

# Mexico Real Estate Flash

## Guidelines of the new Infonavit housing policy

The National Housing Fund for Workers Institute (Infonavit) presented today some of the objectives of the new housing policy for 2013. With the change of government, the Institute is considering a reorganization of the resources in order to promote the placement of loans for families who need them and also to align housing supply and demand. Below are some of the highlights of these guidelines:

- Infonavit will seek to integrate its funding actions into the urban development guidelines set out by the federal government through the Sedatu (Urban Development and Town and Country Planning Ministry). This is a very positive aspect that provides consistency to the National Housing Policy (PNV) approach, aimed at ensuring appropriate institutional coordination.
- Also along the lines of the PNV, emphasis is placed on redirecting construction toward areas where demand is justified, due either to economic activity or to reasons of overcrowding (new housing, improvements, expansions or duration of the materials).
- Credit for remodeling will become increasingly important. In 2012, credits for remodeling accounted for 26% of all loans granted by the Institute, and with the new product design (known now as "Improve your home" and not "Renovate your home") the range of alternatives is expanded to include loans for expansions and self-construction.
- Initiatives will also be promoted to serve new segments and expand coverage to the formal population without Social Security, which in the past had been attempted without much success. The beneficiaries could mainly be state and municipal employees, as well as small employers. Another proposal is the incorporation of the formal sector of the population which is currently not participating. According to the Institute, between 3 and 3.5 million households are in this situation.
- The "comprehensive mortgage" is being proposed for awarded housing and/or housing complexes with high levels of impairment. It involves improving basic services and adding amenities to the housing estates in order to facilitate their sale, or by offering lease-purchase.
- As regards rentals, the use of the housing fund sub-account will be promoted as a payment guarantee for homes not owned by Infonavit. This could open the door to new real-estate businesses, such as the construction of housing estates intended exclusively for the rental market.
- The Institute believes that the housing gap currently faced by the beneficiaries could be fully extinct by 2017. After that, housing needs are expected to decrease, in line with the trend seen since 2011.

To sum up, with the guidelines proposed by Infonavit, the government reinforces the message of a unified housing policy that favors construction in urban areas, serves the population facing a housing gap and contributes to improve housing quality. Some aspects take up initiatives that had received limited support

in previous years, such as taking into account groups that are not served currently and the relaxation for the use of the Infonavit personal savings accounts to guarantee rent payment. In any event, these are positive signs that should be followed up closely in order to assess their impact.

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