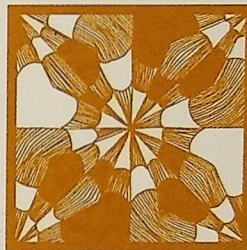


# HUD: INTERNATIONAL MEETING THE GLOBAL CHALLENGE







# Foreword

"Our communities are what we make them. We as a nation have the opportunity – and the responsibility – to remold our cities and to provide for the housing needs of our population . . . I therefore recommend the establishment of a new Department of Housing and Urban Affairs." *President John F. Kennedy, 1961*

"As the world gets smaller, we need to think bigger. We must realize that President Kennedy's vision for our Department as a place for thought and innovation about the problems of cities knows no bounds. We must reach out beyond our borders to share our ideas and experiences, to learn from others, and to empower individuals around the globe so they may build better lives." *Secretary Andrew Cuomo, 2000*



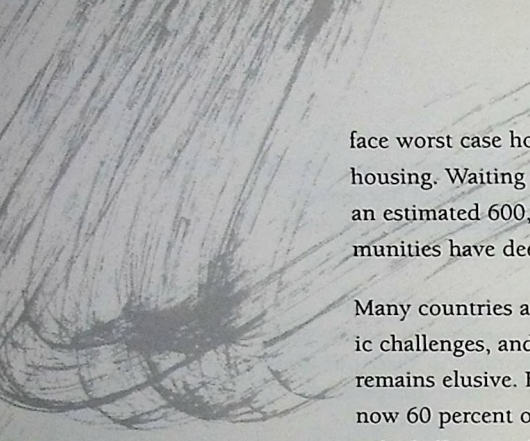
Over the past few years, HUD has worked hard to foster social, racial, and economic justice here in the United

States. We have ended a 5-year congressional freeze on new, affordable housing. We have added 9 million new homeowners. We have toughened enforcement of our Fair Housing laws to ensure free and equal access to housing markets for all of our citizens. We have helped thousands of homeless Americans become self-sufficient. And we have renewed our commitment to sustainable community development and

empowerment with the best HUD budget in 20 years.

Despite this significant progress, there are still too many people and places left behind. Today in America, a record 5.4 million households





face worst case housing needs, paying more than 50 percent of their incomes for housing. Waiting lists for housing assistance are longer than ever. There are still an estimated 600,000 homeless persons every night. And too many of our communities have deep pockets of joblessness and poverty.

Many countries and millions of their citizens face these same social and economic challenges, and even the basic human need for safe, affordable housing remains elusive. Because of increasing industrialization, a quarter century from now 60 percent of the world's population will live in cities—deepening the difficult challenges of jobs, transportation, infrastructure, schools and affordable housing that already exist on every continent and ushering in a potential global urban crisis. This *urban* crisis will only be compounded by the often intractable *rural* poverty that already plagues so many developing nations.

These problems know no national borders and are found from China to Mexico: the right balance between economic development and environmental sustainability; the absence of housing finance; the desperate need for construction technologies that can withstand recurring natural disasters; the barriers to credit—including discrimination—that deny communities access to the capital they need to grow and prosper; and the problems of air and water pollution, traffic congestion, and sprawl that too often accompany unplanned urban growth.

One of the highlights of my tenure as HUD Secretary has been to meet with my counterparts from around the world and, at President Clinton's request, travel to many of their countries to share ideas with them on how best to address these global challenges. I became convinced that President's Kennedy's original vision for the Department of Housing and Urban Development as a promoter of justice requires that we play a vital role in thinking through and solving these international problems. I directed HUD's Office of Policy Development and Research to



create HUD's first-ever Office of International Affairs and bring U.S. skills and expertise to bear on these global issues.

In a short time we have accomplished a great deal. Since 1997 we have signed or renewed bilateral agreements with China, Israel, Mexico, and South Africa. We have launched disaster recovery projects in Honduras, the Dominican Republic, and other countries in Central America and the Caribbean. We have initiated joint planning efforts in cities along our common border with Mexico. Our work with South Africa has contributed to the passage of path-breaking home mortgage disclosure legislation that will bring greater social justice to all South Africans.

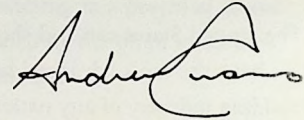
The United States can and should share its expertise with the rest of the world. We have the most advanced housing finance system and the most sophisticated building industry of any nation. Our mix of public-private partnerships, built around a network of primary lenders and a strong secondary market, is second to none. We have made real progress in the area of community reinvestment, breaking down barriers to credit and expanding access to capital in underserved communities. We are also a world leader in developing cost-cutting and energy-efficient building technologies, which may aid other countries developing earthquake-proof and disaster-resistant housing.

While we have much intellectual capital and experience to export, we also can learn a great deal from our partners abroad. How will Mexico City confront some of the worst urban pollution in the world? How will China create affordable housing for the world's largest population of low-income citizens? How will Europe maintain its historic architectural treasures and continue to modernize? How will South Africa provide the economic empowerment to match the personal freedom it granted all its citizens in recent years? And finally, as global climate change persists, how will nations from Central America to Southeast Asia rebuild



in the face of recurrent natural disasters? The lessons we all learn together from these vital housing and economic development projects will uplift the lives of millions of the world's neediest citizens – and strengthen our global economy for future generations.

In a world where hundreds of millions are ill-housed, hungry, or still do not earn a living wage, HUD's ability to export the best American ideas, experts, and programs can make a difference in meeting this global challenge. We look forward to working with, and learning from, other nations as they seek to provide hope and opportunity for their citizens – as we do every day for ours.

A handwritten signature in black ink, appearing to read "Andrew Cuomo". The signature is fluid and cursive, with a large initial "A" and a long, sweeping underline.

Secretary  
U.S. Department of Housing  
and Urban Development



# Contents Summary

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# Executive Summary

The past decade has been a time of extraordinary progress both in the United States and around the world. The United States has achieved unprecedented economic prosperity, including the lowest unemployment rate in more than three decades, record homeownership rates, and declining poverty. However, there are people and places not yet sharing in this story of success. Although the United States is a world leader in housing finance and housing construction, serious challenges remain. Some 5.4 million families pay more than half their income in rent and a significant number of metropolitan areas face a shortage of affordable housing. One in six children live in poverty. Rapid metropolitan growth threatens the quality of the environment, and racial disparities persist.

These challenges are shared by communities throughout the world. A decent place to call home—the foundation of every community—is a priority shared by people everywhere. By 2025, the majority of the world's population will live in cities, uniting people in a common effort to create safe, vibrant, and sustainable communities. More than a billion people live on less than \$1.00 a day, lacking adequate food, shelter, and access to sanitation. Millions of children forego an education to work in fields, in factories, or on the streets of increasingly congested cities. These are global concerns that, in an increasingly interconnected world, demand new partnerships, a renewed commitment to sharing best practices, and new venues for exchange of ideas and technology.

This pressing need for shared responses to global concerns has helped shape a renewed role for the U.S. Department of Housing and Urban Development (HUD) in working with its counterparts in other nations. In recent years, HUD



has made great strides in erasing racial injustice and economic inequities at home. With a solid record of domestic progress, HUD is now reaching out to other nations and playing a key role, through technical advice and information exchange, in the worldwide effort to address the challenges of racial, social, and economic justice.

With decades of housing and economic development experience in the United States and access to some of the best practices and brightest minds from Wall Street to Main Street, HUD is sharing the lessons of experience with international partners as they confront similar urban problems. From hurricane-ravaged Central America to South Africa's famed black townships, American expertise and innovation are helping to shape livable, sustainable communities around the world. At the same time, the United States is also learning a great deal from what works in these places. HUD and its domestic partners—builders, planners, architects, lenders, private developers, and nonprofit organizations—are reaping the rewards of this cross-border give-and-take, applying at home the invaluable lessons of engagement abroad.

### Restoring the Public Trust

Since 1997, HUD has undergone a dramatic transformation. A Department once threatened with elimination has become what one leading expert called “a model of government reinvention.” HUD today is a stronger, revitalized agency with a clear mission—restoring the public trust and empowering communities.

A renewed and revitalized international role has been a key outcome of this transformation. In 1961, when President John F. Kennedy first proposed the creation of a single department of housing and urban affairs, he envisioned the

Department as a place of innovation and ideas. In HUD's early years, the agency played a role in sharing ideas, technology, and information with other nations. But by the early 1990s, the Department had turned inward, focusing on internal problems and domestic priorities. Its role as the agency responsible for exporting American ideas and innovation in housing and community development had shrunk. HUD was not in a position to respond to the many requests for assistance received from abroad or from housing officials and community leaders eager to learn from us, nor was it able to exchange ideas with counterparts around the world.

However, while HUD looked inward, the world was changing—politically, economically, and demographically. The end of the Cold War led to a new role for the United States, not only in Eastern Europe but throughout the world. The winds of change at last reached South Africa as Nelson Mandela walked to freedom, carrying with him the promise of democracy for an entire continent. To our south, democratic forces were gaining strength in Central and South America, raising hopes for an improved quality of life and the possibility of future U.S. partnerships and investment. In China, a new generation of leaders opened doors to increased trade and investment and a greater role in world affairs.

The increasing urbanization of the worldwide population, and the problems associated with it, inevitably leads nations to ask similar questions regarding common concerns. How do we provide safe, sanitary, and affordable housing to growing lower income populations? What policies are needed to improve the living and working conditions in poor communities? How can economic growth and



South Africa, 1999.



employment opportunities be expanded in the cities while avoiding long-term environmental damage? What is the effect of global finance on capital-intensive domestic housing markets? How can access to housing, and particularly to homeownership, be a force for democratizing societies and ensuring levels of equity necessary for political stability?

In light of these common concerns, HUD has renewed its role in facilitating the exchange of ideas and technology in the international arena. Although each nation faces its own challenges in housing and urban development and must craft solutions appropriate to its particular economic, social, and cultural circumstances, HUD's participation in international dialogue, programs, and research directly benefits American communities and increases the ability of all governments to provide better homes and communities for their people.

HUD's renewed international mission is defined by its interests in technology and information transfer, especially regarding international trends and conditions that could affect policies in HUD's core areas, including housing finance, building technology, and community development. With responsibility for international programs placed in a newly formed Office of International Affairs, HUD's international mission focuses on joint study, technical advice, and the exchange of information both domestically and abroad.

## HUD's International Role

HUD's international activities are determined by areas of mutual interest and potential benefit to partner countries and organizations. HUD plays an important role in several international organizations, including commissions of the United Nations and the Organization for Economic Cooperation and Development

(OECD). Through its participation in these multinational forums, HUD strengthens international cooperation on a broad range of public policies that directly affect the well-being of people throughout the world.

President Clinton asked HUD to be the lead agency in the U.S. preparations for the United Nations Global Conference on Cities—Habitat II—held in Istanbul, Turkey in 1996. In June 2001, the U.N. will hold a Special Session of the General Assembly on the fifth anniversary of the Habitat II Conference to review progress made toward implementing the Habitat Agenda. HUD will spearhead the preparations for the U.S. national report for Istanbul+5. Also, under the United Nations Economic Commission for Europe, HUD is working with the National Association of Housing and Redevelopment Officials and the Cooperative Housing Foundation toward support of housing policy development in Eastern Europe's emerging democracies. With each new initiative, HUD strengthens its capacity to respond effectively to new challenges in the United States and communities around the world.

In recent years, HUD's Office of International Affairs has strengthened its in-house expertise on global housing, finance, and community development issues and developed a strong network of partner organizations to help facilitate the exchange of information and ideas on these important issues.

- *Convening the global classroom.* The United States does not have a monopoly on the best methods of effectively building sustainable communities in the new and dynamic economy. Through international exchange and outreach, HUD can learn a great deal from other countries in areas such as new building and energy-saving technologies, preservation of historic and culturally significant properties, and new ideas in urban design. In collaboration with the Woodrow Wilson Center for International Scholars, HUD will soon release the first





*Before*



*After*

Louisville, Kentucky, United States: HUD's award-winning transformation of public housing incorporates state-of-the-art design principles and community participation. HUD is now working with the Chinese government and American architects and planners to replicate its successes in three cities in China.

edition of the *International Research Monitor*, a quarterly research journal highlighting international best practices for resolving housing, community development, and related urban dilemmas.

- *Exporting the American model.* In addition to exchanging information on best practices, HUD has initiated several technical assistance and demonstration projects in Honduras, the Dominican Republic, and China. These projects will focus American expertise on major challenges facing these increasingly urban societies such as creation of affordable housing, pollution reduction, and development of livable communities.
- *Showcasing what works.* HUD has organized dozens of study tours in the United States for its international partners. These tours showcase examples of successful housing and community development initiatives for possible replication and facilitate exchanges with U.S. experts in building construction, housing finance, and community development. Perhaps more important, they contribute to a shared understanding of the differences and similarities between the United States and its international partners, an important prerequisite for building supportive partnerships.

For example, a study tour for South African housing officials was arranged on the Community Reinvestment Act (CRA) and the Home Mortgage Disclosure Act (HMDA), which discourages discrimination in home mortgage lending. Meetings were held with U.S. Treasury Department officials, bankers, and community organizations familiar with the CRA. As a result, South Africa's parliament enacted HMDA-type legislation, requiring lenders to disclose where mortgage activity is taking place as well as information on which mortgage applicants are turned down.

HUD is also aiding housing projects in the Amarateca Valley, near Tegucigalpa, Honduras, where 4,000 homes were destroyed by Hurricane Mitch. In this project, HUD is collaborating with local officials on a 2-year resettlement project in the valley. In China, HUD is involving U.S. architects and planners in the design of three new communities—in Beijing, Shanghai, and the capital of Shandong Province, Jinan—that will reflect current American planning concepts, architectural trends, developments in energy-efficiency technology, and models for promoting mixed income development.

## A Record of Progress in Individual Countries

In each partner country, HUD's mission and activities are defined by bilateral agreements between governments. Binational commissions, established through presidential directives or cabinet-level agreements, have become effective vehicles for HUD's international work and give structure and continuity to these efforts.



- *Strengthening border ties and home mortgage markets in Mexico.* The U.S.-Mexico Binational Commission was established nearly 20 years ago, in 1981, but it was only in June 1999 that Secretary Cuomo and representatives of the Mexican government initiated and signed a formal agreement on sharing housing and community development expertise. An eight-conference series was convened in Washington, Mexico City, Monterey Province, and other sites to implement the agreement.

Two areas of emphasis have emerged from these exchanges. The first is expanding cooperation between communities along the U.S. and Mexico border—the colonias and “twin cities” that occupy both sides of the border but increasingly relate to each other as unified economic and social jurisdictions. As part of this effort, HUD has participated in the President’s Interagency Task Force on the Economic Development of the Southwest Border. A special focus has been to share HUD’s sophisticated Community 2020 mapping software, enabling communities along the border to undertake joint planning and development.

Another focus has been exploring the creation of a secondary market for home mortgages in Mexico. Through major conferences, seminars, and other types of information exchange, Mexico is looking closely at the U.S. experience with mortgage origination and securitization.

- *Community reinvestment in the new South Africa.* In the long history of apartheid, there were few more powerful instruments of repression and segregation than housing. Millions of South Africans were forced into squatter camps on the edge of Johannesburg, Cape Town, Durban, and other major cities, denied adequate housing because of the color of their skin.

When freedom finally came to South Africa in 1994, there were few issues more pressing than the need to undo this housing system and to quickly provide

affordable homes for millions of people. The challenge facing South Africa was how—with limited resources—to quickly put in place both the financing and the delivery system needed to accomplish this goal. Housing, a central plank of the African National Congress' agenda, became a major element of the U.S.-South Africa Binational Commission headed by Vice President Gore and then-Deputy President (now President) Thabo Mbeki. Under the commission, HUD established a housing committee to provide information and technical assistance on building technologies and housing finance systems.

An immediate focus was challenging the private sector to extend credit to underserved communities and borrowers, using the CRA and HMDA as models. In September 2000, South Africa passed its first Home Mortgage Disclosure Act, modeled on the U.S. act. HUD also is providing information on U.S. experiences with fair housing and fair lending to ensure that all segments of society have a fair opportunity to obtain credit.

- ***Affordable housing programs in Israel.*** At the direction of President Clinton, Secretary Cuomo traveled to Israel in June 2000 to establish the U.S.-Israel Binational Commission on Housing and Community Development, the first such partnership between the two countries. The new commission will enlarge the framework for policy research studies on affordable housing and related community development and strengthen relations with Israel for the mutual benefit of the citizens of both countries. The American members of the Commission were announced in October 2000 and will hold their first formal meeting in early 2001 (See Appendix).



Israel, June 2000:  
Secretary Cuomo  
met with Israeli  
Prime Minister  
Barak, at the  
direction of  
President Clinton.



While in Israel, Secretary Cuomo met with key Israeli leaders, including Prime Minister Ehud Barak, Shimon Peres, Natan Sharansky, and then-Housing Minister Yitzak Levy. Secretary Cuomo also visited Gaza and met with Chairman Yasser Arafat to gain a deeper understanding of the housing and community development challenges facing the Palestinian community. In July 2000, HUD arranged a study tour in the United States for leading Israeli housing officials and representatives of Israel's two largest public housing companies, Amidar and Amigour.

The emerging focus of the partnership reflects a housing policy shift in Israel: to attract private capital for the construction of housing as an alternative to the state-financed public housing construction that has been the hallmark of Israeli housing policy since the state was founded in 1948. In addition to considering the use of a Federal Housing Administration mortgage insurance-type model, Israeli officials are discussing a pilot project using another model that has been successful in the United States: real estate investment trusts.

- *Disaster recovery and reconstruction in Central America.* HUD's largest international effort is in Central America and the Caribbean. In 1998, the region experienced devastating destruction, loss of life, and economic losses from two of the worst hurricanes to hit the area in this century, Hurricane Mitch and Hurricane Georges. Within days of Hurricane Georges, at President Clinton's request, Secretary Cuomo was on the ground with USAID Administrator Brian Atwood to help coordinate the U.S. response. Secretary Cuomo visited Honduras, the Dominican Republic, Haiti, and Nicaragua, putting in place the building blocks for long-term relationships with these countries.

HUD's goal has been to respond to the immediate need with emergency assistance, but also to "build back better" through the use of improved building techniques in poor communities, so that they are better able to withstand future

disasters. With a \$10 million appropriation from Congress, HUD launched intensive technical assistance and demonstration projects in Honduras, the Dominican Republic, and other countries in the region, testing ways to design more disaster-resistant communities and homes. The results of these projects could help save lives in the United States.

- *Developing privately financed housing models in China.*

In April 2000, Secretary Cuomo made the first trip to China by a HUD Secretary to implement the first-ever agreement on housing between the United States and China. In what some call the world's largest housing reform effort, China is moving away from a housing system based on subsidized rental housing, operated as a benefit for workers in state-owned enterprises, to a privatized system that emphasizes homeownership. This major reform could spark further change throughout the country, promoting the rule of law, greater individual freedom and dignity, rational land use, and the development of debt and equity markets: cornerstones of open economies.

Secretary Cuomo met with Premier Zhu Rongji and others to advise China on privatizing its housing markets and to acquaint Chinese leaders with the organization of the U.S. housing industry. The U.S.-China Housing Initiative will bring the vast expertise and resources of the U.S. government, the private sector, and nongovernmental organizations to China in a pilot project to demonstrate aspects of American housing finance (See Appendix).



China, May 2000:  
Secretary Cuomo  
met with Chinese  
Premier Zhu Rongji.

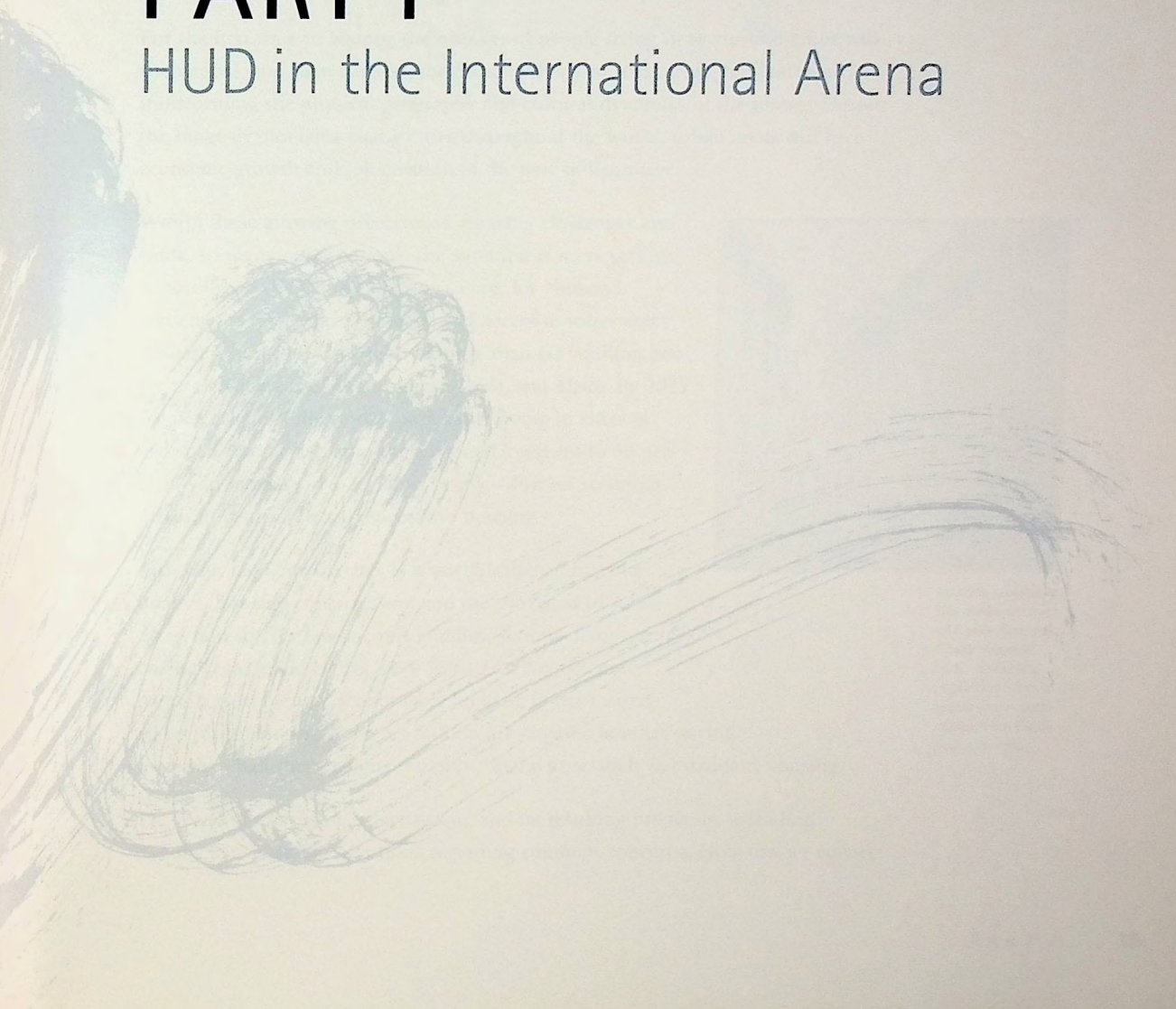


## Future Directions

In an ever-changing, interdependent world, HUD faces both enormous challenges and additional opportunities to establish new international relationships and expand existing ones. Looking ahead, the Department will boost efforts to share best practices on housing finance, construction, and design with international partners. HUD's record of effective collaboration also may lead to future exchanges, particularly in Eastern Europe where countries like Russia and Poland are moving beyond the need for USAID direct assistance and looking to HUD for specialized expertise in community development and housing finance issues. In June 2001, a revitalized HUD will take center stage at the Istanbul+5 conference, assessing progress in implementing the Habitat Agenda.

# PART I

## HUD in the International Arena





## Facing the Global Challenge

For the first time in history, the number of people living in towns and cities will soon equal, and then surpass, the number living in rural areas, fundamentally transforming the physical geography and cultural dynamics of the planet. Despite the range of problems facing cities throughout the world, urban areas will fuel economic growth and job creation in the new millennium.

Within these growing urban areas, housing challenges are acute. In many other nations, the situation is more serious. According to the United Nations Center for Human Settlements, inadequate housing and access to water and sanitation threaten the health of more than 600 million people in urban areas of Latin America, Asia, and Africa. By 2025, the percentage of the world's population living in cities is expected to increase from the current 47 percent to 60 percent—an increase of 1.5 billion people—further straining urban infrastructures and access to housing.

Although the United States is a world leader in housing finance, housing construction, and the provision of subsidized housing for low-income families, serious domestic challenges remain. HUD's 1999 *Worst Case Needs* report paints a grim picture of affordable housing in the United States, documenting some 5.4 million low-income families paying more than half their income in rent or living in severely substandard housing.

The trend of increasing urbanization, and its resulting problems, is leading nations to ask similar questions regarding common concerns. How can we ensure



Historic building in the medieval town of Cesky Krumlov, Czech Republic. HUD is learning important historic preservation techniques from European countries.



the provision of safe, sanitary, and affordable housing to growing lower income populations? Which policies will improve living and working conditions of poor communities? And how can we secure economic growth while protecting the environment?

### Seeking Shared Solutions

Governments are increasingly calling on the private sector, international nongovernmental organizations (NGOs) and fellow nations to help create domestic housing and urban development policies. International

Township housing in South Africa.



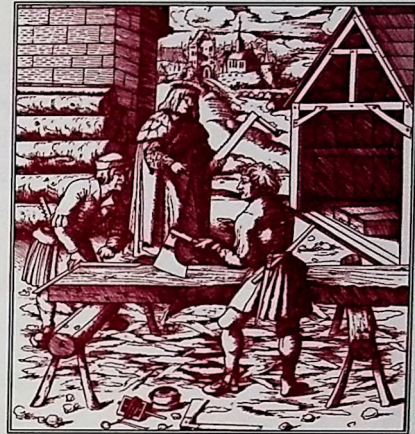
### United Nations Commission on Human Settlements or the Habitat Commission

Representing the best of American thought and experience on urban development, HUD led the U.S. delegation to Istanbul in 1996 for the Global Conference on Human Settlements, commonly known as Habitat II. Working together with the United Nations, 170 national governments, and a host of international governmental organizations, HUD played a major role in the formulation of the Habitat Agenda, now a key reference for urban planners throughout the world.

In June 2001, 5 years after the Istanbul Conference, the U.N. General Assembly will hold a special session to assess worldwide progress in implementing the Habitat Agenda, which covers a broad range of socioeconomic, environmental, and governance issues. HUD is taking the lead in preparing the U.S. report for the Istanbul+5 review.



ideas on how to incentivize the private sector and enhance local control have already produced dramatic results in the United States. HUD's Empowerment Zone/ Enterprise Community program—which has leveraged more than \$14 billion through tax and other incentives in more than 130 distressed U.S. cities and rural areas—borrowed concepts from urban development initiatives in the United Kingdom. Similarly, community-based financial institutions, development banks, and microlending programs in the United States are based on ideas first tested in South America and Asia.



This c. 1515 woodcut by Hans Burgkmair depicts the young Emperor Maximilian I learning techniques of building in wood. Adapted from *Hans Burgkmair, the Elder: White King Visiting the Carpenters*. Courtesy of Fine Arts Museums of San Francisco, Achenbach Foundation for Graphic Arts, 1963.30.1486.7.

## Reviving HUD's International Portfolio

HUD's ability to design and implement America's housing and urban development policies—its primary mandate—is dependent upon awareness of emerging trends, new ideas, and innovative developments throughout the world.

As a result of HUD's 2020 Management Reform, HUD has a greater capacity to learn from abroad and share its expertise with other, particularly developing, nations. With its house back in order, HUD created an Office of International Affairs within the Office of Policy Development and Research and charged it with primary responsibility for building new overseas partnerships and renewing the Department's role as the country's leading purveyor of innovative technology and ideas on housing and economic development issues.





Budapest, Hungary:  
In forums such as  
the ECE and OECD,  
countries throughout  
Eastern Europe  
are looking to  
HUD for technical  
advice on housing  
finance and com-  
munity develop-  
ment issues.

HUD's current international programs build on the Department's earlier experiences in providing international leadership on housing issues. In the 1960s and early 1970s, HUD collaborated with USAID on a number of housing projects in developing nations, providing technical assistance on housing finance, building technology, and land use planning. Often, these initiatives were undertaken in conjunction with U.S. international disaster recovery and reconstruction assistance.

During the 1970s and 1980s, overlapping foreign policy interests led HUD to chair an interagency exchange program with the Soviet Ministry of Construction. This group, which included the Army Corps of Engineers and the National Science

## United Nations Economic Commission for Europe (UN/ECE)

One of five regional economic commissions in the U.N. system, the ECE works to improve cooperation among 55 member nations on a range of economic and environmental issues. The collapse of the Soviet Union in the early 1990s dramatically increased the ECE's membership and altered the tone of the debate, as market-driven reforms and urban renewal issues superseded Cold War security concerns.

Through its Committee on Human Settlements, HUD maintains regular contact with the ECE. The Department is particularly interested in ECE-sponsored workshops on housing finance for Eastern European countries and will soon conclude bilateral cooperative exchange programs with several regional governments there.



Foundation, implemented a 1974 U.S./USSR Agreement on Housing and Other Construction. HUD also represented U.S. interests in an agreement with China that covered building construction and urban planning in the 1980s. However, with the end of the Cold War and the subsequent shifts in foreign policy priorities, these programs had largely ended by 1990.

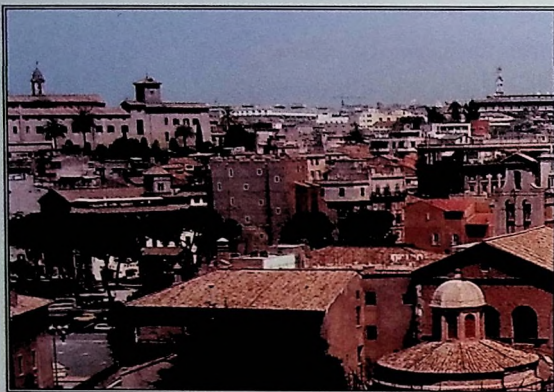
In 1998, the unprecedented devastation of the hurricanes in Central America led Congress to initiate a humanitarian project to relieve suffering and rebuild communities in the hardest-hit areas, giving HUD a prominent role in the reconstruction effort of Central America and the Caribbean. At the same time, HUD began to reengage with other nations, forging new international partnerships to find solutions to complex housing and urban issues.

## Building New Partnerships

The activities of HUD's Office of International Affairs are carried out through bilateral agreements or the mandates of international organizations. Binational Commissions established by HUD and its counterpart agencies, such as those with South Africa, Israel, and Mexico, determine areas of mutual concern and facilitate cross-border exchanges. This exchange of ideas, data, and other information enables HUD and its partners to integrate best practices into domestic housing and urban development agendas.

The increased capacity of HUD's Office of International Affairs has allowed the department to initiate a dialog with domestic and international stakeholders on key housing issues. The Department has organized dozens of study tours for its international partners highlighting successful American housing and urban development initiatives and creating opportunities for future collaborations. In 1999





Rome, Italy: Italy is a world leader in preserving its cultural heritage while addressing modern urban challenges.

alone, HUD hosted more than 300 visitors from some 30 nations.

In addition to the direct exchange of information, HUD has coordinated technical assistance and demonstration projects—in China, the Dominican Republic, and Honduras—to showcase the best of American design and technology overseas and test the adaptability of U.S. innovation in new environments. These demonstrations may shed further light on successful approaches to urban challenges here at home.

HUD is also developing new vehicles for the exchange of information abroad. This year, HUD and the Woodrow Wilson Center for International Scholars are developing a quarterly publication, the *International Research Monitor*, to highlight international best practices on policy issues of direct concern to HUD and its constituents. The first issue, in January 2001, will focus on urban and regional development strategies. Similarly, HUD has commissioned a case study on the role of historic preservation in economic redevelopment planning in cities and districts of significant historical interest. The Italian city of Siracusa, where a series of incentives and regulations successfully integrated these two priorities, is the focus of the report.

An enlarged role in international forums has also been a natural outcome of HUD's renewed international role. Through forums such as the U.N. Habitat and the Organization for Economic Cooperation and Development (OECD), the Department exchanges new perspectives and advice on housing and urban issues.



Comprising 29 of the world's most technologically advanced democracies, the Paris-based OECD tackles a number of complex economic, social, and environmental issues facing its member nations and their relations with the larger world. Together with the OECD's Territorial Development Committee, HUD is working on urban policy and research issues, identifying promising solutions to common problems.

Looking ahead, HUD is considering teaming up with the U.S. Environmental Protection Agency to work with the OECD on a number of urban environmental issues, including brownfields redevelopment, where extensive European experience may suggest new approaches to a complex public policy issue. HUD is also planning a comparative study of urban indicators, utilizing OECD's vast statistical database, to support the Department's ongoing research on metropolitan economic development policy.



Bratislava, Slovakia:  
The collapse of the  
Soviet Union in  
1991 ushered in a  
new era of East-  
West cooperation  
to confront similar  
urban problems.

## A University Consortium for GIS Technology

HUD recently established a working relationship with the University Consortium for Geographic Information Science (UCGIS), a collaborative project pairing five American with five developing-world universities, to create an international network based on Geographic Information System (GIS)-based indicators for urban policy research.

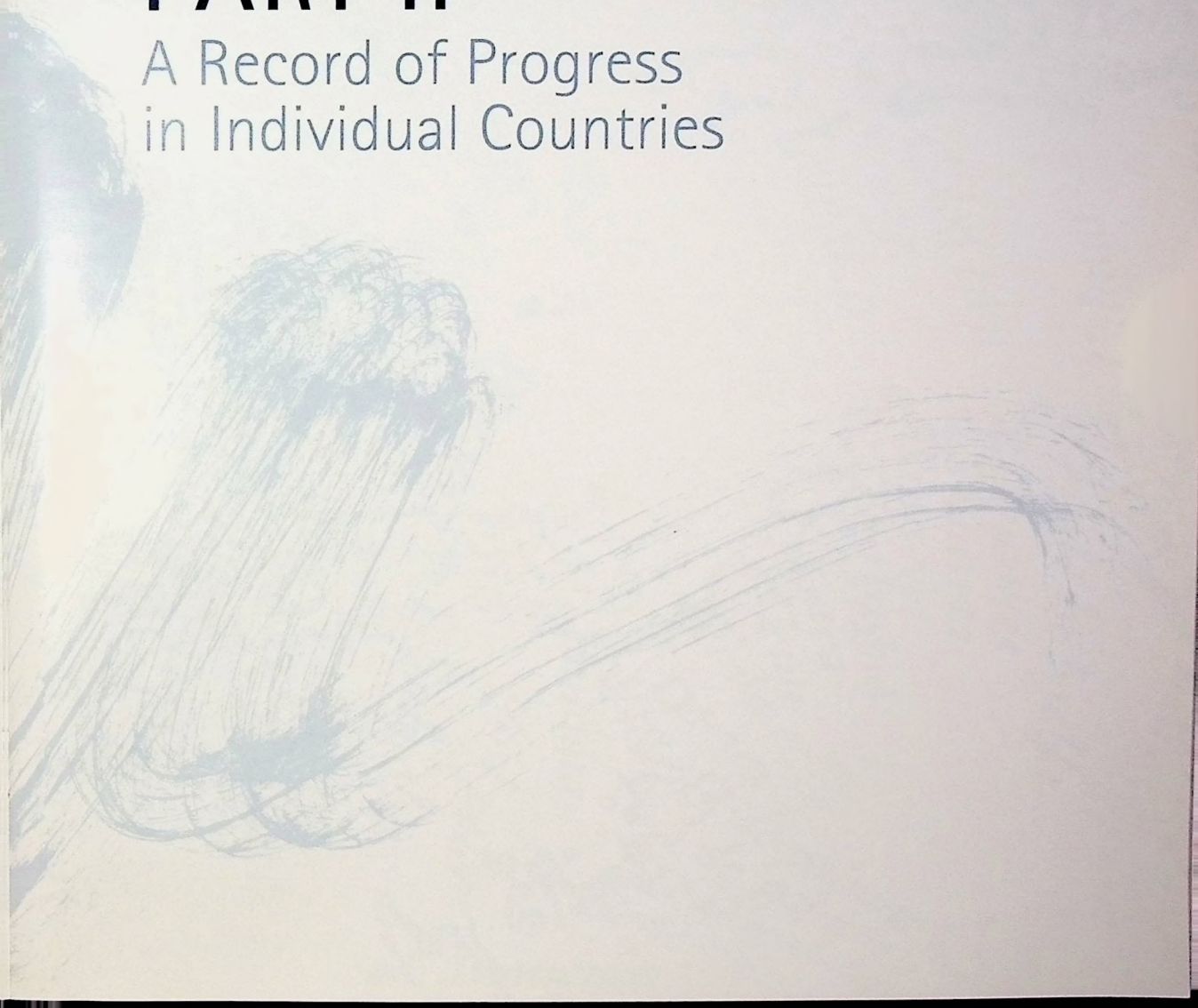
With this common framework for understanding urbanization trends, the consortium will establish a quantitative baseline of data, similar to the State of the Cities database maintained by HUD's Office of Policy Development and Research, enabling governments to tackle metropolitan problems and monitor solutions in developing-world cities. The systematic collection of data over time will allow HUD and participating institutions to evaluate progress in improving housing and living conditions in affected areas.

HUD has taken the lead in bringing private-sector companies on board in this project, convincing the Environmental Systems Research Institute, a UCGIS affiliate, to donate the GIS software to the participating universities and host cities. By the end of 2001, urban indicator data sets and training materials on GIS use will be available on the Internet as a result of the project.



# PART II

A Record of Progress  
in Individual Countries



CENTRAL AMERICA  
and the CARIBBEAN



## Central America and the Caribbean— Disaster Reconstruction Efforts

**H**urricanes Mitch and Georges struck Central America and the Caribbean with devastating force in 1998—a critical time in the region's decade-long quest for peace and prosperity. Overnight, the storms jeopardized hard-fought economic progress as affected countries struggled to cope with the demands of relief and recovery.

At President Clinton's request, Secretary Cuomo and USAID Administrator Brian Atwood led a relief mission to the Dominican Republic and Haiti after the storms. In subsequent trips to the region, Secretary Cuomo played a key role in assessing the damage and forging a U.S. plan to aid in the recovery. Following congressional passage of the Central America and the Caribbean Emergency Disaster Recovery Act in May 1999, President Clinton dispatched Secretary Cuomo to the region to announce the allocation of U.S. funds for reconstruction in the Dominican Republic and Honduras.

As part of its humanitarian and economic development mission, HUD has assumed a hands-on role in rebuilding the shattered communities. Seeking to maximize the long-term value of its \$10 million appropriation from Congress, the Department is working with local organizations to enhance their capacity to address their community development needs in the future. The collaborative development models can then be replicated across the region, relying on HUD-trained local talent and expertise for their implementation.



## Building Shelter and a Sustainable Future

HUD's reconstruction effort in the region aims not only to address immediate needs and alleviate suffering but to advance the processes of long-term development planning and democratization that were interrupted by the storms. The Department's recovery plan focuses on three primary elements: strengthening municipal capacity, enhancing building and construction methods, and improving the availability of housing finance. In cooperation with HUD, communities in Central America and the Caribbean are developing local strategic plans to "build back better" and ensure that they will be better prepared should another disaster strike.

### *Honduras*

Honduras, the recipient of the largest portion of disaster relief funds, is adapting aspects of HUD's Empowerment Zone model—integrating municipal resources, private-sector capital and expertise, and appropriate building and construction technology into the processes of sustainable community development. In partnership with President Carlos Roberto Flores, HUD is providing a range of technical assistance for housing projects in the

Amarateca Valley near the city of Tegucigalpa to serve the hardest-hit families. HUD is also providing more than \$1 million for an investment account to fund strategic priorities identified during the planning process conducted in these communities. The Department will then develop a set of recommendations for Honduran lenders in order to ensure the quality and sustainability of these lending operations.



Hurricane Mitch devastated communities throughout Honduras, leaving almost 2 million people homeless.





First and final stages of new housing outside of San Pedro Sula, Honduras, for families displaced by Hurricane Mitch.

## Close-Up on the Amarateca Valley, Honduras

*Planners estimate that Hurricane Mitch set Honduras' development back by at least 8 years. In the capital of Tegucigalpa alone, more than 4,000 homes and most of the city's bridges and urban services were lost.*

In cooperation with the government of Honduras and the city of Tegucigalpa, HUD is collaborating on a resettlement project in the Amarateca Valley. Working with HUD and its grantees, the local residents and municipal officials are devising a comprehensive development plan comprising strategies for risk analysis and hazard avoidance; economic development, transportation, and sustainable land use; hazard zone maps and design guidelines; and strengthening local land use and planning laws. To improve the project's implementation, additional training is being provided to local planners.

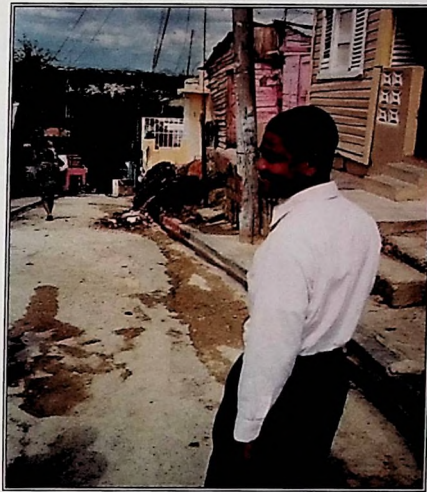
HUD is also working with the municipality and community leaders to develop an Amarateca Community Investment Fund, to provide resources for social infrastructure projects and encourage small business development.



### *Dominican Republic*

HUD has developed a twofold program to address housing finance issues in the Dominican Republic in cooperation with newly elected President Hipólito Mejía. First, in partnership with Acción Internacional, a leading provider of microcredit in the United States and abroad, and local Dominican financial institutions, HUD will assist low-income families in obtaining access to credit for home repair, progressive housing projects, and microenterprise development. HUD funds will be leveraged in order to provide loans for over 1,500 households.

The housing finance component of the HUD Dominican reconstruction efforts is designed to complement building technology and community development efforts and to provide much-needed back-end support to ensure successful implementation of the program.



HUD is working with community leaders in Santo Domingo to turn slums damaged by Hurricane Georges into livable, affordable communities.

The second part of the HUD/Dominican collaboration is the development of an alternative source of housing finance for new home purchases. HUD has worked extensively with another U.S. Government agency, the Overseas Private Investment Corporation (OPIC), to supply U.S. capital for lending to low- and middle-income households. When complete, project participants will also include U.S. and Dominican private-sector financial institutions.



Hurricane reconstruction in Nicaragua.



In addition to Hurricane Georges reconstruction efforts, HUD forged a working relationship with the Dominican national government in the area of mortgage market development. In September 2000, Secretary Cuomo joined President Hipólito Mejía of the Dominican Republic to sign a Memorandum of Cooperation calling for exchanges of information between HUD and its Dominican counterpart, the National Housing Bank (Banco Nacional de la Vivienda).

The program was initiated in October 2000, when senior HUD and Dominican officials met in Santo Domingo and agreed to form a working group on the development of primary and secondary mortgage markets emphasizing the role of private- and public-sector institutions.

HUD is assisting several small communities in the Dominican Republic in designing land use plans that will include disaster preparedness measures. One such effort is aimed at helping capitalize existing Dominican grant-making and lending institutions that assist homeowners with improvements and repair.

#### *Other Countries in the Region*

HUD is also helping many communities in neighboring Nicaragua develop land use plans that include disaster preparedness measures. In Costa Rica, El Salvador, and Nicaragua, HUD is providing a range of training and technical assistance at a series of local workshops.

## Bringing U.S. Corporations and Nonprofit Organizations Into the Effort

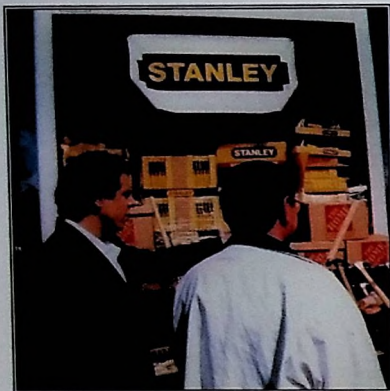
After assessing the damage of Hurricanes Mitch and Georges, HUD created coalitions of U.S. private-sector experts and NGOs to assist in reconstruction work. In its role as facilitator, HUD brought together three groups that might not otherwise have been included in the recovery effort. The American Planning Association (APA), the National Association of Home Builders Research Center (NAHB), and California Polytechnic State University (CalPoly) together developed recommendations for improving regional construction practices and offered key advice on the effectiveness of low- or no-cost practices and standards aimed at increasing the durability of new homes. In partnership with HUD, the APA is holding a series of workshops in Nicaragua, Honduras, and the Dominican Republic focusing on site planning and environmental issues. Bringing together local officials and organizations, the conferences are developing key skills and knowledge for building sustainable communities throughout the region. The NAHB is providing technical assistance to local NGOs involved in housing construction, while CalPoly offers guidance on land use planning and design measures for U.S. Government reconstruction efforts. Acción Internacional is now working under a cooperative agreement with HUD to develop housing finance programs in the Dominican Republic and Honduras.

HUD has also built new networks linking U.S. organizations with hurricane-damaged areas through a series of outreach programs encouraging U.S. nonprofit and for-profit organizations to join the Central America and the Caribbean rebuilding effort. In March 1999, the

Hurricane victims in Nicaragua lived in temporary shelters made of straw and grass while building their own permanent homes.







Secretary Cuomo presents tools donated by Home Depot customers and Stanley Tools to hurricane victims in Honduras.

Department held a briefing in cooperation with the U.S. Hispanic Chamber of Commerce to discuss opportunities for Hispanic-American entrepreneurs to participate in reconstruction work. Over 30 nonprofit and for-profit housing organizations participated in HUD-sponsored seminars for U.S. businesses and organizations interested in lending a hand to our southern neighbors.

After visiting Nicaragua with a congressional delegation in 1998, Secretary Cuomo encouraged American businesses and nonprofit groups to work together to rebuild homes and communities destroyed by Hurricane Mitch. In Honduras, he presented hurricane victims with 2,500 pounds of tools donated by customers of Home Depot stores throughout the United States and 5,000 new tools donated by Stanley Tools. In Honduras, President Flores offered "Secretary Cuomo and the very generous American people Central America's profound gratitude for the prompt and significant cooperation."

HUD's role in the reconstruction effort and the coalitions it mobilized will have far-reaching effects, creating models and developing expertise that can be applied to emerging housing and community development needs in the United States and around the globe.



Detail of an English portolan map of the Western Hemisphere designed by Edward Wright in 1599. The map was famous in the early 17th century and is mentioned in Shakespeare's "Twelfth Night." Adapted from *Edward Wright: World Chart on Mercator Projection, 1599*. Courtesy Edward E. Ayer Collection, The Newberry Library.



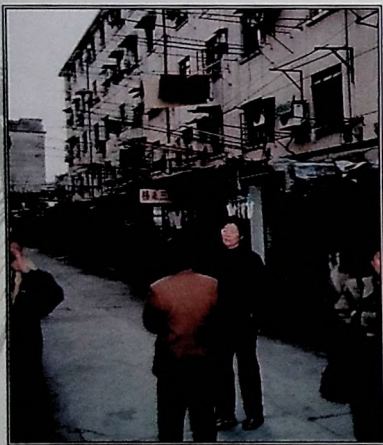
CHINA





# China—Building Housing Markets

**C**hina is embarking on the world's largest housing reform effort, replacing its version of State-owned housing established under Mao Zedong with a privatized system emphasizing individual homeownership. This major reform of China's housing policy could spark further change throughout the country, promoting the rule of law, greater individual freedom and dignity, rational land use, and the development of debt and equity markets—the cornerstones of open economies. As part of a broader policy of strategic engagement, President Clinton announced the U.S.-China Housing Initiative during his 1998 visit to Beijing, entrusting HUD with a pivotal role in helping China reform its housing sector.



Typical post-1949 welfare housing, Beijing, China.

In 1999, Secretary Cuomo, Chinese Minister of Construction Yu Zhengsheng, and a representative of Commerce Secretary William Daley signed a Memorandum of Understanding in Washington, D.C., formally launching the President's initiative and creating a framework for the development of future projects. During his U.S. visit, Minister Yu toured public housing facilities across the country and witnessed first-hand American approaches to affordable and public housing. Secretary Cuomo then traveled to China in May 2000 to promote programs providing energy-efficient, livable housing to low-income urban Chinese through innovations in design, technology, and housing finance.

## U.S.-China Residential Building Council

On November 1, 1999, Secretary Cuomo, Minister Yu, and Michael Copps, Assistant Secretary for Trade Development at the U.S. Department of Commerce, co-chaired the inaugural meeting of American members of the Residential Building Council (RBC) established at the direction of President Clinton. Composed of 18 American and 18 Chinese representatives, the RBC pools the expertise and resources of a broad array of U.S. private corporations and professional and advocacy organizations into a singular body to assist China on housing reform and related policies. Its two subcommittees, one focusing on policy issues and the other on products, are chaired jointly by assistant secretaries from HUD, the U.S. Department of Commerce, and the Chinese Ministry of Construction. The RBC has played a key role in the success of HUD's three housing demonstration projects and the Mortgage Securitization Project in China, hosting Chinese study tours on taxation, secondary mortgage markets, and housing law (See Appendix).



On May 23, 2000, Secretary Cuomo met with Chinese Premier Zhu Rongji in the Zhongnanhai government compound in Beijing. Zhu, China's top economic policy-maker, lent his support to two projects that HUD is carrying out in cooperation with the Chinese Ministry of Construction: a mortgage securitization pilot that will help China develop a secondary mortgage market, and affordable housing design demonstrations in Beijing and Shanghai.

## Mortgage Securitization Pilot Project

Tapping the expertise of the U.S. private sector, HUD's mortgage securitization project seeks to provide China with advice on developing a market-based system of mortgage finance, including the creation of secondary mortgage markets, to facilitate China's transition to privately owned housing.

The project was launched in July 2000 when a high-ranking delegation of representatives from China's Ministries of Construction and Finance, the People's Bank of China, and the China Construction Bank, the largest State-owned mortgage lender, arrived at HUD headquarters for an



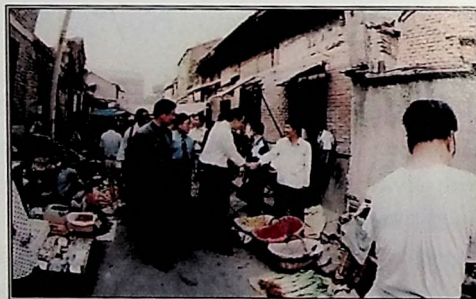


November 1, 1999:  
At HUD headquarters,  
Chinese Minister of  
Construction Yu  
Zhengsheng discusses  
U.S.-China housing and  
urban development  
exchanges.

Affairs, U.S. private-sector companies, including Bear Sterns, Ernst & Young, the law firm of Latham & Watkins, Freddie Mac, Countrywide Credit Industries, and the Mortgage Bankers Association of America, provided a comprehensive week of training on major issues regarding the development of primary and secondary mortgage markets.

intensive study tour and policy discussion on mortgage finance issues. In collaboration with HUD's Office of International

HUD followed up on the Chinese study tour with visits to Beijing and Shanghai in September 2000 to assist the Chinese in structuring their first mortgage-backed security. There, HUD, with the help of Cadwalader, Wickersham & Taft, Ernst & Young, EDS Inc., Cfx Inc. and Bear Stearns analyzed the legal, technological, and institutional prerequisites for creating secondary market instruments. Based on the results of these meetings and the recommendations of a technical report prepared by HUD, China will soon issue its first mortgage-backed security.



Many urban Chinese still do their daily shopping in traditional peasant markets like this one in Jinan, Shandong Province.

## U.S.–China Housing Demonstrations

HUD is working closely with China's Ministry of Construction on the design of three new demonstration projects—in Beijing, Shanghai, and the capital of Shandong Province, Jinan—that will reflect current American planning concepts, architectural trends, developments in energy-efficient technology, and models for promoting mixed-income development. Drawing on the expertise of the American RBC members and architectural firms, the demonstration projects are designed to address the major challenges facing China's increasingly urban society: the creation of affordable housing; pollution reduction; and the development of efficient, livable communities.



Laid-off factory workers in eastern Beijing have built hovels adjacent to their own home for rental to migrant workers from the interior.

HUD inaugurated the project in May 2000, hosting a workshop for U.S. and Chinese architects, engineers, and planners to map out design principles and policies to guide the joint planning of the new projects. Further meetings in Beijing, Shanghai, and San Francisco produced a model for bringing together American residential architects and planners with their Chinese counterparts under the guidance of HUD and the Ministry of Construction. The U.S. Department of Commerce, a key partner in the initiative, has taken the lead in enlisting the support of American building materials manufacturers in the effort. The next step, in collaboration with Sister Cities International, will be to apply and adapt the model in a series of U.S.–China city pair demonstrations.



HUD's demonstration project illustrates the vast potential of public-private partnerships and the international exchange of ideas to create opportunities, at home and abroad, and to improve the quality of life through the creation of affordable, livable communities.

In Beijing, a modern skyline is taking shape over single-story homes built during the Qing Dynasty.



This illustration depicts the method of constructing Hangtu or "tamped earth" walls for an ordinary Chinese home. In northern China, where building stone is scarce, tamped-earth curtain walls built around wooden frames have been used by homebuilders for centuries and remain in wide use today. Adapted from Roland G. Knapp, *Images of Asia: The Chinese House*. Oxford University Press, Hong Kong, 1990.



ISRAEL





## Israel—A New Housing Partnership

**T**he creation of the first-ever U.S.-Israel Binational Commission on Housing and Community Development came at a transformational moment in Israel, as its government grappled with privatizing a range of State-owned industries and social services and engaged in an ongoing effort to provide adequate housing for new waves of immigrants.

President Clinton sent Secretary Cuomo to Israel in June 2000 to sign the agreement, directing him to “enlarge the framework for policy research studies on affordable housing and related community development.” During his 3-day visit, Secretary Cuomo met many Israeli and Palestinian officials, including Prime Minister Ehud Barak and Palestinian leader Yasser Arafat, and toured regional housing facilities. The trip paved the way for future exchanges that will build public-private partnerships, foster planning discussions among diverse ethnic groups, and provide advice on how to increase Israel’s supply of affordable housing.

HUD Secretary Cuomo hands Israeli Prime Minister Barak the Memorandum of Understanding creating the U.S.-Binational Commission on Housing and Community Development.



## Launching a New Relationship

HUD officially launched its cooperation with Israel when Secretary Cuomo visited Jerusalem in June 2000, and signed an accord creating the first-ever U.S.-Israel Binational Commission on Housing and Community Development, establishing formal channels for information exchange and future collaboration on joint housing and related finance programs. Members of the Commission, which was formally constituted in November 2000, will include experts in building construction, housing finance and development, real estate, economic development, land use and urban planning, and private sector-public sector cooperation.



Old Jerusalem melds the architectural traditions of Islam, Judaism, and Christianity.

Following the signing ceremony, Secretary Cuomo laid the groundwork for fruitful cooperation in meetings with Prime Minister Barak, Minister for Regional Cooperation Shimon Peres, Minister of the Interior Natan Sharansky, Jerusalem Mayor Ehud Olmert, and then-Housing Minister Yitzak Levy. Together, Secretary Cuomo and Minister Levy co-chaired the first face-to-face gathering of experts from the Israeli Ministry of Housing and HUD to discuss formal cooperation between the two nations.

The HUD delegation also traveled to Gaza City. After talks with Palestinian Chairman Yasser Arafat, Secretary Cuomo met with Interior Minister Saab Etrit and toured a refugee camp in the Gaza Strip.

In July 2000, officials from the Israeli Housing and Construction Ministry, the Israeli Finance Ministry, and Israel's largest public housing companies, Amidar



and Amigour, visited New York, Washington, and Baltimore on a weeklong HUD-hosted study tour. Delegates toured Empowerment Zone/Enterprise Community and HOPE VI sites, several housing authorities, and elderly housing facilities. During their stay, the visitors engaged in detailed discussions with senior attorneys at Cadwalader, Wickersham & Taft on the role of REITS to facilitate the provision of housing and explored the roles of nonprofit organizations in the development and management of affordable housing.

The U.S.-Israel Binational Commission is jointly chaired by the U.S. Secretary of Housing and Urban Development and the Israeli Minister of Construction and Housing. Together, they will develop a work plan specifying areas of cooperation involving government officials and private-sector representatives. The Memorandum of Understanding creating the Commission mandates “cooperative activities initiated...are to be conducted on the basis of equality, reciprocity, and mutual benefit.”

HUD Secretary Cuomo shakes hands with Israeli Construction and Housing Minister Yitzhak Levy after signing the Memorandum of Understanding creating the U.S.-Israel Binational Commission on Housing and Community Development.



The Commission brings together American and Israeli experts to share mutually beneficial experiences and ideas, expanding the supply of affordable housing, increasing homeownership opportunities, creating jobs, helping businesses expand in revitalized communities, and improving the quality of construction. The Commission will also facilitate further study tours, additional information exchanges and joint conferences, seminars, and research projects (See Appendix).



Jerusalem street scene.



Sheikhs in Jerusalem in the early 17th century, from a book by Bianco Noe. Courtesy of Rizzoli International Publications, New York.



# MEXICO





## Mexico—Planning Across the Border

**B**ridging the 2,000-mile divide separating the United States and Mexico, HUD reinitiated a partnership with America's southern neighbor in 1999. The recent election of Mexico's President Vincente Fox, who shares the Department's commitment to developing the vast potential of the border region and furthering our historic links, will enhance HUD's cooperation with Mexico in the years to come.

The increasing socioeconomic interdependence and overlap among communities on both sides of the border have prompted HUD to promote joint planning and cooperation among colonias and "twin cities," strengthening innate geographic, socioeconomic, and cultural ties. HUD also works closely with Mexican national and local leaders and with Mexican NGOs to promote metropolitan planning and administration, housing finance, and the use of computerized geographic data to inform planning efforts throughout the country. On a visit to Mexico City in June 1999, Secretary Cuomo noted:

*[T]he people of the United States and Mexico both benefit when our governments work together as partners. Our geography, economies, history, and family ties bind us together and give us a common interest in seeing prosperity and good housing conditions on both sides of the border.*



## A Renewed Partnership

The longstanding U.S.-Mexico partnership was renewed in June 1999, when Secretary Cuomo and Mexican Secretariat for Social Development (SEDESOL) Secretary Esteban Moctezuma signed a Memorandum of Agreement to promote four areas of housing and community development cooperation: planning and development along the border, metropolitan planning and administration, housing finance and secondary mortgage market development, and development and exchange of basic housing market statistics.

A series of eight conferences, organized jointly by HUD and SEDESOL, gave substance to the new binational agreements. Participants in the negotiations agreed to expand cooperation between "twin cities," communities straddling the border that are increasingly unified economic and social jurisdictions.

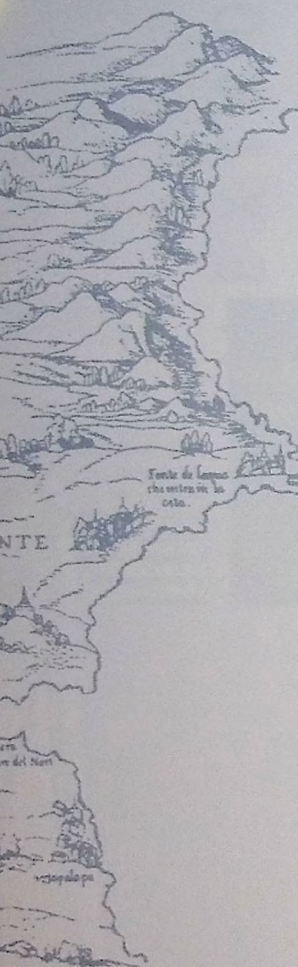


Secretary Cuomo and Mexican Secretary for Social Development Carlos Jarque sign a joint declaration on cross-border cooperation.

## Strengthening Cross-Border Planning

In May 2000, HUD hosted the Housing and Urban Development Working Group of the 17th U.S.-Mexico Binational Commission in Washington, D.C. Based on the outcome of the HUD-SEDESOL conference series, Secretary Cuomo and the

new SEDESOL Secretary Carlos Jarque signed a joint declaration renewing cooperative efforts in urban and economic development along the U.S.-Mexico border. HUD, through its participation on the President's Interagency Task Force on the



Economic Development of the Southwest Border Region, helps underserved urban and rural southwestern communities meet their revitalization goals. The task force sent its first annual report to Vice President Gore in May 2000, identifying several communities for pilot community development projects.

HUD's innovative border initiative, the centerpiece of its Mexico program, has fostered effective bilateral cooperation between HUD and the Mexican Government. The success of joint urban and economic development planning in Laredo, Texas, and Nuevo Laredo, Mexico, has established a workable model for similar exchanges between

- In winter 2001, HUD will publish an English-Spanish glossary of housing and urban development terms. The publication project, which grew out of the 1999 meeting of the U.S.-Mexico Binational Commission, will enhance collaboration between U.S. and Spanish-speaking practitioners by equipping them with common terminology.
- To increase access to capital for small and medium-sized businesses, HUD teamed up with the U.S. Departments of Agriculture and Treasury and the Small Business Administration in a series of Emerging Market Roundtables, which addressed a wide range of finance-related issues.
- HUD established a new Southwest Border and Colonias Division to address infrastructure needs and help create favorable conditions for the construction of affordable housing in the sprawling, unregulated colonia neighborhoods.
- In partnership with the U.S.-Mexico Chamber of Commerce, HUD is hosting a series of roundtables to study current innovations and best practices to encourage employers to invest in affordable housing for their employees.



other border cities. Using the Laredo/ Nuevo Laredo experience as a base-line, border communities are now expanding cooperation, using

Geographic Information System (GIS) technology, to further cross-border cooperation.

## Bringing Technology to the Border

HUD's 2020 software has placed a sophisticated computerized GIS in the hands of planners throughout the United States. Now, HUD is bringing this capacity to the U.S.-Mexico border area. Using computer maps, aerial photos, remote sensing images, and spatial analysis techniques to assess a variety of factors, GIS technology will allow U.S. and Mexican planners along the border to analyze land use patterns, water resources, infrastructure trends, industrial sites, and wetlands. In conjunction with data from the U.S. Environmental Protection Agency and the U.S. Census Bureau, GIS technology will provide a common frame of reference for addressing land use questions in the 2,000-mile-long, 120-mile-wide border area, reinforcing the planning capacity of Government officials and community-based groups.



SEDESOL launched the Nuevo Milenio housing and community development project to assist Mexicans left homeless by El Niño's floods in 1998.

## Strengthening the Mexican Home Mortgage Market

HUD's Office of International Affairs, together with the Office of Federal Housing Enterprise Oversight (OFHEO) has been working with the Mexican government since 1995 to help develop a secondary mortgage market. With initial funding from USAID, the project brings together U.S. and Mexican Government agencies, private housing finance institutions, academics, investment bankers, and providers of mortgage industry services. The ongoing initiative has comprised a series of conferences, research projects, and publications on mortgage origination, servicing, securitization, credit enhancements, and regulation. To enhance these efforts, OFHEO helped produce a popular Spanish-English video on mortgage lending in Mexico, which is widely used for public education and in legal reform negotiations at the State and local levels.

In May 1999, OFHEO and SEDESOL hosted a conference on regulatory and operational aspects of mortgage securitization and the development of the Mexican secondary mortgage market. It also focused on mortgage lending programs to middle- and low-income families developed by Fondo de Operacion y Financiamiento Bancario a la Vivienda (FOVI), a government-run trust fund and the third largest provider of mortgage finance in Mexico.

In July 2000, OFHEO's Examination Office hosted senior staff from the Banco de Mexico who learned how OFHEO, FHA/Ginnie Mae, Fannie Mae, Freddie Mac, and private mortgage insurers view, measure, and analyze credit risk. Similar discussions were arranged at HUD, Fannie Mae and Freddie Mac, GE Capital, and with senior OFHEO examiners.



## Close-Up on Chiapas

In conjunction with the June 1999 U.S.-Mexico Binational Commission meeting in Mexico City, Secretary Cuomo and the Mexican Secretary for Social Development toured SEDESOL's Nuevo Milenio projects in the rural Mexican State of Chiapas. The 1998 El Niño rains devastated Chiapas, destroying some 26,000 homes in 31 communities.

The Nuevo Milenio program, a series of projects to rebuild homes and damaged infrastructure in the region, has attracted international attention as a model of how housing construction can boost local economic development. Affected families participating in the rebuilding program received tools, construction materials, and 1 month's wages in exchange for "sweat equity" labor. HUD is examining whether lessons from the Nuevo Milenio program can be applied to improve its programs in the United States.

Many of the damaged homes had been built on *ejidos*—public lands on which houses were built in an unplanned and unregulated manner. Under the Nuevo Milenio program, the Mexican Government is constructing higher quality homes and transforming *ejidos* into carefully planned, individually held plots of land.



Secretary Cuomo and former Mexican Secretary for Social Development Esteban Moctezuma observe building repairs in the Mexican State of Chiapas.





Detail of 1556 map of Mexico City. Giovanni Battista Ramusio, "El Conquistador Anónimo." Adapted from *Mexico: Splendors of Thirty Centuries*. The Metropolitan Museum of Art, New York, 1990.



# SOUTH AFRICA





## South Africa—Housing for a New Society

**A**lthough apartheid officially ended with the election of Nelson Mandela in 1994, its legacy, particularly in housing, persists in democratic South Africa. At the request of Secretary Cuomo and his South African counterpart, Minister of Housing Sankie Mthembi-Mahanyele, the U.S.-South Africa Binational Commission created a full housing committee in 1999 to facilitate common efforts to address the country's urgent needs.

Secretary Cuomo traveled to South Africa in April 1999 to co-chair the inaugural housing committee meetings and sign a Memorandum of Understanding with Minister Mthembi-Mahanyele. While there, the Secretary met with numerous government officials, including then-Deputy President Thabo Mbeki, President Mandela's eventual successor. During a 3-day visit, the Secretary traversed the country, meeting with bankers, students, academics, and community

and business leaders and toured the sprawling black townships of Soweto in Johannesburg and Gugulethu in Cape Town, backdrops for some of the most brutal clashes between apartheid-era security forces and embattled citizens.



South African schoolchildren welcome Secretary Cuomo to Soweto.



## Fair Housing and Fair Lending

To combat pervasive discrimination in mortgage lending practices, HUD technical experts, together with U.S. Treasury Department and housing industry representatives, met with South African housing officials to discuss fair housing and fair lending practices. Led by the Director-General of Housing, the South African delegation included representatives of public and private organizations working

to extend finance opportunities to low-income South African families. Participants examined the U.S. Home Mortgage Disclosure Act (HMDA) and the Community Reinvestment Act (CRA) for insight into how these laws could be adapted to benefit lower income communities in South Africa.

When the South African Parliament passed its own Home Loan and Mortgage Disclosure Act to help identify and prevent racial discrimination by mortgage lenders in October 2000, the Ministry of Housing publicly acknowledged the assistance of HUD and the United States in shaping the legislation, and requested the Department's continued assistance in developing regulations to implement the new law. The South African Government is now looking at how



Secretary Cuomo and then-Deputy President, now President, Thabo Mbeki discuss housing and community development challenges in both their countries.

American community reinvestment strategies and public-private partnerships in lower income neighborhoods, particularly the relationship between banking institutions and community-based organizations and

residents, could inspire further legislation analogous to the CRA. HUD, on the other hand, has also benefited from the exchange, gaining invaluable insight into the dynamics of

Secretary Cuomo and South African Minister of Housing Sankie Mthembu-Mahanyele visit a site that shows how government programs are helping South African families to move from houses like the one pictured above to new homes like the one on the right, built just across the street.



## Management Information Systems

As part of the ongoing exchange between HUD and its South African counterpart, South Africa sent senior officials to the United States to study the monitoring of housing programs at the national, State, and local levels. The South African Government has expressed interest in the use of various data and tools, particularly a GIS-based tracking system, for policy planning purposes.



community group-government interaction in South Africa. HUD works in close collaboration with the USAID Regional Housing and Urban Environment Office at the U.S. Embassy in Pretoria in implementing this exchange program.

### Housing Counseling Services

Director of the South African Housing Consumer Protection Unit visited Washington in October 2000 to open an exchange of housing counseling services for low-income households.



The South African Government is seeking to upgrade housing conditions for families living in townships like these on the outskirts of Cape Town and Johannesburg.



The exteriors of the homes of the Ndbele people of South Africa are often decorated with symmetrical patterns like this one. The paintings are executed by women and make extensive symbolic use of plant and animal forms and patterns found in woven cloth. © Rebecca Jewell, *African Designs*. British Museum Press, 1994.

# Afterword

In recent years, HUD's renewed international activities and its growing number of binational partners have augmented the Department's mission to strengthen American communities. Successful information exchanges, study tours, and demonstration projects have improved the quality of life in communities from Soweto to Shanghai and enhanced best practices here at home. In the process, HUD has forged an effective, adaptable model for public-private cooperation in housing and community development and reestablished its leadership in sharing American innovation abroad.

As populations continue to swell in towns and cities around the world and once-local problems assume global proportions, a revitalized HUD is poised to play a role in helping both the United States and countries around the world meet their growing housing and economic development needs.



# Appendix

## American Delegation to the U.S.-China Residential Building Council

David T. Brown  
President, Insulating Systems Business  
Owens Corning

Donna Callejon  
Center for Policy Alternatives and  
Senior Vice President, Fannie Mae

Dennis Cronk  
President, National Association of  
Realtors

Michael Doyle  
President and CEO, Cooperative Housing  
Foundation

Phillip J. Enquist  
Aidmore, Owings, and Merrill

James Holcomb, Jr.  
Chairman, US Holdings Corporation

Thomas L. Jones  
Managing Director, Habitat for Humanity  
International/ Washington Office

Norman L. Koonce, FAIA  
Executive Vice President and CEO,  
American Institute of Architects

Christopher Kui  
Executive Director, Asian Americans  
for Equality

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