87 Savings Institutions Sourcebook is published by the United States League of Savings Institutions, 111 East Wacker Drive, Chicago, Illinois 60601, USA.

Thailand: Government Housing Bank

THE Government Housing Bank is a government controlled housing finance institution which obtains its funds both from deposits and from foreign borrowing.

The annual report for 1986 reports a highly satisfactory year. 8,075 households were helped to acquire new houses, and 1,873 units of rental housing were constructed. The major operations of the Bank in 1986 were:

(a) Short-term lending for the construction of housing units and supporting infrastructure increased.

(b) Long-term mortgage approvals increased by 19% to 2,022 million baht. The total was made as follows:

608 million baht (\$23.6 million) was in respect of credit lines arranged with housing project operations.

1,285 million baht (\$49.8 million) were loans to individuals for the construction, purchase or improvement of housing.

129 million baht (\$5 million) was for 15 projects for rental apartments.

Of the Bank's funds at end-1986, 68% was obtained from public deposits, 4% from local borrowing and 28% from offshore borrowing.

Deposits outstanding were 8,240 million baht (£319 million) and foreign borrowings were 3,439 million

baht (\$133 million). Total assets were 13,769 million baht (\$534 million) of which loans and overdrafts accounted for 10,723 baht (\$415 million).

Note: US\$1 = 25.8 baht at end-1986.

Government Housing Bank Annual Report 1986, 24 pages in English, is published by the Bank, 212 Rama 9 Road, Bangkok, Thailand.

Turkey: Turkiye Emlak Kredi Bankasi

THE Turkiye Emlak Kredi Bankasi (TEKB) is the only specialist housing finance lender in Turkey.

The Bank is a deposit-taking institution. Total deposits increased by 51% during the year to reach 570 billion lira (\$753 million); of this total 69 billion lira (\$82 million) was accounted for by foreign exchange deposit accounts. Rates of interest continued their decline during 1986; by October the rate of interest on time deposits was 33.8% compared with over 100% in 1984.

The Bank is entrusted with various duties by government acts, including the Slum Area Improvement Act, the Disasters Act, and the Mass Housing Act. The Bank plays a major part in the utilisation of loans offered from the Mass Housing Fund, established in 1984.

In addition to making housing loans the Bank also makes commercial loans, and these account for nearly a quarter of its activity.

The Bank further increased its branch network to 303 units during the year. In addition, it has representative offices in five countries.

Key Statistics

	Lira bn	US\$ m
Savings deposits	241	318
Foreign exchange deposits	69	91
Other deposits	260	343
Government funds	654	863
Mortgage loans	682	900
Commercial loans	212	280
Total assets	1,479	1,951

L 758 = US\$1 at end-1986.

The 1986 Annual Report of the TEKB, 36 pages in English, is published by TEKB, Ataturk Bulvari 15, Ankara, Turkey.