SELF-HELP HOUSING AND UPCOMING POLICIES FOR AFFORDABLE HOUSING IN NICARAGUA

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Abbreviations
ACENVI Inter-American Association of Housing
CADUR Nicaraguan Chamber of Project Developers
CENCOVICOD Nicaraguan Centre of Housing Cooperatives with mutual help
CPC Council of Citizen Power
ENACAL Nicaraguan water and sewerage company
ERAMAC/BdMM Municipal Company for Housing and Building Materials in León
FOSOVI Social Housing Fund (Government)
FSLN Sandinista National Liberation Front (political party)
FUCVAM Uruguayan Federation of Housing Cooperatives with Mutual Help
GoN Government of Nicaragua
IDB Inter-American Development Bank
INIDE National Institute of Development information (Government)
INSS Nicaraguan Institute of Social Security (Government)
INVUR Nicaraguan Institute of Urban and Rural Housing (Government)
MCN Nicaraguan Community Movement
PNV National Housing Plan

Introduction

For a long time, self-help housing in Nicaragua was a matter of great importance. The occurrence of self-help or self-managed housing is the result of two factors: (1) the public sector has insufficient financial means to build a large number of social houses, and (2) the very bad socio-economic situation of the population means that many families have too little money to buy, build or renovate their house. Moreover, a large number of households with low incomes live in houses of poor quality. For example, in Managua this is 57 per cent of all households while 43 per cent of households cannot afford a dwelling on a 100 square metre plot (Bouillon/IDB 2012). In 2012, a new government system for social housing was introduced.
However, for many low-income households there are few financing possibilities for house construction. Nicaragua is the second poorest country in the Americas, after Haiti. The country has 6,071,045 inhabitants (as of June 2012), of which 58 per cent live in urban areas. Over 60 per cent of the population lives in the western part of the country, bordering the Pacific Ocean. At more than 70 per cent, the population is mainly urban in this area. The capital of Managua is the country’s biggest city, with over one million inhabitants. On the outskirts of this extended city one can find many spontaneous human settlements where approximately 30 per cent of the city’s population lives. Managua mostly has low densities and one can speak of ‘marginal areas’ near the city’s outskirts. In other cities one can find similar situations, but at a smaller scale. Besides migration towards Managua, one can find ‘migration out of the city’ of up to 20 kilometres, which leads to suburbanization in the nearby rural parts. The second largest city in Nicaragua is León, with approximately 200,000 inhabitants, where suburban development also is occurring, but on a small scale (see Box 20.1).

**BOX 20.1 LEÓN SOUTH EAST**

The urban expansion plan León South East (LSE) in the municipality of León is a significant development plan. Started in 1999, the plan originally aimed to produce 5,000 plots in order to facilitate self-help housing. This, the largest, sites-and-services scheme in Nicaragua is based upon the practice of self-construction; since 2000, 6,000 plots have been developed.

Under LSE, the local government bought land for housing and developed it with funding from the city link between León and Utrecht in the Netherlands. Plots were sold at low prices, initially at only US$250 to families with low incomes. In the period 2003–2005, approximately 600 houses were built annually through subsidies from the government and given through INVUR/FOSOVI (Bredenoord 2005). NGOs especially showed interest and within three to four years hundreds of houses were built with their help. Later on the prices of plots increased; however, this did not impede the selling of plots. By 2009 the first 5,000 plots were sold, the majority of them on the basis of payment by instalments. However, self-construction within León South East did not fulfil original hopes and a significant number of plots were not built upon. We have estimated that as of May 2013 about 2,800 houses were built on 5,600 plots (or roughly 50 per cent of the plots).

No measures were taken to stimulate plot owners to start the construction process. According to Tijssen (2011), some owners who have not yet built upon their plot argued that the plot ‘is too far away from the city’, ‘the situation over there is miserable and there is no security’, and ‘we bought [the plot] for later on’. As a result, some neighbourhoods are abandoned and overgrown with plants. Moreover, community building is difficult according to the social workers and there are problems with public safety.

One can conclude that the sites-and-services concept in León is not functioning as it once did. As a result, the municipality is trying to establish a strategy in order involve the private sector in the construction of houses for middle- and low-income households. This has been successful and various developers offer complete houses outside the
Often, local governments in Nicaragua do not operate under effective urban planning that anticipates land use changes or the huge demand for land and housing. A growing population needs urban services such as streets with pavements, sewerage, electricity, drinking water, as well as access to schools and public health services among others; within the marginal urban areas there are many arrears in these aspects. Housing quality in marginal urban zones is mainly low: sometimes there are overcrowded houses, and houses have leaking roofs, earth floors, noise nuisance and an absence of privacy. Income levels differ quite significantly; this is illustrated in Table 20.1, which displays the five income classes of monthly income per household. Monthly costs for buying or renting a house normally cannot be above 20 per cent of a household’s income, an indication given by the government.

The housing deficit in Nicaragua was estimated by the national government (INVUR) at 400,000 houses in the year 2005 (GoN 2005). Another source informs of a deficit of 745,000 houses, composed of a qualitative deficit of 420,000 houses and a quantitative deficit of 325,000 houses (ACENVI/SNV 2012).

In this chapter attention is paid to a housing typology for low- and middle-income households. This was considered necessary in order to gain insight into the construction costs low- and middle-income households face when building a dwelling. To collect this data, the authors held interviews in 2012 with several housing specialists in Nicaragua; the results are incorporated in this chapter. Furthermore, a series of housing activities in Managua and León were investigated, expecting thus to obtain an initial glimpse of the current practice of social housing in Nicaragua which might be an alternative to self-help housing. The results give an overview not only of the types of homes and construction prices but also of which party is building or offering the housing. Nonetheless, while the housing market for cheaper and affordable houses in Nicaragua comes into focus, further research is needed.

The chapter is organized as follows: in the next section the main characteristics of Nicaraguan self-help housing are described, followed by government housing policies at both the national and local levels. After that, contributions from the private sector, non-governmental organizations (NGOs) and other stakeholders are presented briefly. The urban housing challenges of Nicaragua are presented thereafter: housing typology, housing quality and future densification of housing. Finally, in the conclusion it is stated that self-help housing remains important in Nicaragua and that improved technical assistance for self-builders might improve the quality of housing. This is a realistic policy option for the time being, given the bad economic situation.
Self-help housing and public housing in Nicaragua

Self-help housing versus public housing

Self-help housing in Nicaragua is very common, not because people are fond of building their own homes, but rather due to the high level of poverty in the country. There are three types of self-help housing: (1) autonomous self-help housing constructed by the dwellers, (2) self-help housing in which the users hire qualified craftsmen for construction and (3) assisted self-help-housing (Ortiz 2004). In fact, according to the PNV (National Housing Plan), 85 per cent of actual housing production is realized by the mode of self-construction and self-financing (GoN 2005). Housing in Nicaragua was influenced – after the 1979 revolution – by changes in state policies. In one period the emphasis was placed on social housing projects and in another on sites-and-services schemes. During the first decade after the revolution, the government tried to set up social housing programmes but the outcome was not at scale. At that time international help, focused for example on low-income housing, was present in Nicaragua. We mention the many city-to-city and country-to-country cooperations, and the various international organizations giving help, including housing provision, in the fight against poverty.

One might assume that the massive execution of government housing programmes would diminish self-construction, but that is not the case in Nicaragua. In the 1960s, the institute INVI (nowadays known as INVUR, or the Nicaraguan Institute of Urban and Rural Housing) set up housing programmes through which entire neighbourhoods were created, for example the Colonia Maestro Gabriel, an urban expansion of Managua; this expansion was consolidated completely fifty years after its construction (see Figure 20.1). INVI sold 120 square metre plots with basic houses to families. Without exception the inhabitants have expanded their houses, up to 100 square metres, leaving a patio of 20 square metres. This was initially modest housing for first-time homeowners; the households expanded and finished their houses in due course. Through the years, many houses were sold to other families. Nowadays this Colonia is a safe and quiet neighbourhood; some houses have two floors while some have rooms available to let.

In the 1980s the government initiated a plan to offer houses to low- and middle-income households. However, the number of built houses was too small and therefore municipalities – after 1985 – offered land-for-housing to families, usually with the consequence that families

<table>
<thead>
<tr>
<th>Monthly income in US$</th>
<th>Part of the population (%)</th>
<th>Housing classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme poverty (E)</td>
<td>≤58</td>
<td>11.7</td>
</tr>
<tr>
<td>Poverty (D)</td>
<td>58–150</td>
<td>35.8</td>
</tr>
<tr>
<td>Medium low (C)</td>
<td>150–350</td>
<td>33.7</td>
</tr>
<tr>
<td>Medium (B)</td>
<td>350–700</td>
<td>13.0</td>
</tr>
<tr>
<td>Medium high/high (A)</td>
<td>≥700</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Source: GoN (2005); adapted by the authors.
obtained non-serviced plots. Self-help housing was the main housing provision mechanism, but many households benefited from the help of aid organizations such as housing NGOs which offered construction materials and technical assistance. Sometimes there was even a building materials bank for provision of materials at reasonable prices.

After 2000, the Bolaños government started a programme by which subsidies were given, making possible the construction of a large number of houses from 2002 to 2005. There are indications that self-construction since then has diminished because of initiatives by private parties and the state programme. In self-construction everyone acts individually, and occasionally this might go on for years. Sometimes it is characterized by a long renovation process due to limited family incomes or responsibilities related to caring for children, parents and other family members.

Obtaining official data related to self-construction is difficult; there is no structural investigation on the housing stock. Nonetheless, according to housing specialists one can assume that the majority of low-income households still construct and renovate their own houses. In 2012 and 2013, it is possible to obtain loans for housing self-construction and renovation through a programme of FOSOVI (the Social Housing Fund). Although the government – with the help of international funds – tried at regular intervals to invest in social housing programmes, their impact has always been too low given the huge housing demand. Additionally, the government gives priority to home renovations, meaning that small subsidies and loans can be used for that. One can say that self-help housing is still an important housing production factor in the country, often connected to poverty. As a result, the quality of housing Nicaragua is particularly low.
We postulate that organized housing provision in Nicaragua, whether by the government or other organizations, usually was only temporarily available and so did not offer a structural and durable solution to resolve the housing demand. This is why self-help housing is still a main factor in housing provision and home renovation.

**Government housing policies**

**The role of the national government**

Nicaragua’s total housing stock is 1,116,540 units (INIDE 2005). Taking into account that there are 6,071,045 inhabitants (INIDE 2012), the average number of residents per house is 5.43. A considerable portion of the housing stock is in bad condition; these houses (about 400,000 or 40 per cent of the total stock) must be replaced or renovated drastically as, for different reasons, these houses do not comply with the minimum standards. However, there are some factors negatively influencing adequate housing in Nicaragua, such as insufficient public investment in the construction sector, frequent natural disasters, social, political and economic instability, rural–urban migration and the constant increase in new, poor families. While poor families, who fall into two wealth conditions of ‘extreme poverty’ (11.7 per cent) and ‘poverty’ (35.8 per cent) (see Table 20.1), are willing to build or renovate their house, they often depend totally on themselves. As such, it often takes these families years to finish construction; those living in extreme poverty have little ability to change their lives, and finding a formal job is extremely difficult. These households live in modest, self-built
houses or in rented houses that are often in bad shape. The proportion of rented houses in Nicaragua is only 5–6 per cent, the lowest of any Latin American country (Bouillon/IDB 2012: 93).

The National Housing Plan 2005–2025 (PNV) contains objectives for increasing the production of housing. According to the PNV, roughly 40,000 units should be produced annually; however, current production is hardly 25 per cent of that amount. At the moment the PNV is under revision, given a changing political vision on housing and the limited financial resources of the government. After the Housing Law (Nr 677) was approved in 2009, low-income households could obtain grants and credit for housing (GoN 2009a). Since 2012, FOSOVI subsidies of US$1,500 are available for the construction of a new house; smaller subsidies are also available for home renovations. Additionally, under the Regulations of the Housing Law, conditions are defined for obtaining a subsidy or loan (GoNb 2009b). Implementation of the law and regulations is controlled by the National Housing Council, an advisory agency, as well as by executive administrations such as INVUR and FOSOVI.

State housing policy consists of the following programmes:

- **Plan Techo** supplies corrugated roof sheets to poor households with leaking roofs.
- **Vivienda Solidaria** provides social housing for people with very low incomes.
- **Casa Mejor** is a credit for renovation programme within local communities that provides access to low interest loans of 7 per cent.

![Modest housing in Barrio Granada, Managua. Photo by the authors.](image)
• **Crédito Justo**, aimed at social housing construction, provides commercial bank loans (for a maximum unit price of US$20,000) at a standard interest rate of roughly 8 per cent by way of a fiscal subsidy interest rate diminished to 5.5 per cent.

Based on the vision of INVUR/FOSOVI (n.d.) and an interview held with a representative of this government organization, the following aspects of housing policies were reviewed by the end of 2012:

• The establishment of a land bank in order to help the poorest people in obtaining a plot either on state property or on private land within (sub)urban zones.
• Stimulation and facilitation of small housing cooperatives; currently there are 300 housing cooperatives in the country, most of them in the establishment phase.
• Stimulation of private sector cooperation including banks, builders and developers.
• A refocusing of housing production on the effective demand, so that production is not oriented on what is necessary, but instead on what is possible and what people can afford.
• Stimulation of home renovations and focus on its funding.

From the beginning of 2013, families may receive small subsidy amounts of around US$650 for housing repair or up to US$2,500 for the construction of modest houses between 21 and 36 square metres. Funding by IDB (Inter-American Development Bank) makes this possible. The government has chosen to supply built houses for the lowest income groups; these houses are donated to families that do not have the capacity to pay but urgently need housing. Selection of the poorest people demands a careful process, which is executed within the scope of programmes like *Plan Techo* and *Vivienda Solidaria*; these are government donations by intervention of the CPC (Council of Citizen Power). Currently, mixed housing funding (savings–subsidy–loan), copied from practices in other Latin-American countries, is present in Nicaragua (MacDonald and CEPAL 2005). The IDB and INSS (Institute for Social Security) both help the government with funding in order to facilitate the execution of tasks within the social housing scope. Without these possibilities it would be very difficult to carry out the housing policies.

Nonetheless, the government and private producers together will not be able to generate more than 10,000 new houses per year – this does not meet the current housing demand. Limiting factors, indicated by INVUR/FOSOVI, include: (1) the majority of families in Nicaragua cannot afford to buy a house, regardless of how modest it might be, (2) the construction sector does not have sufficient capacity to raise production significantly, (3) the production of construction materials is insufficient and a significant increase is not foreseen.

**The role of local government**

Local governments can execute tasks related to housing construction in order to sell or rent them to families belonging to certain social groups. While not very common, this might be done by a municipal housing company. In fact, according to Article 6 of the Municipal Law, a local government is allowed to execute some tasks related to housing (GoN 1988). The construction of houses is not included, but it is possible to establish a municipal bank for building materials. The installation and maintenance of the sewer and drinking water systems are tasks of ENACAL (the local water company). Local governments are normally responsible
for the physical planning, by which urban space is designated for various functions such as housing, industry, recreation and transport, among others. The municipal planning system of León has, since 1995, been developed at two levels: the city level and the neighbourhood level (Bredenoord 2005). In 2012 the guiding municipal-level document is the Municipal Plan for Territorial Planning and Development – draft November 2012 (Municipality of León 2012). Municipalities registered with INVUR can build (or have built) houses as well as request subsidies from the government. When a municipality wants to build houses, it must establish a municipal housing company. For example, the municipality of León has done so with ERAMAC/BdMM (Municipal Company for Housing and Building Materials) in León South East, where 157 social houses were built between 2007 and 2012 and where 350 loans were issued for renovation of individual houses (ERAMAC/BdMM 2012).

Already in the 1980s houses with various floors were being built in León within the ‘Fundeci’ complex through interventions of the Ministry of Housing Affairs (formerly MINVAH) and the municipality of León. In the same period the municipality of Managua built comparable housing with two floors within the ‘San Antonio’ complex. After 1990, similar housing projects, with up to three floors, have not been executed, although there is a demand for small houses from those wishing to enter the housing market; people usually rent a house or rooms through private parties.

In general, local governments do not have sufficient funds for the establishment of housing companies. However, outsourcing housing production, through alliances with NGOs and the private sector, is an option; often housing-NGOs have access to external funds while the private sector may be able to obtain capital. Cooperation between the public and private sectors will hopefully increase in the future, necessarily leading to the development of housing projects in cooperation with community-based organizations (CBOs). Local governments can, like NGOs, promote the establishment of housing cooperatives within their territory. The organization CENCOVICOD RL, or the Nicaraguan Centre of Housing Cooperatives with Mutual Help, is the umbrella organization that helps housing cooperatives to work on a mutual basis (CENCOVICOD RL 2012).

**Contributions of NGOs and the private sector**

In addition to public involvement in housing there are important private sector activities in Nicaragua, including the contributions of NGOs as well as of private building corporations, developers and banks. In this section, we focus briefly on the contributions of these private organizations. In most cases one can speak of cooperation between residents in a certain area, NGOs, a local government and contractors, among others for the execution of public works. Regarding housing, cooperation between residents, NGOs, CBOs and housing corporations and banks is essential too, as described elsewhere in this chapter.

**Contribution of NGOs**

It is obvious that NGOs in Nicaragua play an important role in providing affordable houses for low-income families. Often the NGOs administer funds provided by international organizations and donors. Important NGOs with a housing agenda, which operate throughout the country, are, among others: CEPRODELM, Habitat for Humanity, Habitar and PRODEL.
Based on the FUCVAM model in Uruguay, CEPRODEL (Centre for the Promotion of Local Development) specializes in the establishment of cooperatives and small housing cooperative assistance on the basis of mutual help. The FUCVAM concept was developed in Nicaragua with the help of external funders, local governments and international city links. Over the course of several years the operational mode of CEPRODEL with housing cooperatives has been improved (CEPRODEL 2012). Habitat for Humanity Nicaragua executes a programme for the construction of houses as well as for increasing the availability of affordable housing in various cities. This NGO supports the social production of habitat and, by way of local leadership, capacity development. It works with low-income families who earn less than US$350 a month, as well as providing support for self-construction through building the capacity of and providing technical assistance to homebuilders (Habitat for Humanity n.d.). Habitar (Centre for Studies and Promotion of Housing) specializes in the integral improvement of the housing situation in underdeveloped communities. Habitar often cooperates with local governments (as is the case in Managua, see Box 20.2) and locally organized communities. PRODEL (Programme for Local Development), an international initiative to improve the life of poor people in the northern and western parts of the country, was established in 1993. Since 2003, PRODEL has financed loans for home improvements through a loan from the IDB (US$3 million). The NGO operates like a bank to cooperate with organizations in microcredits for small communities and individual families for housing improvement (UN-Habitat 2011). It also offers technical assistance to families for home renovations. These NGOs take into account the following factors: (1) affordability, (2) the local context, (3) subsidy or donation conditions and (4) the potential level of self-help input of the residents. In addition to the NGOs outlined above, there are various other NGOs with housing programmes. Housing NGOs depend heavily on the subsidy system of the government; if the state subsidy programme is limited – which was the case between 2006 and 2011 – NGO housing programmes are limited too. Nonetheless, Nicaraguan NGOs have been overall very effective in obtaining international resources to provide housing for the poor.

**BOX 20.2 ANEXO BARRIO GRENADE, SECTOR 17: A NEIGHBOURHOOD ON THE OUTSKIRTS OF MANAGUA**

In this Managua suburb with 1,260 residents, the NGO Habitar executed a community project in cooperation with the municipality. The neighbourhood – located on the city’s outskirts in the south – has been densified significantly since the 1980s.

Between 2006 and 2009 the situation in the neighbourhood was investigated and on the basis of the results partial improvement projects were started. For example, in order to prevent houses as well as soil from falling into the sewage canals, one project aimed to improve the walls of the open sewer that pass through the neighbourhood. To facilitate this, Habitar organized instructive workshops. A community house was constructed and garbage collection was organized. Another project is the legalization of property. Of the 286 plots with houses, 54 have been legalized (till November 2012). The project management obtained funding from the municipality of Managua and a Spanish donor.
This programme is described by Habitar as an example of ‘public social cooperation’. Additionally, some neighbourhood houses have been built with the help of government programmes; these are modest houses called *vivienda solidaria* and *vivienda semilla* (seed dwellings) that are sometimes donated by the government.

Alley improvement and the construction of new houses is also occurring in Anexo Barrio Grenada. Thanks to the Chilean NGO SELAVIP, individual households can receive assistance with home repair. Moreover, by way of a small subterranean canal and bacteriological treatment, waste water is directed safely to the open sewer canal. Within this small land development, Habitat for Humanity and Habitar are cooperating to bring about a small-scale expansion. Under this scheme, Canadian volunteers, in the form of a building brigade, helped the future inhabitants. Habitar purchased the land while Habitat for Humanity built houses of 24 square metres (at a cost of US$2,500 per unit); the residents in turn pay US$10–15 per month (to own). The project also included organized instruction workshops to encourage responsible water use. To execute this integral renovation of the neighbourhood, a significant number of external parties were involved.

**Contribution of the private sector**

Nicaragua has a significant number of developers focused on the housing market. Currently, households looking to construct a house valued below US$20,000 can receive a subsidy of US$1,500 from INVUR/FOSOVI. In response to this limit, the umbrella organization representing the interests of developers (CADUR) asked the government to raise the cost limit for social housing construction from US$20,000 to US$26,500 (CADUR 2012). However, the limit does not seem to deter developers. While up until a few years ago developers only built houses for the medium- and high-income groups, lately a switch in focus has taken place. This is a result of the limited market for higher-income housing. Instead, there is a massive demand for the construction of houses for low-income families. Developers take this reality into account by offering houses valued between US$15,000 and US$25,000. In fact, in 2012 developers almost exclusively built modest, one-floor family houses, but only about 4,000 units. However, the quality of the construction process is not always adequate. For example, as a result of the first modest rainfall, about six neighbourhoods in Managua were flooded. The (Housing) Department of Managua soon found itself in serious trouble (*La Prensa* 2013a).

In addition to housing developers, there are other private companies helping families to construct or improve their houses. An example is CEMEX, a large cement company that has the programme Patrimonio Hoy, through which it participates in the social production of housing and provides training to self-building families. Another example of corporate involvement can be found in León, where the Arnecom company built 330 employee houses with the help of the NGO Cáritas (Bredenoord 2005).

In general, banks have hardly participated in the provision of social housing in the past; during the past few years, however, this has started to change. Currently there are four national banks that devote funds to the finance of social housing: BANPRO, BAC, BANCENTRO and BDF. This occurs under an agreement with INSS (Nicaraguan Institute of Social Security), which provides these banks with capital for social housing. Through the INSS contribution, the government gives – indirectly – a subsidy for the interest payment on mortgages in housing.
construction. The banks administer a fund of US$90 million; US$45 million is provided by the banks and the other half by INSS. However, as the government recently announced that it will not renew the subsidy in 2014, it is very likely that interest rates and home prices will increase (La Prensa 2013b). The BDF is administering a new scheme, with funds provided by the IDB, through which it can finance rental housing with the option of future ownership (El Nuevo Diario 2012).

**Contribution of CBOs**

In Nicaragua the model of the community organizations emerged in the struggle against the Somoza dictatorship of the 1970s. Out of the Comités de Defensa Civil and later on the Comités de Defensa Sandinista (in the 1980s) emerged the Nicaraguan Community Movement (MCN) in 1988, which was organized at national level and had developed from a covert organization of the FSLN into an independent one. After the Ortega government came to power in 2007, the FSLN established the Council of Citizen Power (CPC), a group of organizations with a mandate to serve residents’ interests at the neighbourhood level. However, results of various investigations show that these organizations often implement FSLN interests instead (Serra Vázquez 2010; Prado 2008). As a result, problems sometimes emerge between the neighbourhood committees of the Community Movement and the CPCs. In this polarized environment, housing activities for neighbourhood renovation might suffer severe problems (Mansuri and Rao 2004). Although it is necessary to involve residents in the development of housing projects, both types of CBOs do not always operate together successfully. In order to avoid this, a (new) group of residents may prefer to cooperate instead with an NGO, which will organize the target group and involve the municipality in the execution of works and housing (see Box 20.2). Nonetheless, the contribution of CBOs to housing is indirect. While they sometimes take the initiative, they normally do not have capacity to invest. As a result, CBOs must be involved in social housing programmes.

**Urban housing challenges**

In this section, we briefly present some important urban housing challenges in Nicaragua. Research on the housing types in the country is under-studied. There is also insufficient insight into corresponding construction costs and aspects of land use. Some current solutions, which can be described as particularly ‘suburban’, concern small houses; this is understandable given the existence of so many low-income families. Finding urban solutions for low-income families in any future urban setting is challenging in Nicaragua. Future urban solutions demand the economical use of land and higher densities, which has consequences for housing typology. A second challenge is to create affordable housing solutions within the urban Nicaragua of tomorrow. A third concern is the need for renovation and transformation of existing urban areas in order to bring higher-quality housing as well as higher urban densities within reach. In 2013 this is still quite theoretical for Nicaragua.

**Development of housing typologies**

In this chapter we focus on a housing typology within the low- and medium-income groups. As a result, housing types include very simple, temporary, incremental and basic up to (modest)
housing for the middle class, which is mostly residential. To establish the characteristics of each, indicators are used such as the amount of floor space and the costs of construction (sometimes including the price of the plot). In Nicaragua, different concepts are used to refer to a house of a certain quality. *Vivienda semilla* (literally ‘seed dwelling’) is an incremental house that ranges from 9 to 24 square metres while *vivienda solidaria* is a very simple house which is donated to poor families. *Vivienda básica* is a regulatory concept for a house of 36 square metres. Finally *vivienda económic* is a middle-class house. Over time, concepts related to housing have changed. The concept of ‘social housing’ is important, because the state determined the maximum house price limit for obtaining a subsidy – both plot and construction – at US$20,000. Table 20.2 outlines the social housing solutions offered in 2012 to households in Managua and León.

Table 20.2 gives an overview of all dwelling types located in well-organized suburban housing projects offered to residents in Managua and León. All types are for households looking to obtain or expand a property. Obtaining external help, through the work of volunteers, donations and subsidies, is for the most part possible. However, rental housing is not addressed in these projects.

One can find that very modest ‘housing solutions’ for incremental housing, solidarity housing (donations by the government) or House ‘Roof’ (‘Techo’, formerly ‘Techo para mi país’) were offered to households – Income Category E – by housing NGOs or the government. These solutions were found mainly in Managua at the city edges. All other solutions were found in the urban expansion plan León South East, in the municipality of León. There the municipality is offering – through the involvement of the Municipal Building Materials Bank (BdMM) – houses with a floor space of either 42 or 53 square metres and construction costs between US$6,000 and US$8,000 (not including the plot). Most other basic housing types as well as more houses are being offered by private housing developers; building costs, which include the plot as well as a septic tank or a connection to the sewer system, range between US$10,000 and US$20,000. The Union of Teachers (Andén) also sells houses to its members.

All housing types and applications for Income Category E are modest and affordable for low-income households (monthly costs US$10–20). With donations, monthly costs are almost zero, although these are limited in number. Nonetheless, housing solutions on offer for lower income groups are adequate, at least in León where households can purchase houses at a monthly cost of between US$70 and US$123 (November 2012 prices). This means that only households in the medium-low Income Category C – with incomes between US$150 and US$350 per month – are able to buy such houses there. As such, these households depend on donations and subsidies too. In general, the offer of houses between US$10,000 and US$20,000 is not sufficient for households in Income Category D. One can find similar schemes in other cities; however, not all cities have effective land-for-housing programmes comparable to León South East.

Future research in Nicaraguan housing should also contain aspects of housing typology, construction costs, costs of land, and sanitary solutions, among others in order to be able to determine the suitable housing type per income group. This is, after all, essential information for the formulation of affordable housing policies.

Between 2003 and 2005, individual house plots in León ranged between 160 and 200 square metres. In 2012 smaller plots of 120 square metres could be found in León South East. Plot sizes in Managua are comparable but certainly not smaller. As such, research on housing typology – with characteristics such as plot size, living space, sustainable applications and
### TABLE 20.2 Typology of social housing solutions in Managua and León (November 2012)

<table>
<thead>
<tr>
<th>Housing type</th>
<th>Floor space (m²)</th>
<th>Construction costs (US$)</th>
<th>Monthly costs (US$)</th>
<th>Characteristic</th>
<th>Offered by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental house</td>
<td>9</td>
<td>1,500</td>
<td>10</td>
<td>Expansion of existing house</td>
<td>NGO ‘SELAVIP’, Managua</td>
</tr>
<tr>
<td>Incremental house</td>
<td>18</td>
<td>2,500</td>
<td>10–15</td>
<td>Core house</td>
<td>NGO ‘Habitar’, Managua</td>
</tr>
<tr>
<td>Incremental house</td>
<td>24</td>
<td>3,500 built by volunteers</td>
<td>15</td>
<td>Core house</td>
<td>NGO Habitat for Humanity, Managua</td>
</tr>
<tr>
<td>Solidarity house</td>
<td>20–40</td>
<td>Unknown</td>
<td>Donation</td>
<td>Metal construction; plates of Plycem</td>
<td>National government, Managua</td>
</tr>
<tr>
<td>‘Roof’ (modest house)</td>
<td>About 20</td>
<td>Unknown; built by volunteers</td>
<td>Donation</td>
<td>Wooden house</td>
<td>NGO ‘TECHO’, Managua</td>
</tr>
<tr>
<td>Basic house</td>
<td>42</td>
<td>6,000 exclusive plot</td>
<td>Unknown</td>
<td>Small house, septic tank</td>
<td>Municipality of León (BdMM)</td>
</tr>
<tr>
<td>Basic house +</td>
<td>53</td>
<td>8,000 exclusive plot</td>
<td>Unknown</td>
<td>Medium house</td>
<td>Municipality of León (BdMM)</td>
</tr>
<tr>
<td>Basic house ++</td>
<td>36</td>
<td>9,900 including plot and septic tank</td>
<td>68</td>
<td>Small house</td>
<td>Developer CastelNica, León</td>
</tr>
<tr>
<td>Basic house ++</td>
<td>44</td>
<td>13,990 including plot and septic tank</td>
<td>80 (estimate)</td>
<td>Small house</td>
<td>Developer CastelNica, León</td>
</tr>
<tr>
<td>Basic house ++</td>
<td>48</td>
<td>14,400 including plot and septic tank</td>
<td>100 (estimate)</td>
<td>Medium house</td>
<td>Developer CastelNica, León</td>
</tr>
<tr>
<td>Basic house ++</td>
<td>50</td>
<td>18,000 including plot and sewerage</td>
<td>80</td>
<td>Medium house, sustainable</td>
<td>Union of teachers, León</td>
</tr>
<tr>
<td></td>
<td>42</td>
<td>18,500 including plot and sewerage</td>
<td>114</td>
<td>Small house, sustainable</td>
<td>Developer REALNISA, León</td>
</tr>
<tr>
<td>Basic house ++</td>
<td>50</td>
<td>19,990 including plot and sewerage</td>
<td>123</td>
<td>Medium house, sustainable</td>
<td>Developer REALNISA, León</td>
</tr>
</tbody>
</table>

**Source:** The authors’ own compilation on the basis of information obtained by housing institutions and corporations (see column to the right) and from INVUR (interview).
services – should include other aspects of housing such as local market characteristics. A focus on future condominium housing in the cities is necessary also, for example regarding the fact that current housing densities in Managua are relatively low.

**Improvement in the quality of the housing stock**

According to experts, the quality of the housing stock in Nicaragua is generally low. This is understandable since a large part of the housing stock was built through the self-help efforts of a population with limited financial means. We believe that setting up programmes that provide homebuilders with technical assistance and small credits for individual home improvement is one of the options to improve the quality of the housing stock.

**Urban renovation and urban densities**

Because of a relatively high degree of urbanization in the western region of Nicaragua, some subjects about future cities are discussed here. Two types of migration exist in Managua: migration towards the city by poor people on one hand, and out-migration toward the city outskirts by middle- to high-income households on the other hand. Managua currently is characterized as low density; the majority of houses have only one floor. However, households independently enlarge their houses, leading to higher densities, for example by building a second floor. If Managua keeps on growing, structural solutions might be found for intensifying land use. It is quite difficult to obtain centrally located urban space in order to develop housing and commercial functions at reasonable prices.

For some parts of the city and certain target groups, the development of housing complexes with several floors will create higher density conditions, while public areas can be improved qualitatively by making space for parks and other green areas. The Inter-American Association of Housing (ACENVI/SNV 2012) designed a plan for urban renovation in District II of Managua, near the city’s centre, with an initial phase called Parques de Santa Ana. The starting point is the construction of 220 apartments in medium-high, four-floor buildings and the installation of public spaces with squares and green areas. In total, some 5,000 apartments might be built in District II. In 2012, ACENVI offered this study project to the government. Given these developments, more research on urban densification and new housing types is necessary in the near future.

**Conclusions**

As a result of the prolonged unfavourable economic situation in Nicaragua, houses often continue to be built via self-help. Since the beginning of 2013, within and around the cities of Managua and León as well as other cities, various illegal land occupations are occurring; this is an outcome of the lack of government policy for low-cost housing for low-income families. However, for the past few years and after a period of low public production, government housing policies have focused on stimulating the social housing sector (e.g. the government directly donated simple houses to very low-income families). Moreover, via subsidies and loans the government made a step towards a mixed housing finance system; current funding by loans of IDB and INSS are advantageous. However, the government is not able to stimulate strongly the social production of new housing because of a lack of sufficient funding and the
low capacity of the population to pay for decent housing. Foreign aid organizations are active in Nicaragua, but these entities cannot solve the huge housing shortages on their own. There are many national NGOs focusing on social housing too, but current activity is rather low as they are dependent on external finance and public subsidies.

In this chapter some housing policy challenges are described. First is how to develop an attitude for research on decent and affordable housing types for low-income groups. Thus, insight into a housing typology and solutions for small-scale home renovations and related costs are essential for future housing policies. Second is how housing policy and practices can be developed, while involving the potential of self-help with house construction and home renovation, within the limited economic situation in the country. Finally, how can urban problems, such as a lack of urban land for housing and the demand for urban housing in higher densities, be tackled given the economic constraints? Housing research should be focused too on the prominent role of self-help housing and its potential for the improvement of the housing stock in the country. The development of housing policies is a matter of concern for the national government as well as the local government. Local governments might develop their own policy in cooperation with their local stakeholders (Municipality of León 2007).

There is a discussion about the role of the municipalities as a potential housing provider for targeted social groups. It is indisputable that municipalities may assist via initiatives such as providing technical assistance to self-constructors. Additionally, the stimulation of housing cooperatives is occurring and that is promising. The role of CBOs in Nicaragua turns out to be a complicated one, due to political practices (as outlined regarding the politically motivated CPC). Moreover, banks can be involved in the social housing theme; there are signs that this is beginning to work. The government continues to opt for the status quo on housing production, and focuses more on the improvement of houses.

Notes


2 Interviewed housing specialists are: Stalin Peña Solís (ACENVI); Bernarda López (Ánden – Syndicate of teachers); Yilver Guerrero and Fabricio Munguía (Municipality of León); Ninette Morales and Mrs Cony Rosales (Habitar); Mr César Sandino and Mr Tito Castillo (CADUR); Faniz Jirón (CENCOVICOD RL); Dahlia González and Rigoberto Hernández (Ceprodel); Ananieth Cano Ocampo (Cooperativa de Vivienda La Esperanza, Esteli); Stewart Hadacre (Habitat for Humanity, Canada); Guillermo Arana Campos (INVUR/FOSOVI – National Government); Julio Denis Jaleano (Poder Ciudadana Managua); Tomás Donaire, PRODEL, León; Modesto Jarquín (National Council of City Links between Nicaragua and The Netherlands).

3 The authors have spoken with the mentioned housing specialists; according to them it is estimated that at least 70 per cent of households in Nicaragua still construct their house by self-management.

References


GoN (2009a) Ley especial para el fomento de la construcción de vivienda y de acceso a la vivienda de interés social. Managua: National Government.


