A Mitigation program in the housing sector: example of housing sector

SUSTAINABLE HOUSING PUBLIC POLICY IN MEXICO

Istanbul, Turkey
October, 2011
The Global economic crisis did not affect long term growth within the Mexican Housing Sector. It helped as an accelerator to consolidate different processes:

A. A strong and robust mortgage origination

B. Housing production recovery, under sustainable basis

C. Consolidation of the housing production financing sector.
Strong and robust mortgage origination

Even though the crisis made 2008 the best year in history, two years away, Mexican Housing Sector remains dynamic and healthy, with a market value around US$ 20,000 million.

Figures in million US dollars
Strong and robust mortgage origination

<table>
<thead>
<tr>
<th>Entity</th>
<th>Baseline Scenario</th>
<th>Likely Scenario</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>$</td>
</tr>
<tr>
<td>Fovissste</td>
<td>480,000</td>
<td>8,692</td>
</tr>
<tr>
<td>Infonavit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orevis</td>
<td>90,000</td>
<td>2,450</td>
</tr>
<tr>
<td>Pemex</td>
<td>158,600</td>
<td>8,502</td>
</tr>
<tr>
<td>Other Entities</td>
<td>36,099</td>
<td>318</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>764,699</strong></td>
<td><strong>19,962</strong></td>
</tr>
<tr>
<td>CONAVI</td>
<td>170,000</td>
<td>430</td>
</tr>
<tr>
<td>Infonavit</td>
<td>94,852</td>
<td>182</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>264,852</strong></td>
<td><strong>612</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,029,551</strong></td>
<td><strong>20,574</strong></td>
</tr>
<tr>
<td>SHF</td>
<td>81,575</td>
<td>449</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>1,111,126</strong></td>
<td><strong>21,023</strong></td>
</tr>
</tbody>
</table>

- 765,000 mortgages
- 265,000 subsidies
- Investment range between: US $21,000 to US $23,000
- Infonavit and Fovissste will provide 7 out of 10 mortgages

Figures in million US Dollars

Other Entities Include: CFE, Fonacot, Habitat, Issfam, Orevis, PET, Pemex, y PEFVM.

Source CONAVI
Sustainable housing policy

Social

Sustainable housing

Economic

Ecological

Land planning

Urban planning
Massive housing demand exist within next 20 years

- Housing stock: 26.7
- Lag: 7.2
- Complete house: 1.7
- Improvements: 11.3
- Demography: 11.3
- Demand in 20 years: 11.3
- Demand in 15 years?: 8.9

Source: Conavi, Coneval
CONAVI Strategy, housing and region

Aim: Sustainable Development

Urban NAMA Certified

Region

Efficiency

Net 0 Passive House

Base line

CO$_2$ reduced

Supported Housing NAMA

CERs POA HV

Selfconstruction Existing INFONAVIT FOVISSSTE SHF

CO$_2$ reduced

$
Clean Development Mechanism Program (CDM)

This program enables projects that individually would not be feasible for CDM, to have access to Carbon Stock Certificates.

- The methodology to measure emissions reductions was approved by the Executive Board of the Clean Development Mechanism of United Nations Framework Convention on Climate Change UNFCCC on July 17th, 2009
- PoA I Program of Activities is being validated for registration at UNFCCC
- PoA II development of a new PoA
NAMA for Energy Efficiency Measures in Housing

2010
NAMA Design Concept

2011
Program design for NAMAs for energy efficiency measures in urban developments and in housing

Financing for implementation

second phase
NAMA could enhance GHG impact

- The NAMA is aimed to enhance GHG emissions reductions through the “Green Mortgage” and "Ésta es tu casa".
- Following steps define the incremental enhancement through NAMA:
  - increased penetration (more houses covered during the same time) and/or
  - technology up-scaling (more ambitious efficiency standards and/or inclusion of technologies that are currently not covered).
- In the medium to long term
  - Transformation of the voluntary “Green Mortgage” and "Ésta es tu casa" programmes into a holistic urban planning process including mandatory building codes would further increase emissions reductions
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td>Building sector</td>
</tr>
<tr>
<td>Sub-sector</td>
<td>New residential houses (maximum 4 storeys and 8 units)</td>
</tr>
<tr>
<td>NAMA boundary</td>
<td>Entire country</td>
</tr>
<tr>
<td>Measures and activities with direct impact on GHG emission reduction</td>
<td>Substantial up-scale of “Green mortgage” and “Ésta es tu casa” schemes through increased subsidies and more ambitious efficiency standards.</td>
</tr>
<tr>
<td>Measures and activities with indirect impact on GHG emission reduction</td>
<td>Supportive actions for transformation of the “Green Mortgage” and &quot;Ésta es tu casa&quot; programmes into a holistic urban planning process including building codes • Building code pilot in 1 federal state • Promotion and enforcement of building codes across federal states over time • Capacity building • Extension of urban planning criteria and inclusion in the holistic framework</td>
</tr>
<tr>
<td>NAMA timeframe</td>
<td>2011-2012 2012-2020</td>
</tr>
<tr>
<td>NAMA implementation and operation costs</td>
<td>Full costs of substantial up-scaling of actions until 2020</td>
</tr>
<tr>
<td>NAMA type</td>
<td>Supported NAMA (with the possibility of NAMA crediting for parts of the actions)</td>
</tr>
<tr>
<td>Type of support required under the NAMA</td>
<td>Financial, technical and capacity building</td>
</tr>
</tbody>
</table>
Estimated emission reduction potential

- Scenario 1 – 100% saturation rate by 2020
In total, this scenario will create additional emissions reductions of 27.1 Mt CO2 between 2011 and 2020.

- Scenario 2 – 100% saturation rate by 2013
Estimated emission reduction potential

- Scenario 3 – Technology up-scaling
Estimated emission reduction potential

- Scenario 4 – Technology up-scaling under 100% saturation of the “Green Mortgage” by 2020
Estimation of baseline emission reductions
Overview of the NAMA fund
Introducing to DUIS the Urban Service Company (USCO)
Urban NAMA

USCO Concept
Many thanks!

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