

# **Housing Policy in the New Millennium: The development of housing and housing finance in developing countries**

**Moderator: Michael YOVINO-YOUNG MAI, SRA**  
**Speakers: Hon. Mel MARTINEZ, Secretary, U.S. Department of Housing  
and Urban Development (Invited)**  
**Bozena KRUPA, Consultant, World Bank**  
**Brian A. GLANVILLE, MAI, President, Appraisal Institute**  
**Bert N. LOMAX, Business Development Officer, Export-Import Bank of  
the U. S.**

**Key words:**

## **ABSTRACT**

Adequate housing and private home ownership are essential elements to the development of market-based economies. Until recently much of the focus of large international investors has been on macroeconomic policies and institutional investment, particularly government institutions and government supported banks. This plenary will focus on the corresponding microeconomic infrastructures, information sharing, and training programs that need to be in place to support this investment and help to insure successful and steady economic growth.

The United States is widely believed to have the most successful housing market in the world and many countries look to the U.S. as a model for their own housing markets. The U. S. Department of Housing and Urban Development's International Affairs Office coordinates the Department's international exchanges and contacts from the Office of Policy Development and Research, including diverse bilateral exchanges with Canada and Mexico and multilateral programs with other nations concerning issues in housing policy, housing finance, urban development, and environment. The Department currently has information sharing programs in place with governments in China, South Africa, Central America and Brazil as these areas work to establish sources of affordable housing and mortgages.

The development of financial systems to support housing growth in emerging markets requires a reasonable degree of diversity and efficiency, which usually involves creating specialized financial intermediaries. Research has shown that income level and the degree of financial intermediation and diversity are closely associated. The Financial Sector Development Group at The World Bank works with client countries to increase diversity and efficiency in their financial systems by developing specialized non-bank financial intermediaries and by creating efficient, market-based housing finance, which also improve urbanization patterns.

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The Bank has recently been examining asset price bubbles and their effect on the global economy. Asset price bubbles are when real estate and stock prices increase dramatically over a short period of time and then collapse. The World Bank is called in to help facilitate restructuring in the aftermath of a bubble. Michael Pomerleano, the Lead Financial Specialist with the Financial Sector Development Department has put forward the theory that an inadequate supply of trained financial professionals—appraisers, insolvency experts, financial analysts and actuaries contributes to these price bubbles. Without these trained financial intermediaries, developing economies do not have the capacity to introduce a sophisticated credit culture and are unable to scrutinize and evaluate the finances of corporations or the value of real estate collateral. The effects of this lack of capacity can also be an impediment to developing economies access to capital for housing development.

In light of this emerging need, The Appraisal Institute over the last few years has established cooperative education programs in Korea, Turkey, Thailand and South Africa. In Korea the program is supporting the large scale restructuring of the economy as the large Korean conglomerates liquidate real estate assets. The program in Turkey is in support of a new certification system for appraisers that supports the Turkish Capital Markets Board's creation of a mortgage market in Turkey. Wherever the program is located, the main focus is in training independent valuers that can adequately value real estate collateral and protect risks.

In addition, the Appraisal Institute has begun discussions with several other national valuation organizations toward the development of an umbrella organizations of valuation organizations that would promote best practices, encourage robust and consistent standards, support and encourage higher education, promote continuing learning and advance global transparency for the international property valuation profession.

The Export-Import Bank of the United States provides financing to support U.S. exports in those markets where the private sector is unwilling or unable to go. As financial infrastructures are strengthened and housing markets expanded in developing economies, demand will be created for housing products. Traditional lenders may be hesitant to enter such markets. The Export-Import Bank has programs that help U. S. Exporters by providing loans, guarantees and insurance in emerging markets.

This plenary should give participants an excellent overview of development projects that have been successful, the multi-disciplinary cooperation required to solve global housing development issues, and information on resources to aid the development of their own economies.

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