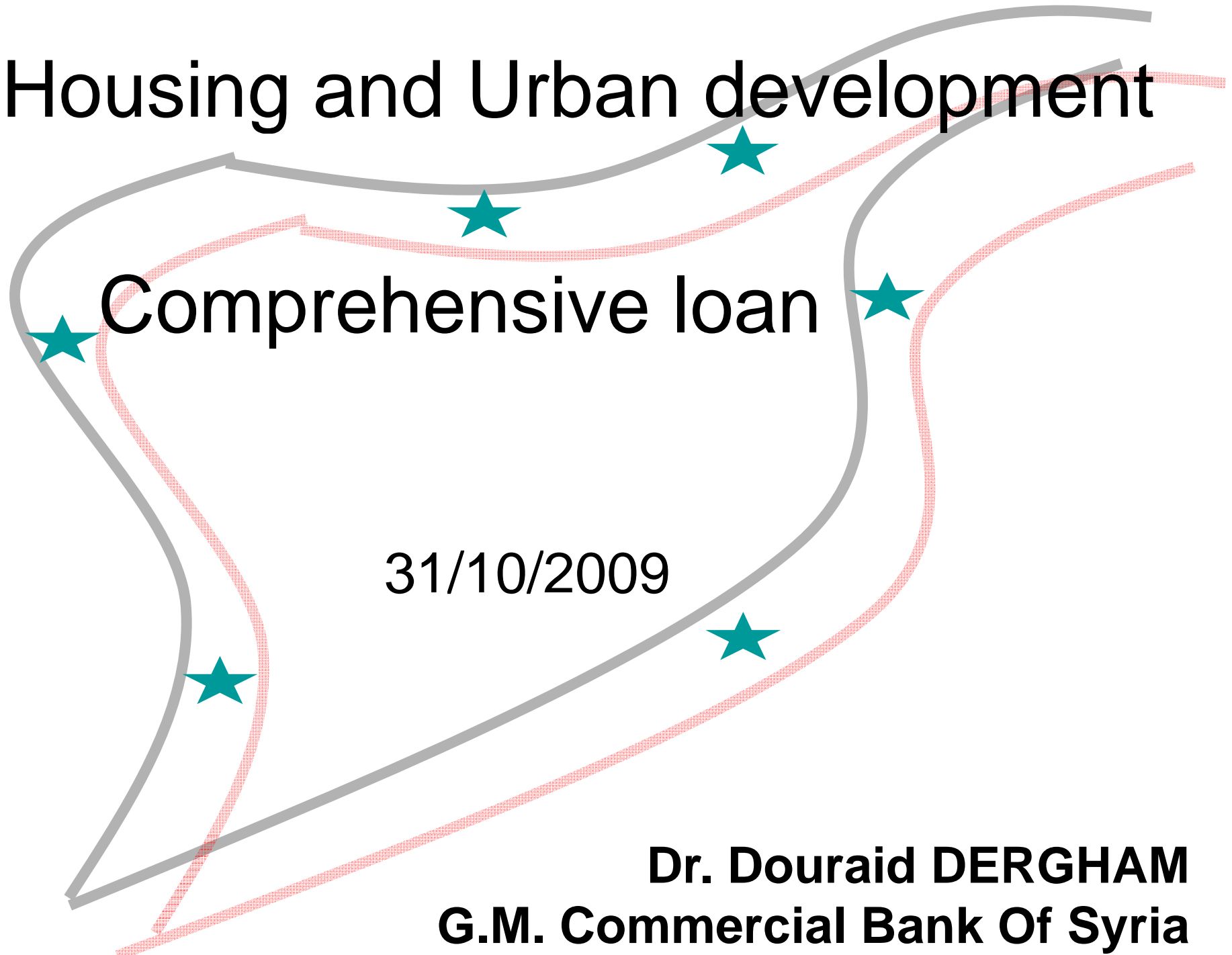


Housing and Urban development



Housing-Urban development must care about:

- **rural-urban migration**
- **Aspirations of all social strata**
- **Homogeneity with traditional & neighboring urban schemes**

Financing Different approaches:

1. **Welfare state (proved to be difficult to sustain): active pub r.estate inv (negative results)**

2. **Direct investment or draining Savings via Financial institutions (it seems insufficient)**

Crisis: High rate spread + increasing deficit lead to **artificial recovery**

1. **new deal** : acceptable nationwide, considers crisis impacts>>>

Facts push to a new deal

Huge bias in R.estate appraisal

**Collaterals Pb: liquidation, legal issues,
routine...**

Liquidity: hot-instable, prevent LT loans

400 thousands people/year (18 years age)

Low income, informal sector

**All necessitate adequate policy:
sustainable, equitable & radical**

New deal: comprehensive loan

- R.estate's rent: the main collateral.
- Assess **Rent** rather than **value**.
- If pb: auction but for leasing not selling
- It is a classic leasing **but**:
 - Ownership in the Beginning
 - Borrower is a partner-investor
 - Higher value: more cost & deposit
 - Cheap initial payments but partially indexed on inflation
 - Compatible with traditional convictions

Abusus (pledged)+ Usus: buyer

Payements partially indexed on inflation

Fructus (to maturity): bank renewable annually if regularity

Deposit,
x%

Real estate: finished or to build..or mortgaged

%1-x

%x

Free loan

Release
Deposit

n rents

n rents



Simulator is available with 5 entries:

1. Value

2. Loan period

3. Deposit (security margin if a new lodger is hard to find)

4. Lowest expected monthly rent (rent's volatility is less than the value's one)

5. annual inflation rate(s)

Probabilities:

- **accepted** (bank must check the rent value): **show monthly payments before and after rebate**
- **Accepted** (bank must check the rent value) **but high payment: extend maturity or increase deposit**
- **Refused: rethink one of above mentioned factors**

**Results: if bad debt: new dweller not owner
(more supply to rent)**

Exceptional Stability of LT deposits

Rent-deposit approach: prevents volatility risk

Synchronize inv and housing in a real PPP

**Liquidity, low rates, demography become **strngth&
opportunities** rather than **weakness& threats****

Fair: less cost when cheap houses and small prj

New source of hard currencies (expatriates)

**Boosting economy (budget 1 b\$ a year): more jobs,
benefiting from crisis abroad (best terms&prices)**

**If acceptable, this loan need only to be included in
the rent legislation (Fructus: right of the bank)**

Thanks

www.cbs-bank.com