



The Elephant in the Room: Housing is an Important Economic Sector

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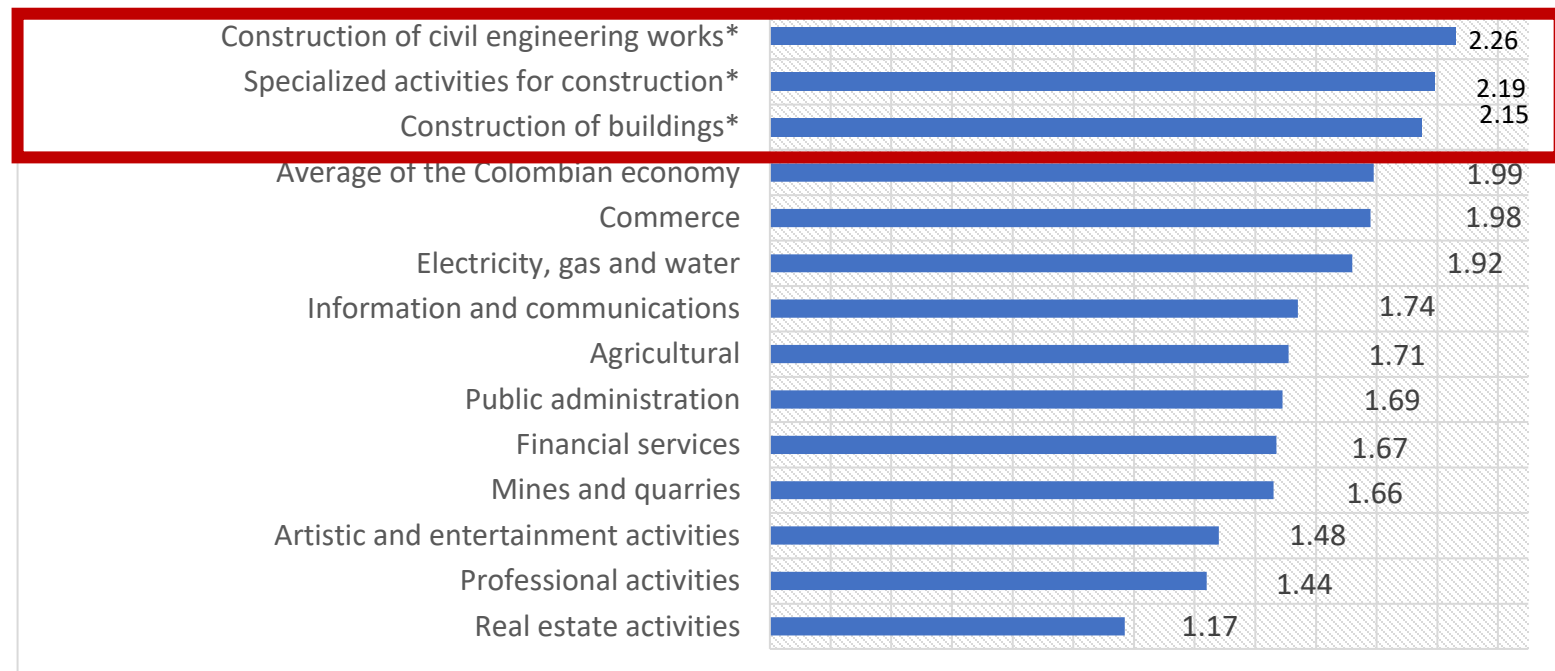
Housing's Contribution to Economic Development: Reframing the Narrative
USC Lusk Center for Real Estate

A close-up photograph of a hand holding a key. The hand is positioned at the top, with fingers slightly curled. A gold ring is visible on the ring finger. The key is held between the thumb and index finger. The keychain is a dark, metallic house shape. The background is blurred, showing a blue and white pattern, possibly a wall or fabric. A semi-transparent dark blue banner is overlaid across the middle of the image, containing the text.

**Housing sector has the largest
impact in Colombia's national
accounts**

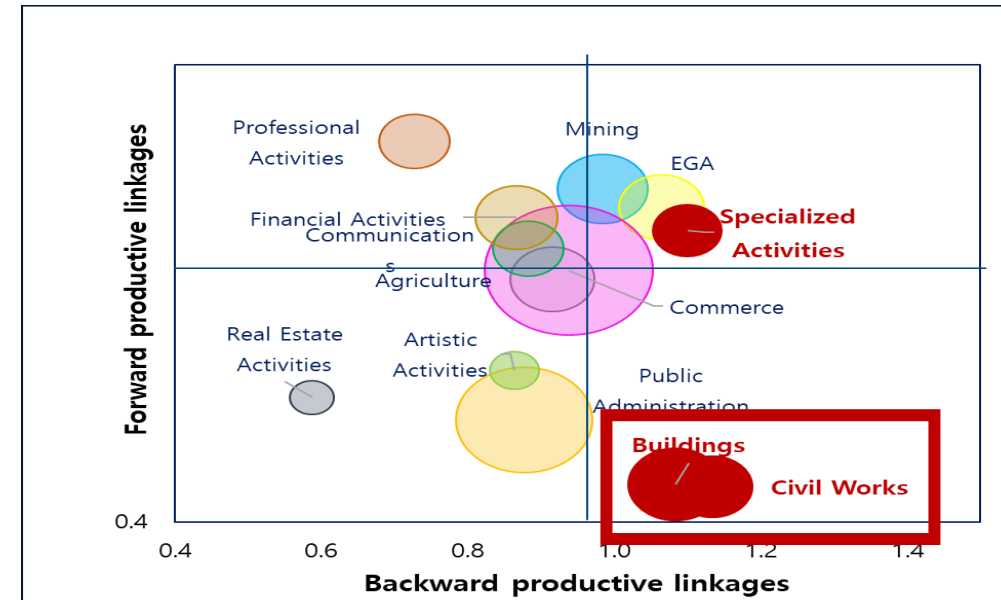
Input – Output Matrix multipliers:

Each dólar invested in housing expands the GDP in 2.2 dolars



Rasmussen – Hirschman Index in Colombia

Housing and civil construction have the largest power of dispersion



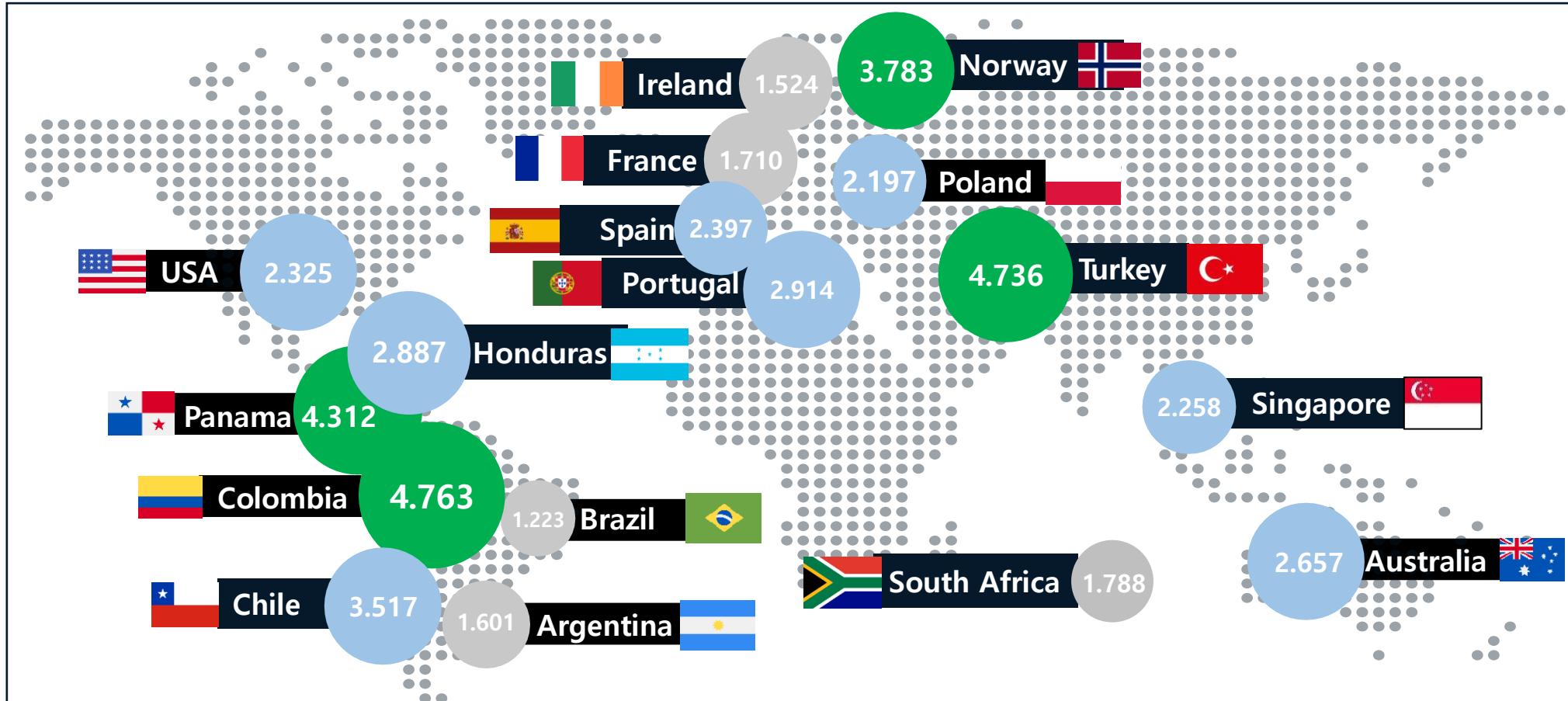
Source: Ministry of Housing and Cities of Colombia based on the DANE Input Output Matrix (2017). Note: Corresponds to the average multiplier of the activities that make up each sector. *Activities that are part of the construction sector.

A close-up photograph of a hand holding a key. The hand is positioned at the top, with fingers slightly curled. A gold ring is visible on the ring finger. The key is held between the thumb and index finger. The key has a silver-colored blade and a dark, possibly black or dark blue, head. The head of the key has some text on it, which is partially obscured by the text overlay. The background is blurred, showing what appears to be a window with blue-tinted glass. A dark blue semi-transparent rectangular box covers the middle portion of the image, containing white and orange text.

Housing was the key element of the counter cyclical policy in Colombia. As a result, Colombia is now **one of the world leading countries** in housing sales

Global Housing Market

(annual units purchased per million inhabitants*)



* For countries with no data available as of December 2021, the cumulative 12 months to the last available month is taken.
 Source: Ministry of Housing and Cities based on report from Galería Inmobiliaria, Brazilian Chamber of Construction Industries, Spanish National Institute of Statistics, French Ministry of Ecological Transition, Association of Notary Publics of the Province of Buenos Aires, Census Bureau, Housing Industry Association, Urban Redevelopment Authority, Jones Lang LaSalle (JLL) Real Estate, Lightstone.

A close-up photograph of a hand holding a key. The hand is positioned at the top of the frame, with fingers slightly curled around the key. A gold ring is visible on the ring finger. The key is a standard metal key with a dark blue or black plastic head. The head of the key has some text on it, including "S.A." and "ACCIONES". The background is blurred, showing what appears to be a window with blue-tinted glass. A dark blue semi-transparent rectangular box is overlaid across the middle of the image, containing white and orange text.

In fact, Colombia has been
globally recognized for its
performance in the housing sector

Awards

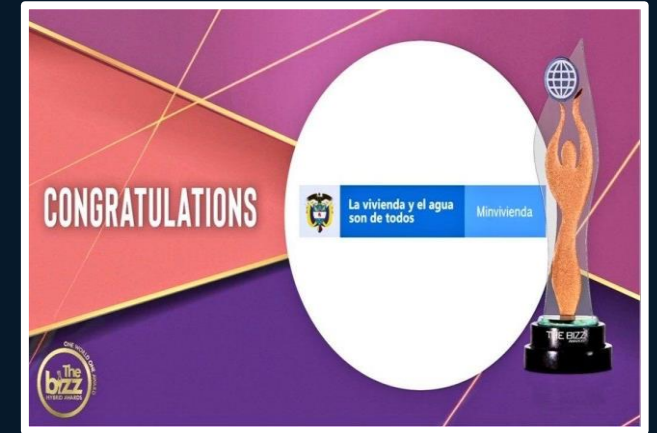
UN-Habitat 2020



United Nations 2021



World Confederation of Businesses 2021



Scroll of Honor
To the best housing policy
design in the world

**World champion in social
housing**

**The Bizz Excellence
Business Award**
For promoting the highest
growth of the construction
sector in the emerging
economies



A close-up photograph of a hand holding a set of keys. The hand is positioned at the top of the frame, with fingers curled around the keychain. A gold ring is visible on the ring finger. The keys include a silver metal key and a black plastic keychain with a 'Ford' logo and a 'C.A. SUCCIONES' tag. A dark blue semi-transparent rectangular box is overlaid across the center of the image, containing the text 'How did Colombia achieve these results?' in a bold, orange, sans-serif font.

**How did Colombia achieve
these results?**

A hand holding a set of keys, with a large orange number 5 overlaid on the image.

5

Policy innovations



Un país de Propietarios

Subsidio
150.000

Gobierno
Nacional

#SueñosCumplidos

350 mil viviendas
350 mil
#SueñosCumplidos

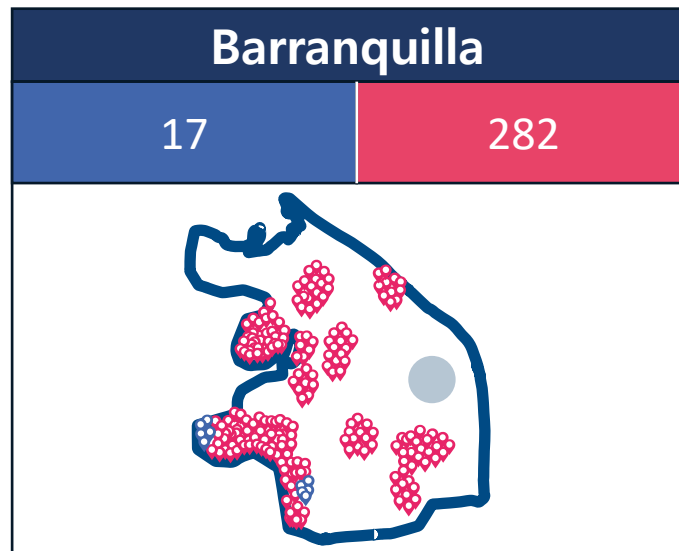
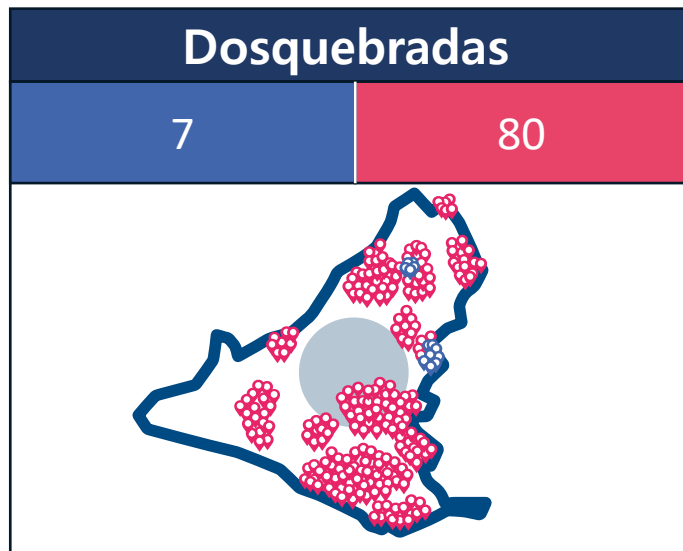
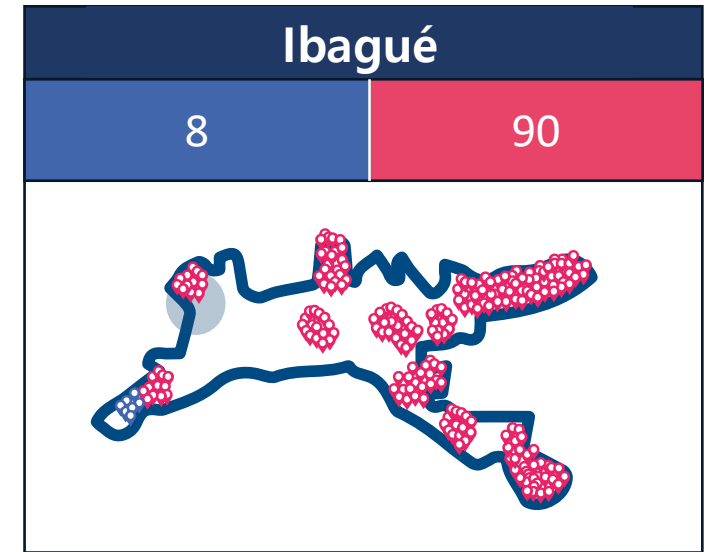
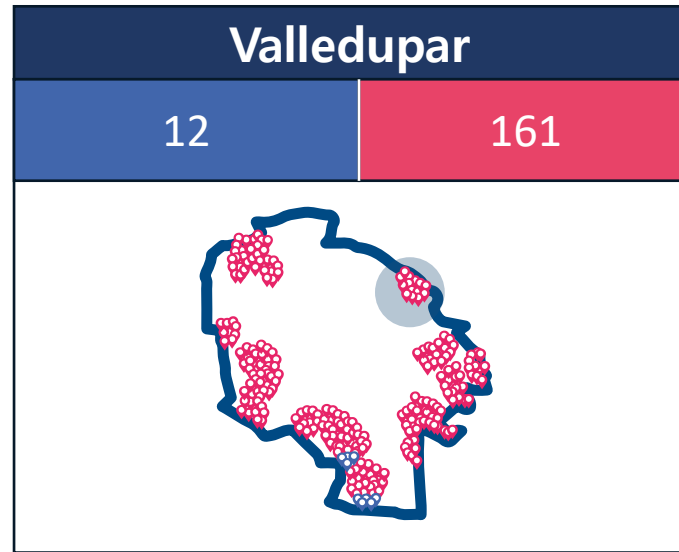
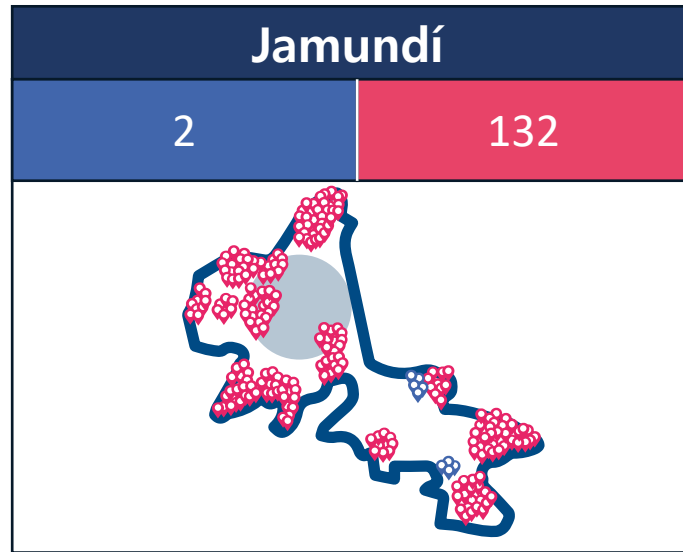
10 años

Tran
#S
Mi

1

Migrating from a
supply-driven to a
demand-driven policy
design

Number of blocks benefited with government housing subsidies in Colombia



Source: Ministry of Housing and Cities.

A large, bold, orange number '2' is positioned on the left side of the image, overlaid on a dark, blurred background of a conference stage. The background shows various logos and text, including 'fluid attacks', 'FNG', 'Banco Falabella', 'Redeban', 'Esta vez es distinto', and 'AVAL'. A person is visible walking on the stage in the background.

2

Redefining mortgages



Changing mortgages parameters



More players

1

330.000

Subsidies in President Duque's administration

4

5.000

Subsidies for sustainable housing

2

100.000

Collaterals for affordable Housing (VIS)

5

\$30M to \$50M

Down payment subsidie for low-income households

3

30% to 40%

Debt Service-To-Income (DSTI)

6

9,0% to 2,8%

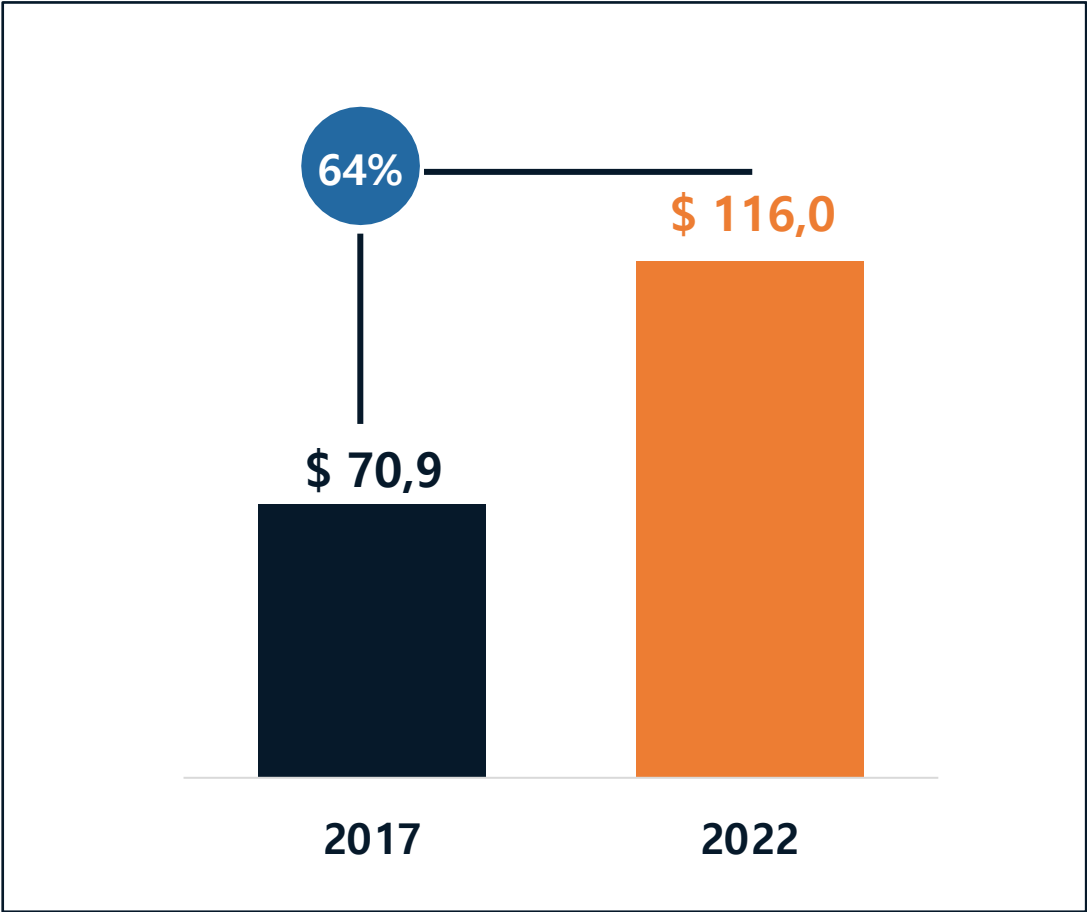
Mortgage preferential effective annual interest rate from FNA for young homebuyers

1

17 to 454

Entities qualified to allocate MCY subsidies*

Mortgage Portfolio Balance (Trillions COP)



Non performing loans

	Apr-20	Today
Housing	3,9%	3,2%
Commercial	4,4%	4,0%
Consumption	4,2%	4,8%
Microcredit	6,4%	6,8%

Source: Banrep and SFC.

A group of five people, three men and two women, are standing in a row. They are all wearing face masks. The man on the far left is wearing a black mask with a logo. The woman next to him is wearing a white mask. The man in the center is wearing a white mask and a blue baseball cap. The man next to him is wearing a white mask and glasses. The man on the far right is wearing a blue mask. They are all holding signs that say "#SueñosCumplidos".

3

Targeting housing
programs effectively

Effective targeting of housing subsidies

Young people

Women

2018-2022

16.500

Young homeowners*



4 out of 10 housing are purchased by young people

38.600

MCY subsidies to female-headed households



6 out of 10 MCY subsidies to women

Before 2018



2 out of 10 housing were bought by young people

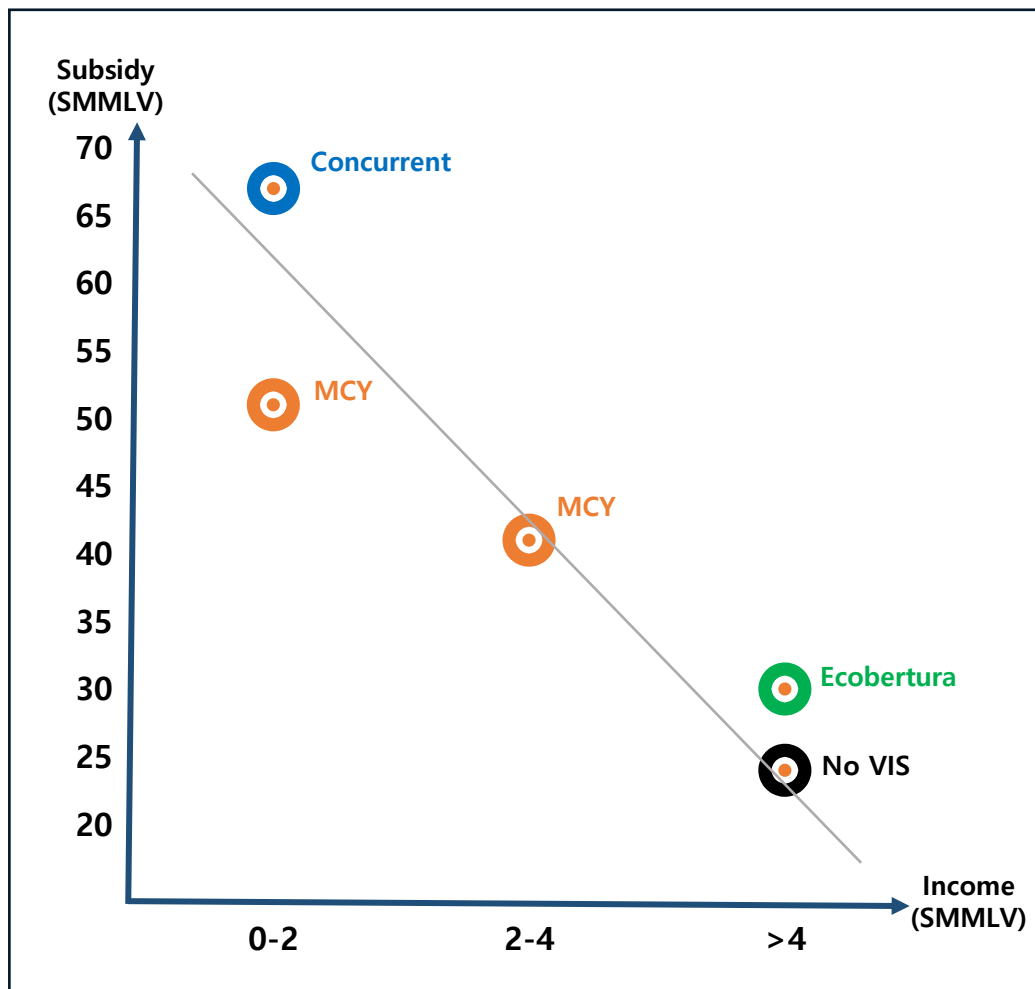


3 out of 10 subsidies to women

Source: Ministry of Housing and Cities and Real Estate Gallery calculations.
*Persons between 18 and 28 years old.

Effective targeting of housing subsidies

Progressive design



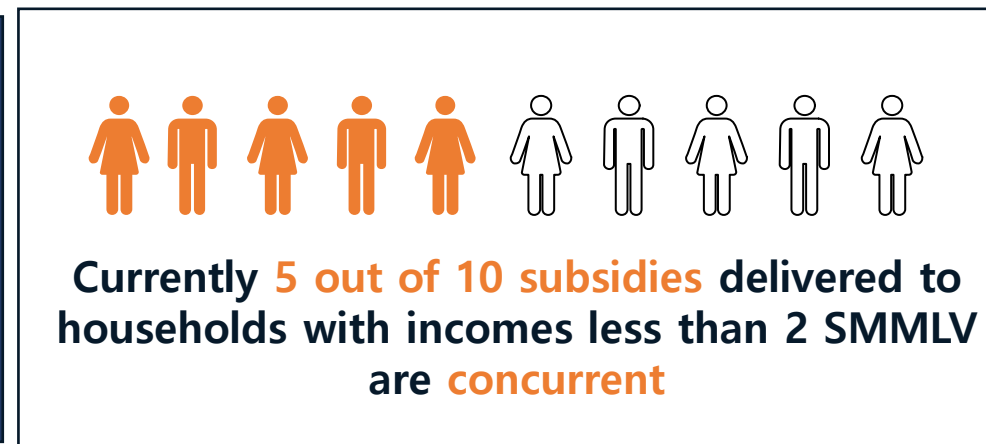
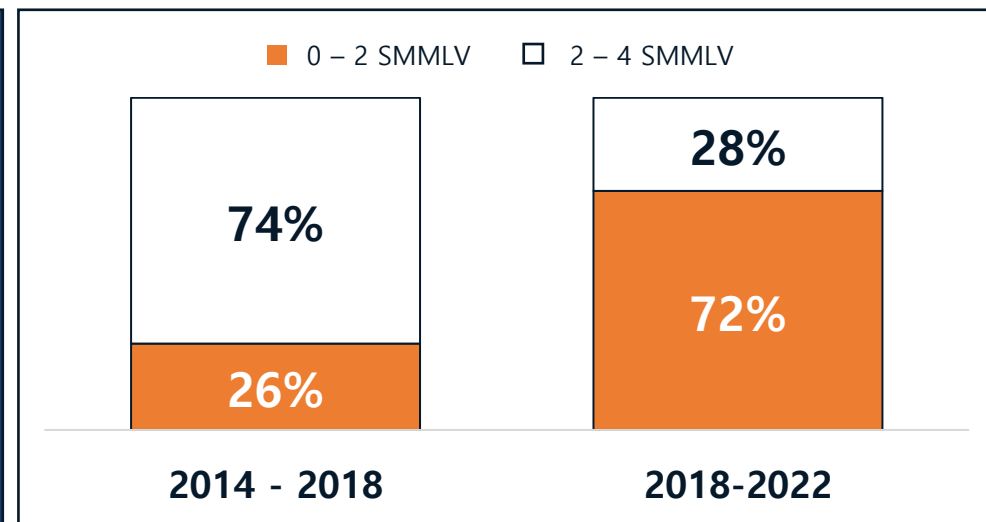
Source: Ministry of Housing and Cities.

* A low-income household is defined as a household whose monthly income is less than 2 Colombian minimum wages (SMMLV).

Assignments of MCY and concurrence

145.000
subsidies to low-income households*

50.000
concurrent subsidies



A photograph of a family—a man, a woman, and a child—standing on a balcony at night. The man is holding the child, and they are all looking upwards with expressions of hope or contemplation. The balcony has a white railing, and the background shows the dark silhouettes of buildings.

4

Addressing the qualitative housing deficit

Housing and neighborhood improvement programs

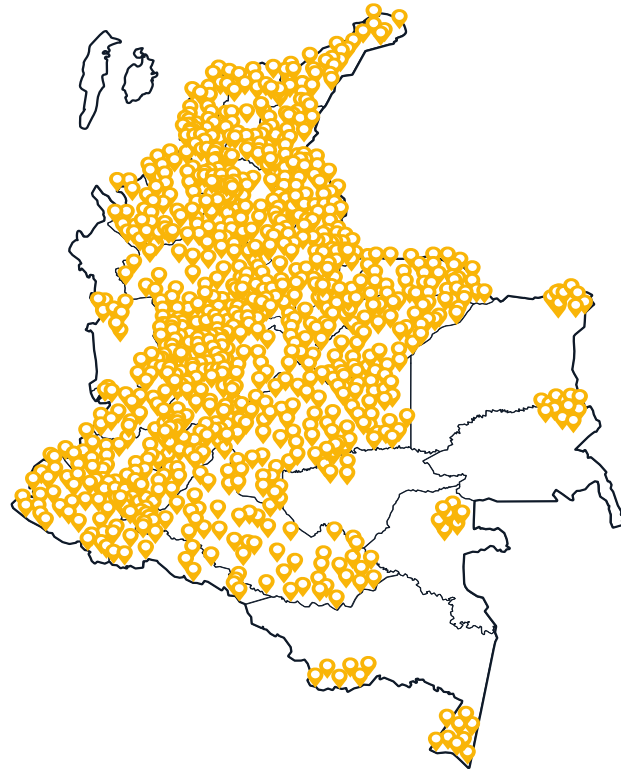


692.000
Benefited households

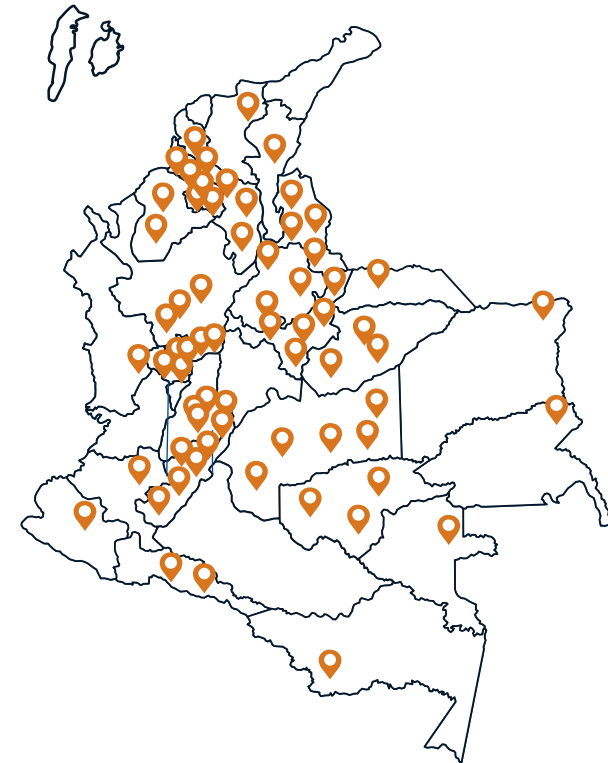
85.000
Property titles

156.000
Improvements
housing

451.000
Improvements of
urban surroundings



12.529
Housing solutions in
progress



Source: Ministry of Housing and Cities of Colombia.

An aerial photograph of a city, likely Singapore, showing a dense urban landscape with various buildings, including a prominent circular building with a helipad. The image is darkened to serve as a background for the text.

5

Promoting sustainable
urban development

Strategies for a sustainable urban development



212

Municipalities assisted in
Land-Use Plans updates



\$6,15 M USD

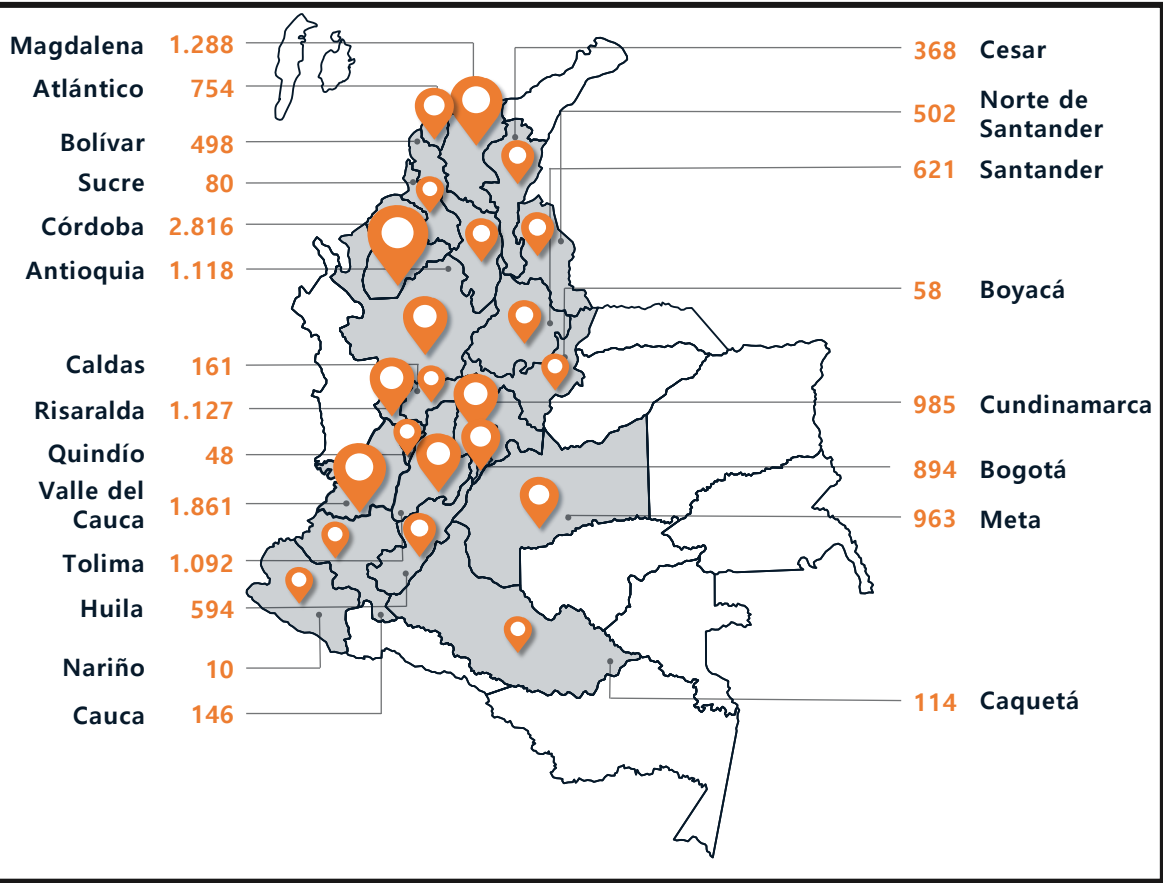
Invested in risk studies for
60 municipalities



+16.000

Hectares made available

Distribution of hectares made available by department



Source: Ministry of Housing and Cities.

First subsidy for the purchase of sustainable No VIS housing



1

5.000
Ecoberturas

2

\$250.000 M
Program investment

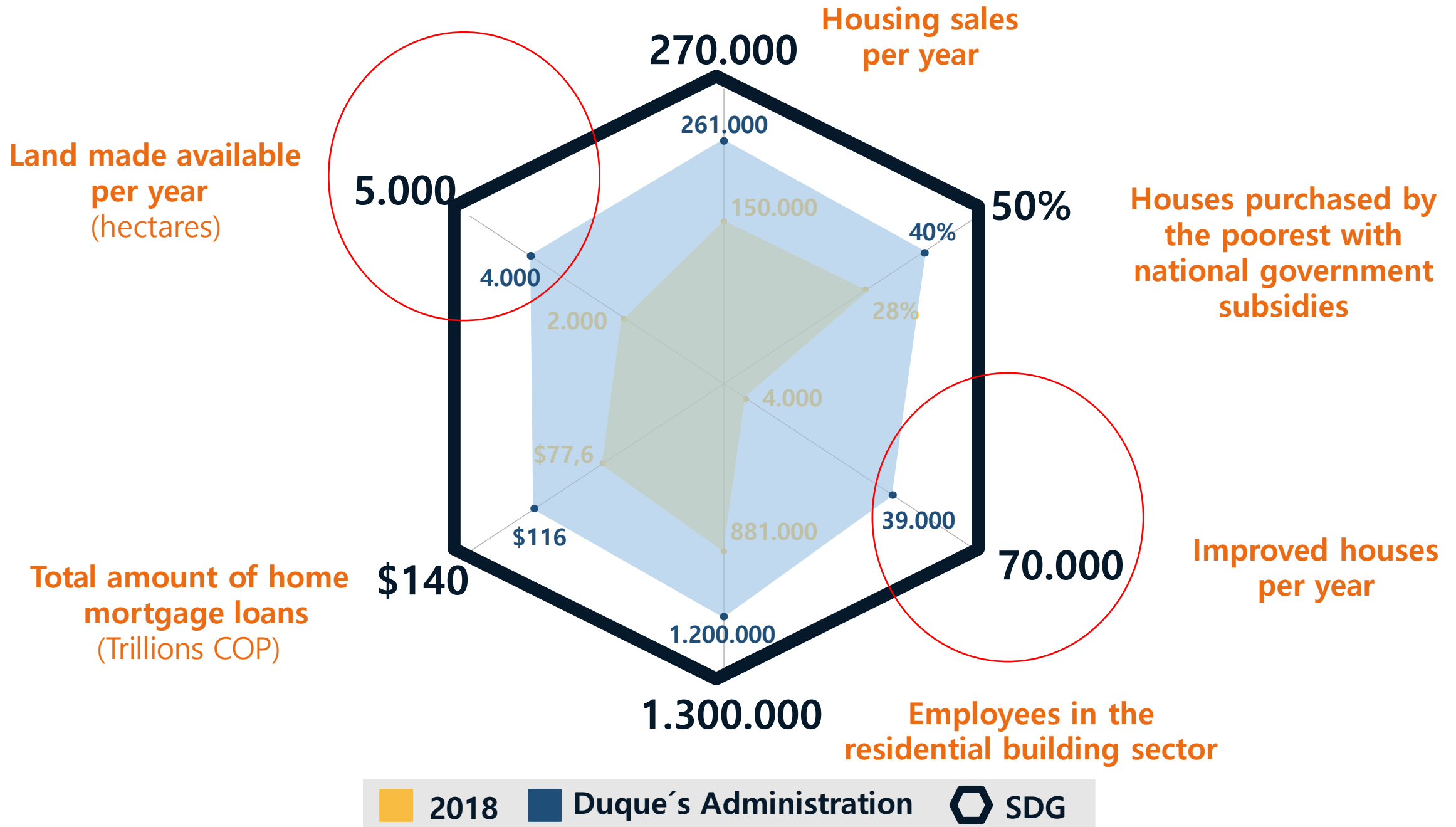
3

42 **10**
SMMLV + SMMLV
No VIS coverage Sustainable coverage

Source: Ministry of Housing and Cities.

A close-up photograph of a hand holding a key. The hand is positioned at the top of the frame, with fingers slightly curled around the key. A gold ring is visible on the ring finger. The key is silver and has a dark blue or black plastic head. The head of the key features some text, including "FOUR" and "ACCIONES". A dark blue semi-transparent rectangular box is overlaid across the middle of the image, containing white text. The background is blurred, showing some blue and white tones.





























**Colombia is closer to 2030
sustainable development goals
(SDG)**



A close-up photograph of a person's hand holding a key. The hand is positioned at the top of the frame, with fingers slightly curled. A gold ring is visible on the ring finger. The key is held between the thumb and index finger. The keychain is a dark, house-shaped object with a small, illegible logo on it. The background is blurred, showing what appears to be a blue and white patterned surface. A semi-transparent dark blue banner is overlaid across the middle of the image, containing white text.

**The Colombian housing revolution
is still under consolidation**

Level of progress by instrument in Colombia

Instrument / advance level	Depth	Progressivity	Sustainability	Cost-efficiency
1 Saving-Bond-Credit				
2 Rental subsidy				
3 Free housing				
4 Home improvement subsidy	NA	NA	NA	NA
5 Home improvement				
6 Neighborhood improvement				
7 Rural housing subsidy	NA	NA	NA	NA
8 Free housing				
9 Rural improvement subsidy	NA	NA	NA	NA
10 Rural housing improvement				

Three conclusions

- 1 The sustainability agenda is pending in housing policy
- 2 The demand mechanisms must transcend the urban quantitative, where they have proven to be successful, and reach both the urban qualitative deficit agenda and rural housing
- 3 All the programs seem to have a high level of progressivity, which makes the challenge –in terms of impact-volumetric: the depth of the housing programs is everything



Thanks

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Former Minister of Housing and Cities of Colombia 2018 - 2022

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