



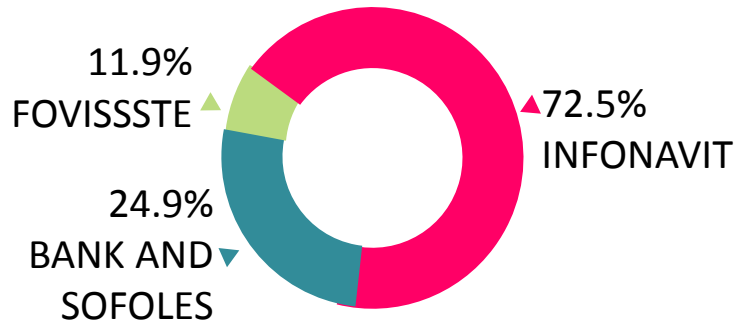
# RE-IMAGINING MEXICAN AFFORDABLE HOUSING

# Infonavit was founded in 1972 to enforce a constitutional mandate for suitable housing

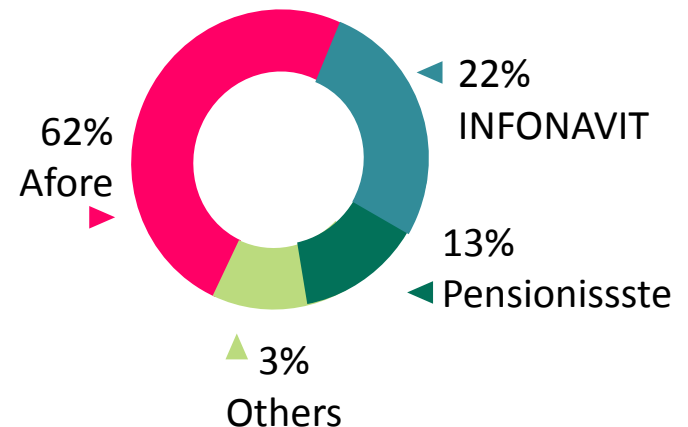
- **Autonomous institution** in which the **corporate government** includes equal representation of: the **labor sector**, the **employer sector**, and the **federal government**
- Granted with **fiscal authority** for loan and employer contribution **collections**
- **Infonavit** is one of the **largest mortgage** providers in the **World** with a **\$70 bn dlls.** loan portfolio

## DUAL MANDATE

Mortgage lender<sup>1</sup> (Assets)



Pension fund<sup>2</sup> (Liabilities)



Source:

(1) INFONAVIT and Conavi as of 2015

(2) CONSAR as of May 2017

# MEXICO HAS PUT IN PLACE **SAVINGS SCHEMES** THROUGH INFONAVIT AND FOVISSSTE THAT PROVIDE FUNDING FOR +600K MORTGAGES PER YEAR

## Infonavit

- **Administers savings** and provides **mortgage loans** to **formal sector workers** from the **private sector**
- **Payroll deductions** reduce lending risk, contributing to **lower interest rates**
- **Pension funds returns** are **lower** than they could have been with **other regime**
- **550,000 loans per year**

## FOVISSSTE

- **Administers savings** and provides **mortgage loans** to **formal sector workers** from the **public sector**
- **Payroll deductions** reduce lending risk, contributing to **lower interest rates**
- **87,000 loans per year**

## Conavi

- **Formulates** and regulates the federal **housing policy**
- Provides a **subsidy** that assists formal workers with **down payments** and co-finances informal workers **self-built homes**
- The **informal sector** is still **underserved**

## Banks

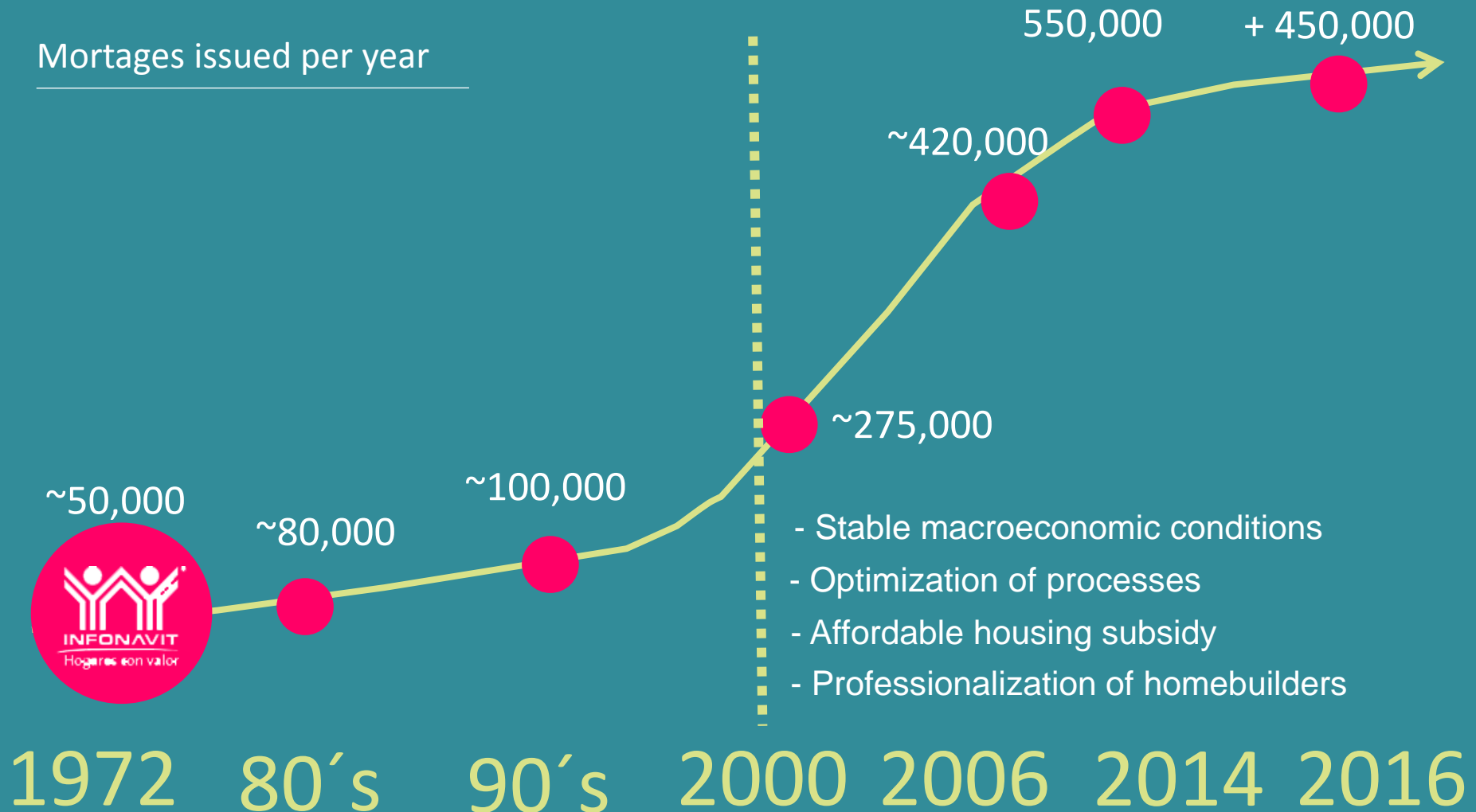
- Serve the **medium** and **high-income** brackets
- Require **10 - 20%** of **down-payment**
- **160,000 loans per year**

## State housing institutes

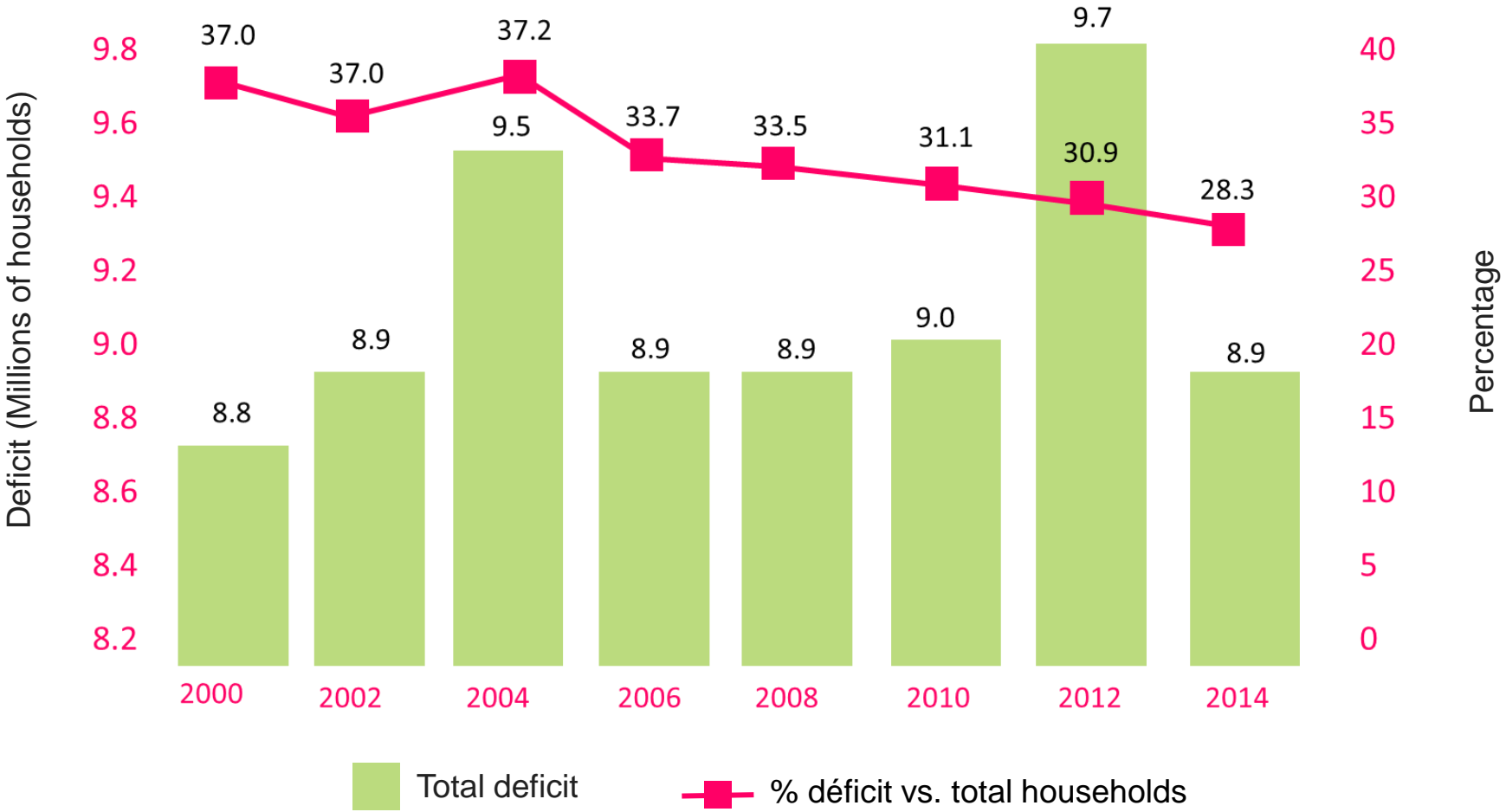
- Serve the **informal sector**
- Provide a relatively **small number of loans** with **high delinquency rates**
- **13,900 loans per year**

# AFTER 3 DECADES, INFONAVIT CHANGED THE COURSE OF HOUSING HISTORY IN MEXICO

Mortgages issued per year



# INFONAVIT ENABLED MEXICO'S TRANSITION FROM INFORMAL TO FORMAL HOUSING ON A GRAND SCALE BY REDUCING THE HOUSING DEFICIT TO 28.3%



Source: SHF, with data from ENIGH and MCS from different years, INEGI

# HOUSING is a driver of the Mexican ECONOMY

5.9% Contribution to GDP

3 mill. Jobs

US\$25.1 bn. Annual investment

5.5% Growth in productivity (2004-2014)

Is it a **success story?**



Affordable  $\neq$  Suitable



# THREE MAIN CHALLENGES REMAIN:

---

- Higher quality affordable housing
- 

- Emphasize Infonavit's pension charter without neglecting its mortgage mandate
- 

- Housing financing solutions for the informal sector