

Pro-Poor Housing Finance in Thailand

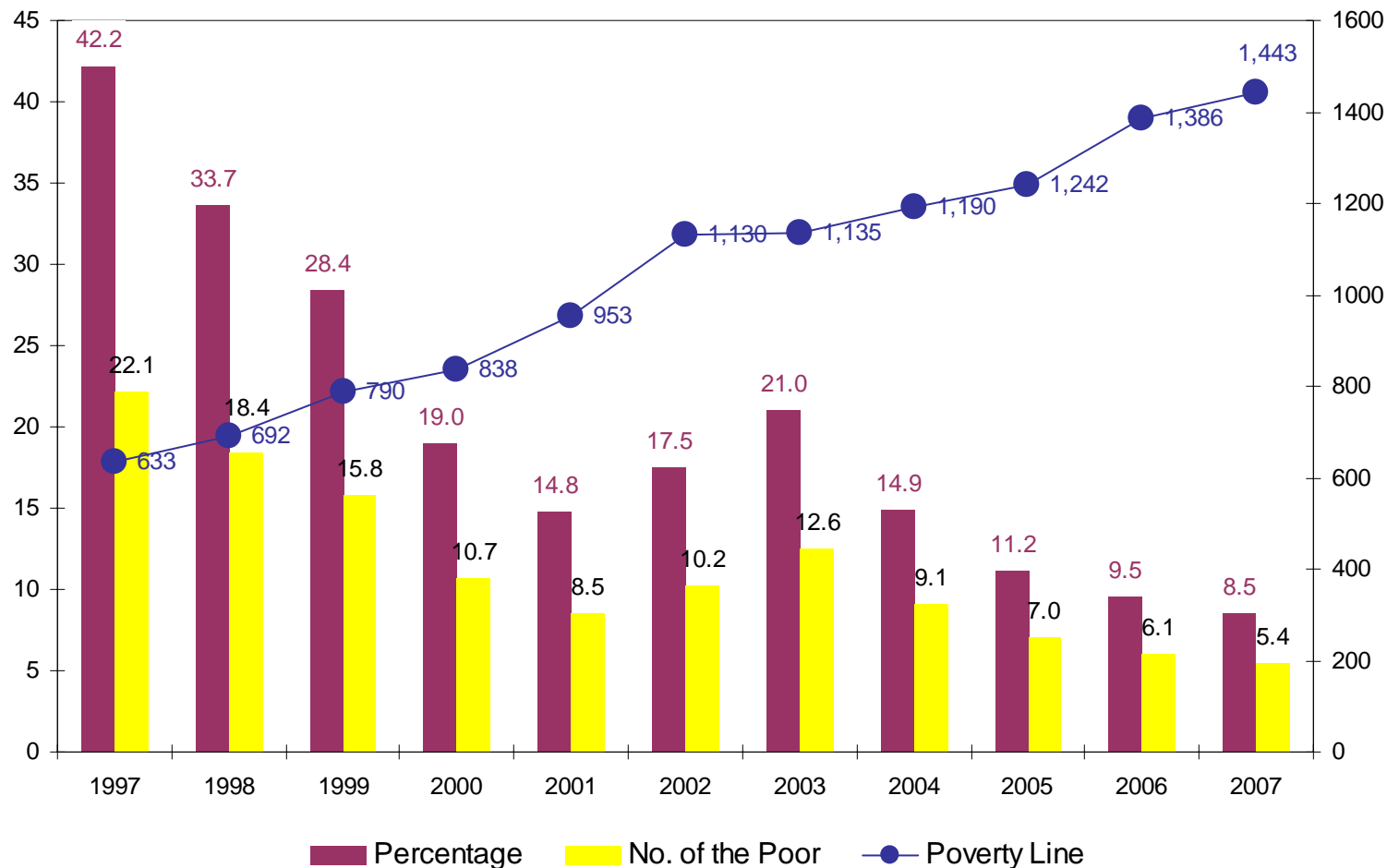
Socio – Economic & Housing Conditions

No. of population (m.)	63
Population growth rate (%)	0.5
GDP per capita \$USD	3,983
No. of household (m.)	18
Avg. of HH size	3.3
No. of dwelling (m.)	20
% of HH with safe drinking water	93
% of HH with electricity	98
% of HH with latrine	97
% of Dwelling with permanent material	94

Socio – Economic & Housing Conditions

% of HH own dwelling	80
% of HH rent dwelling	11
% of HH rent free accommodation	5
% of HH in mortgaged dwelling	9
% of population in urban areas	36
No. of slums	1,726
No. of HH in slums	480,000
No. of population in slum area (m.)	2,400,000
Poverty line (Bht.)	1,443/person/mo.
No. of person under poverty line (m.)	5.4 (8.5%)

Poverty Line, Percentage & No. of the Poor

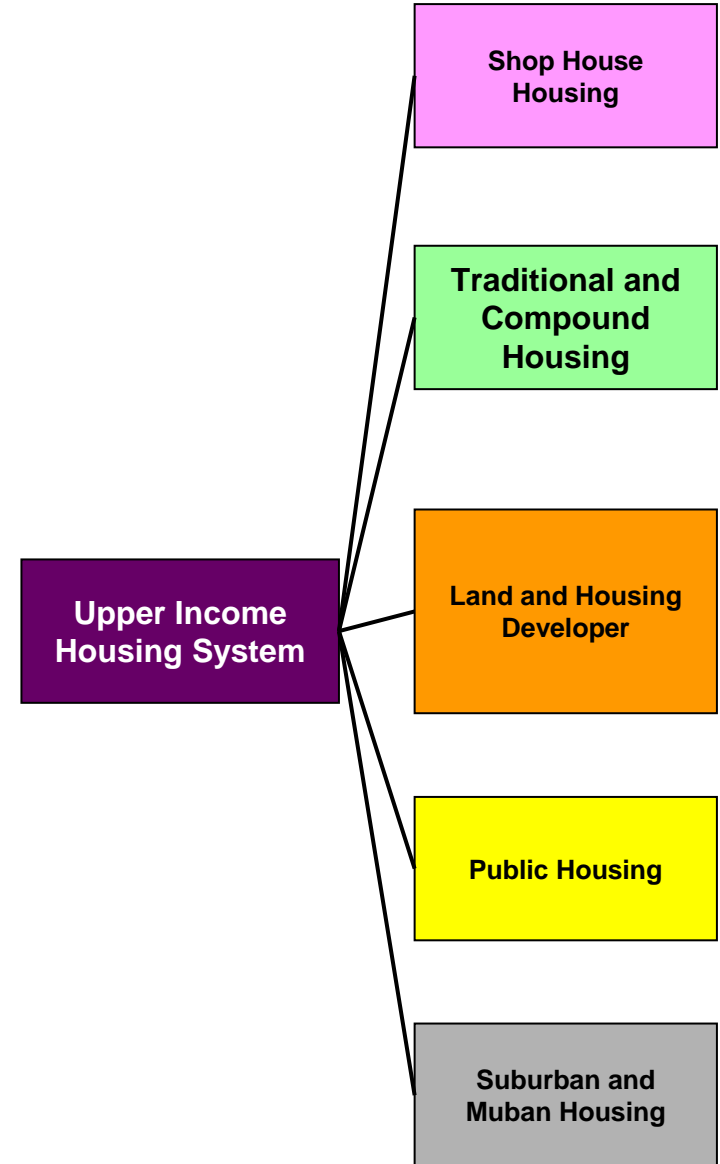
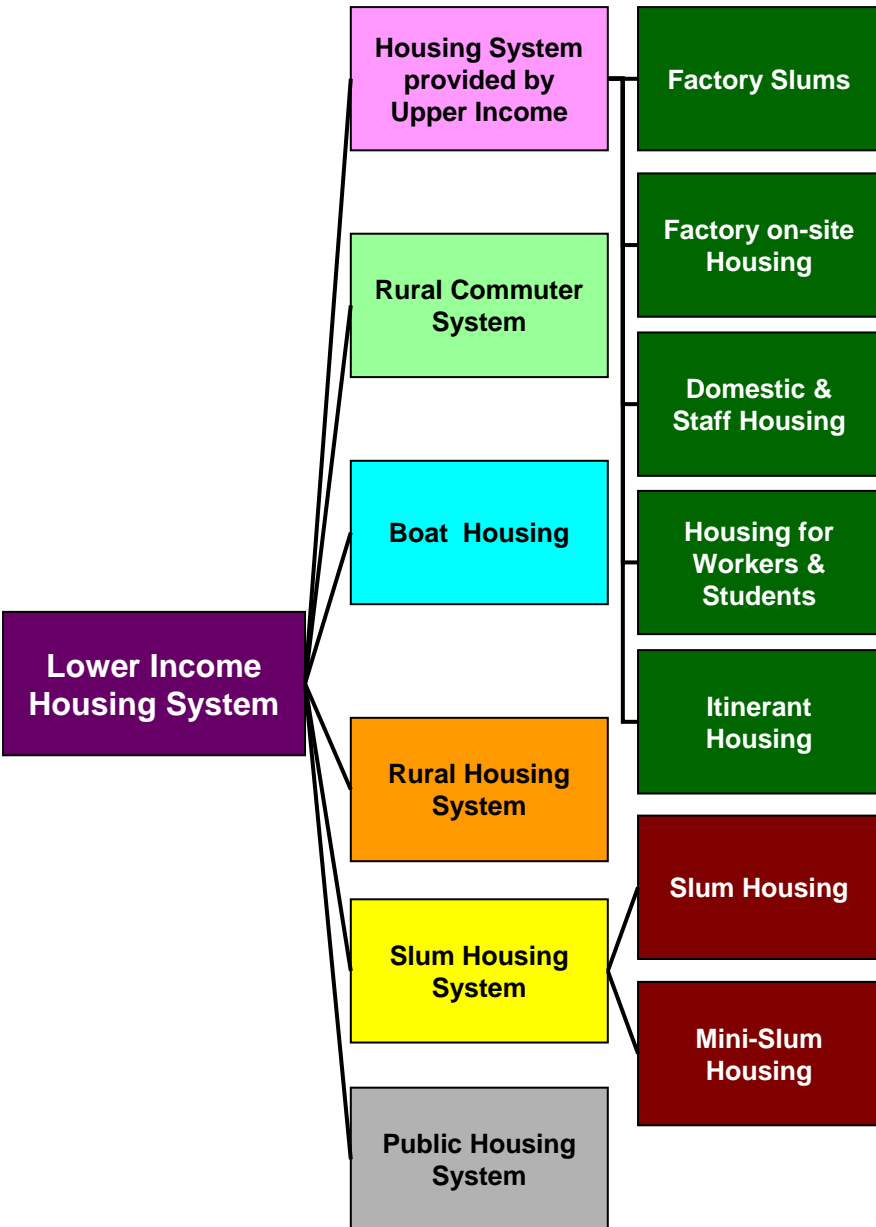


Source: NSO & NESDB

Housing Delivery System

LOWER INCOME HOUSING SYSTEM

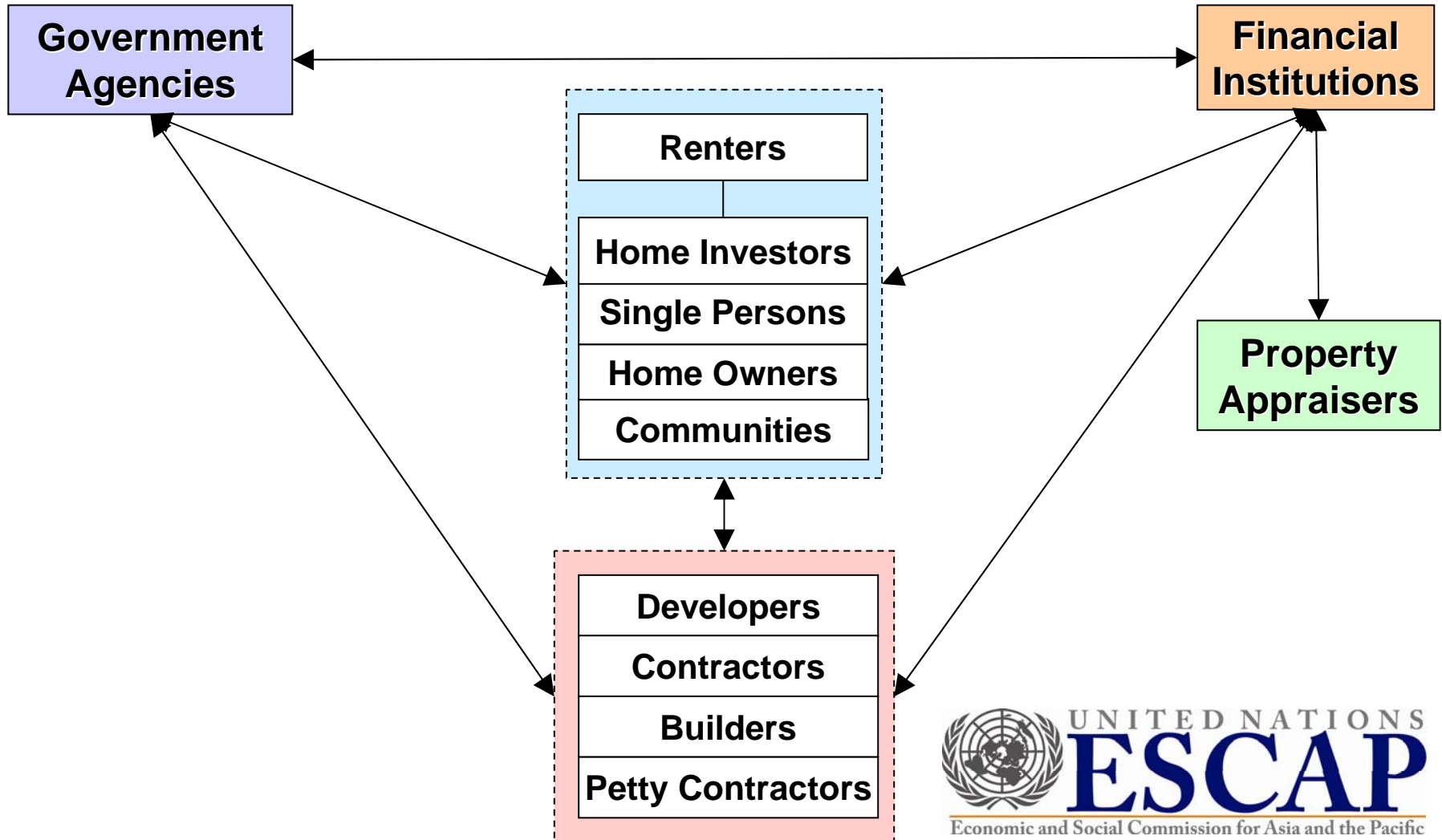
UPPER INCOME HOUSING SYSTEM



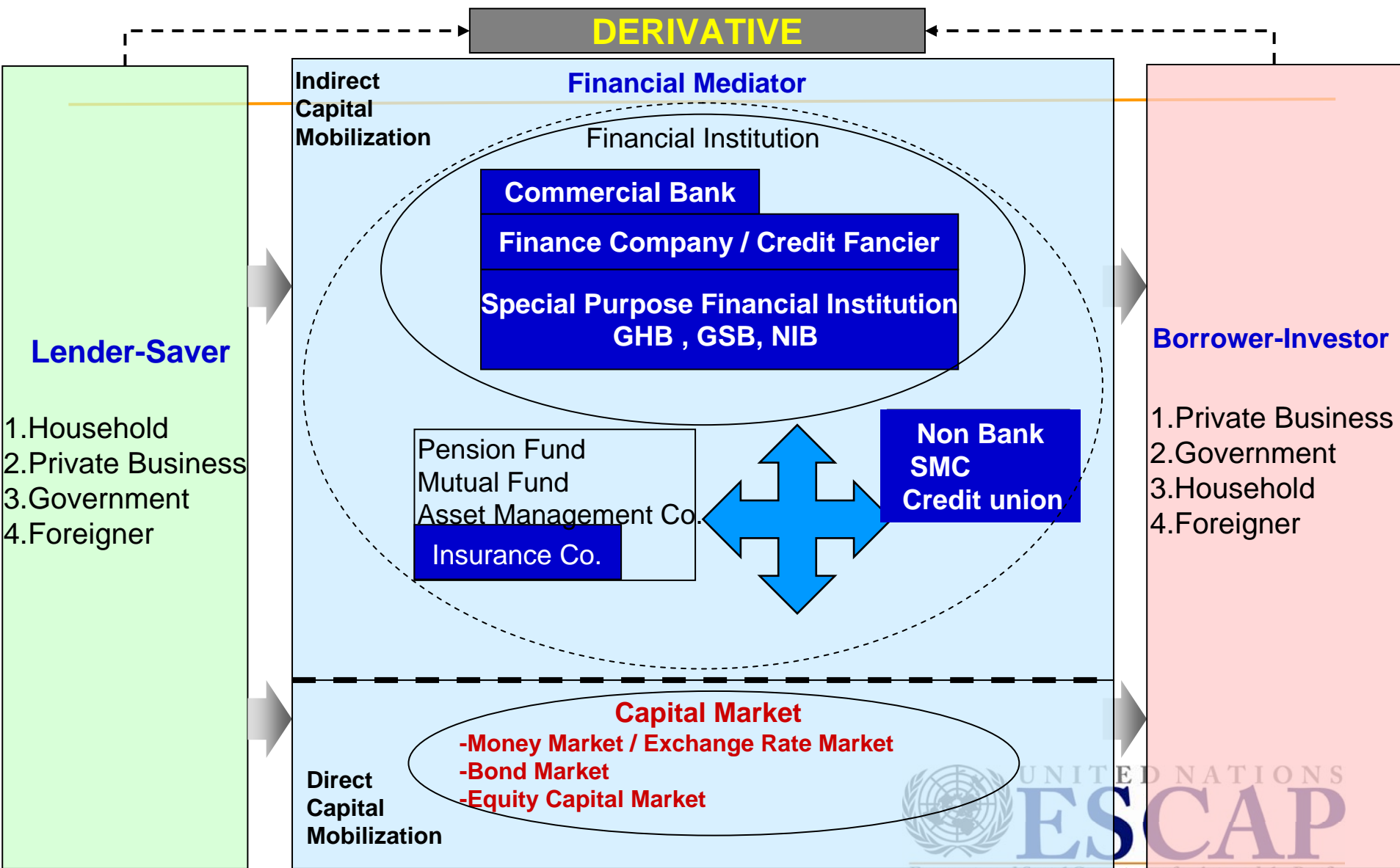
Stakeholders in Housing

Key Actors	Type of Involvement	Extent of Involvement
Government agencies	Regulator / Developer / Land Owner	High
Financial institutions	Financier	High
Property Appraisers	Appraiser	High
Developers	Developer	High
Construction Cos.	Supervised by Owner or Developer	High
Builders	Supervised by Owner	Moderate
Petty Contractors	Supervised by Owner	Low
NGO's	Advocator / Supervisor / Organizer	Low
Homeowners	User and Developer	Moderate
Renters	User	Minimal
Single Persons/Others	User	Minimal

Stakeholders in Housing

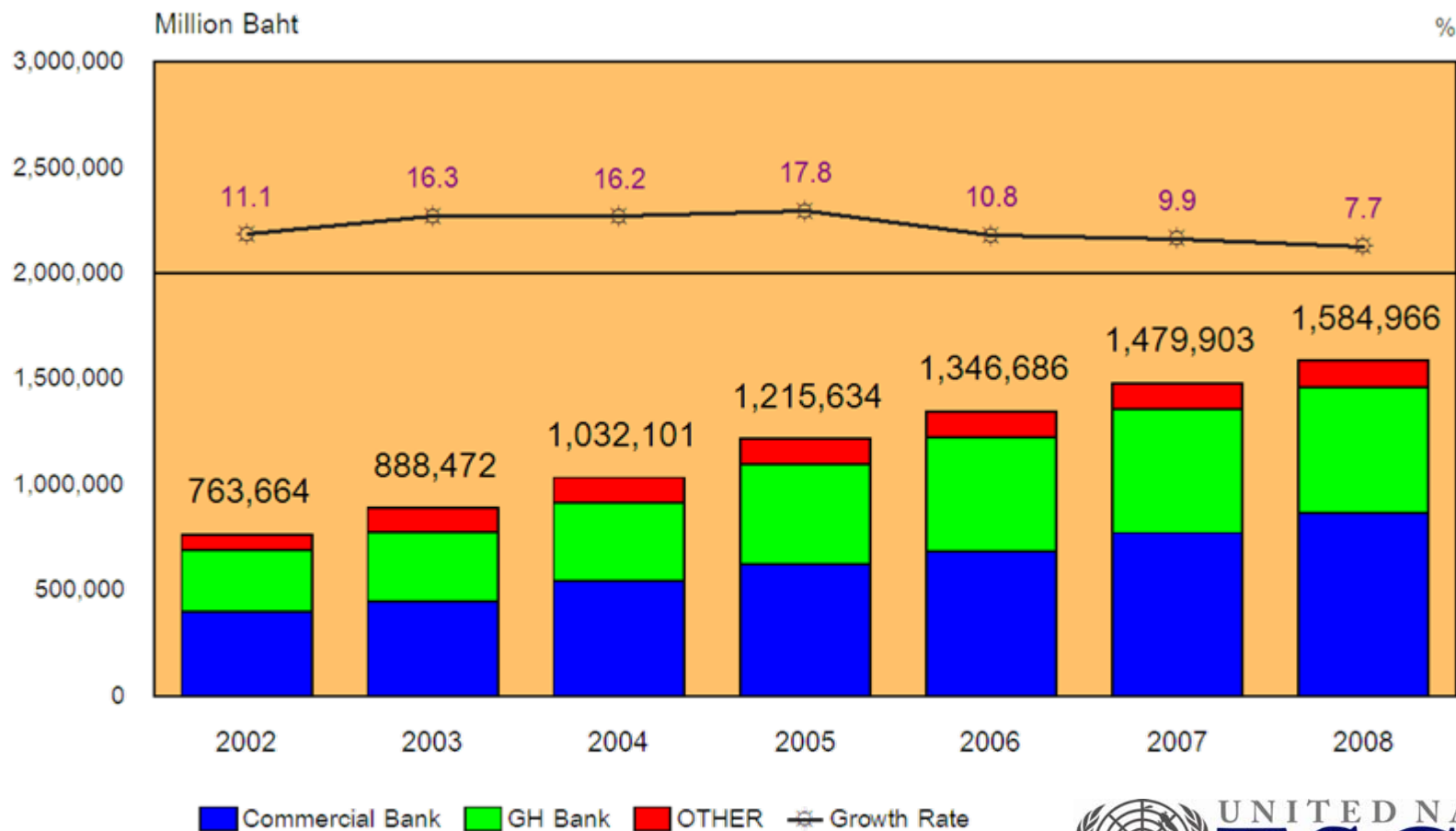


Structure of Thai Financial Market



Major Players in Housing Finance

Home Loans Outstanding in Thailand



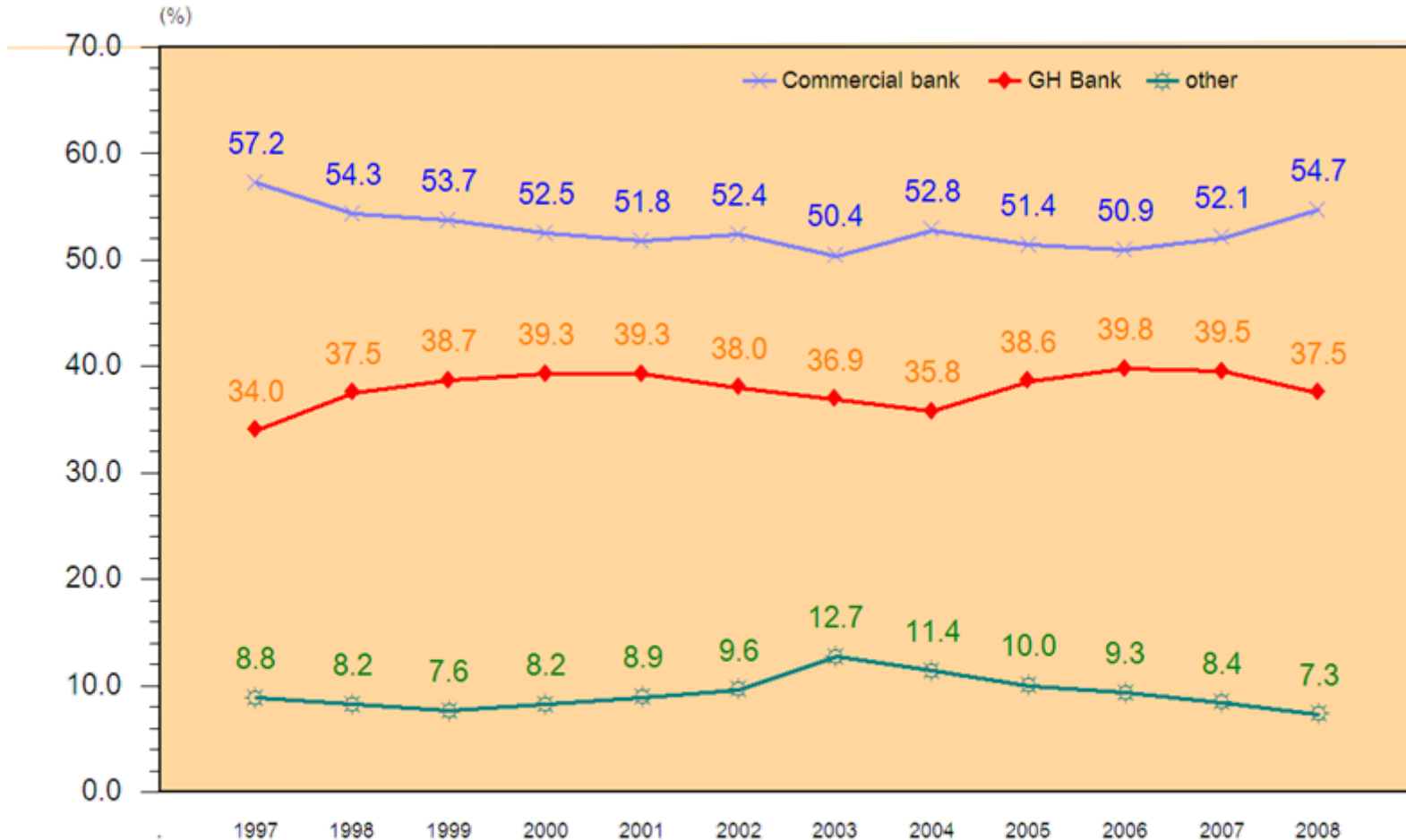
Economic and Social Commission for Asia and the Pacific

Resource : GH Bank, NH,GSB

Complie : REIC, Research & Infomation Services Department , GH Bank

Note : (1 US\$ = 34.07 Baht ,Rate on Sep 30, 2008)

Market Share of Home Loans Outstanding



Remark : Other consists of GSB, Finance Companies, Insurance Companies and Credits Fonciers

Provided by : Research & Information Department , GH Bank

Source : BOT, GH Bank, GSB, NHA

Regulatory Frameworks

- Ministry of Finance (MOF):
 - GH Bank, SMC, other SFIs
- Ministry of Agriculture and Agricultural Cooperatives:
 - Cooperatives Department
- Bank of Thailand (BOT):
 - Commercial Banks, other institutions
- Department of Lands:
 - Housing Developers

- **Loan to Value (LTV) 75 - 100**
- **Repayment 20-30 yrs. But age + loan period \leq 65 yrs.**
- **Interest rate**
 - **Fixed for short period (optional)**
 - **Floating rate**
 - **generally deposit rate + 200 – 400 basis points**

etc. see Ballobh paper

Low - Income Housing Policy

- **No comprehensive “National Housing Policy”**
- **3 major government agencies are responsible**
 - GHB market – based credit program**
 - NHA major provider of low – income housing**
 - CODI citywide slum upgrading and tenure security**
- **Roles change overtime**

Housing Policy

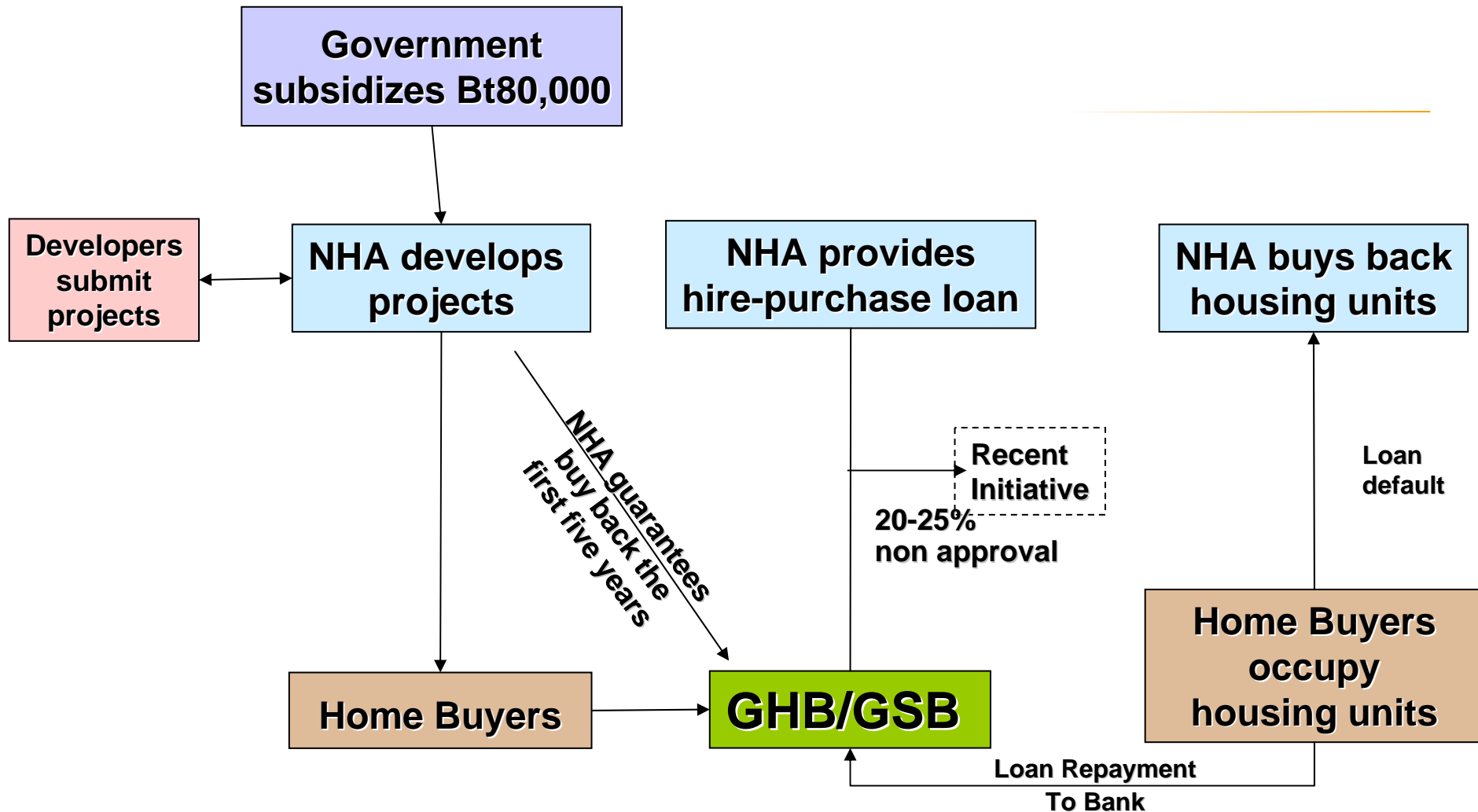
The Thai Government launched A One Million House Program from 2003-2008

- **600,000 units were assigned to NHA**
- **300,000 households in 1,826 communities in 200 cities around the country were assigned to CODI**
- **100,000 units were assigned to GSB**

NHA Baan Eua Arthorn

- **Target 600,000 homes between 2003 and 2008**
- **Max. Income Bt15,000 per month**
- **Monthly payment Bt1,500**
- **No minimum income criteria for purchasers**
- **Actual cost of construction Bt470,000**
- **Government subsidy – Bt 80,000 per unit**
- **Selling price Bt390,000**
- **GHB & GSB supply mortgage financing**
- **No down payment 30 years loan**
- **Stepped paybacks – 10 to 15 % every 3 years**

NHA Baan Eua Arthorn Financing



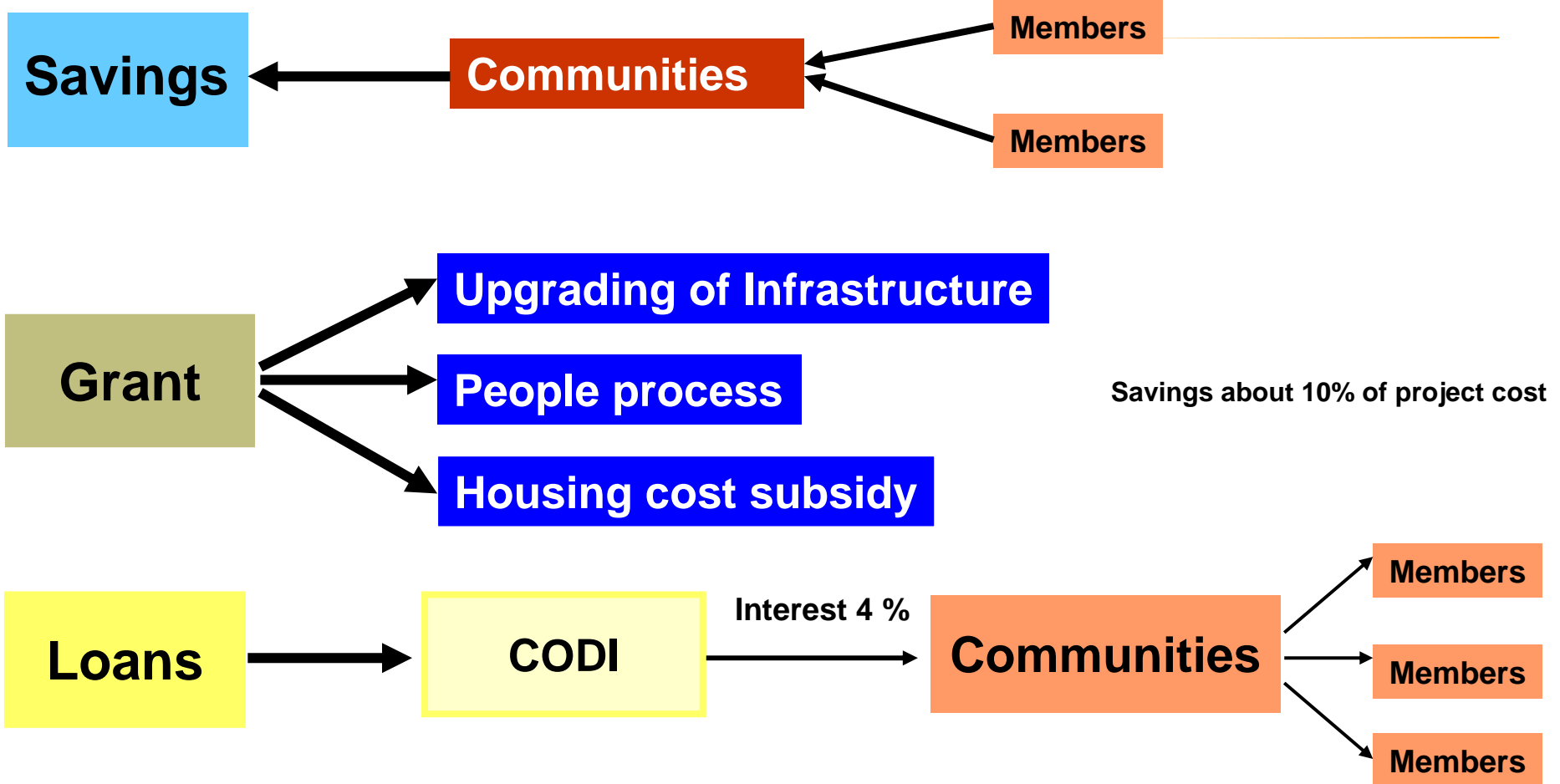
GHB = Government Housing Bank
GSB = Government Saving Bank

CODI Baan Mankong

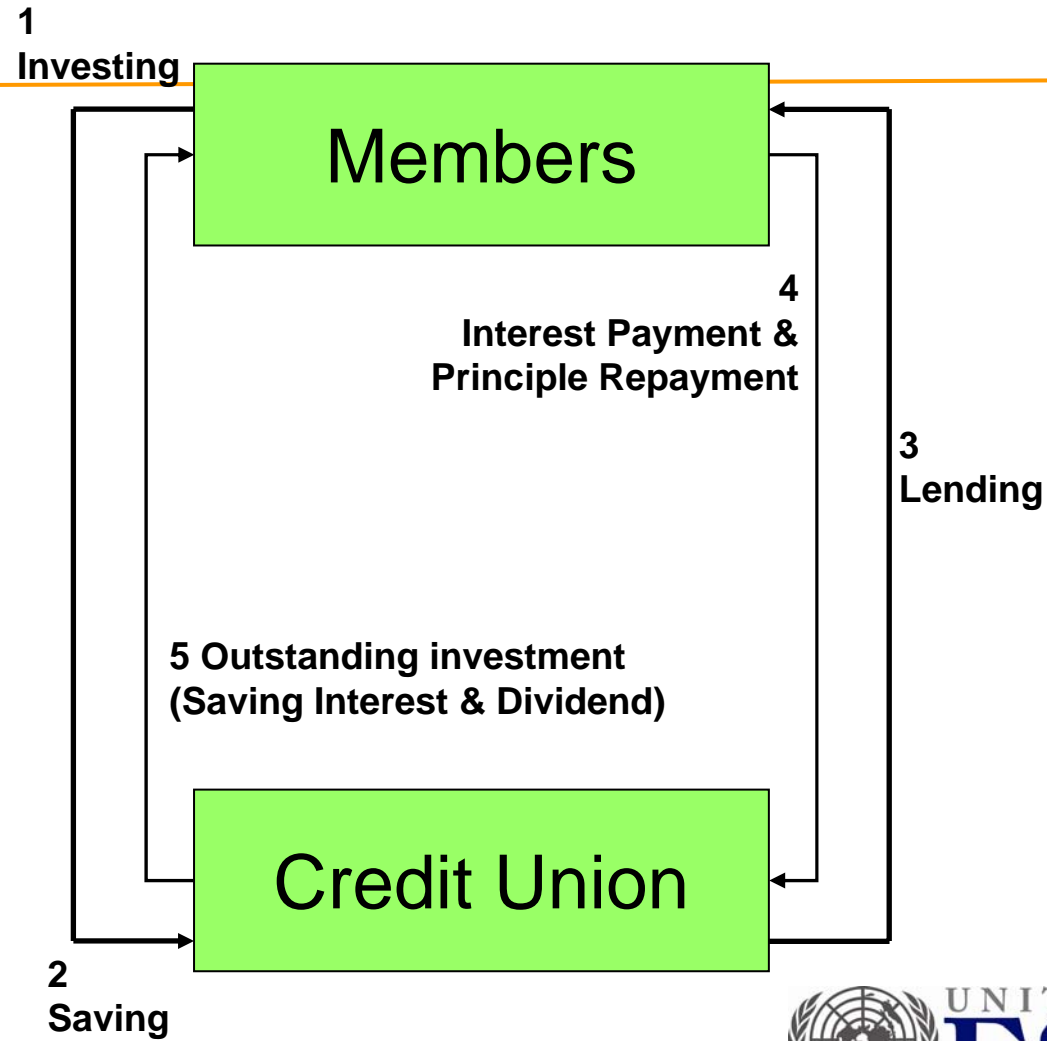
- ❖ **Slum upgrading program target at 200,218 units implemented since 2003**
- ❖ **Government channels fund through CODI for infrastructure development and housing subsidies**
- ❖ **People organize savings**
- ❖ **CODI channels government subsidies and provide housing loans direct to communities**
- ❖ **Communities on lend such funds to members by adding some spread in interest cost**
- ❖ **The spread is used for community welfare and as a cushion for missing repayment by member if required**

Three components of Baan Mankong financing

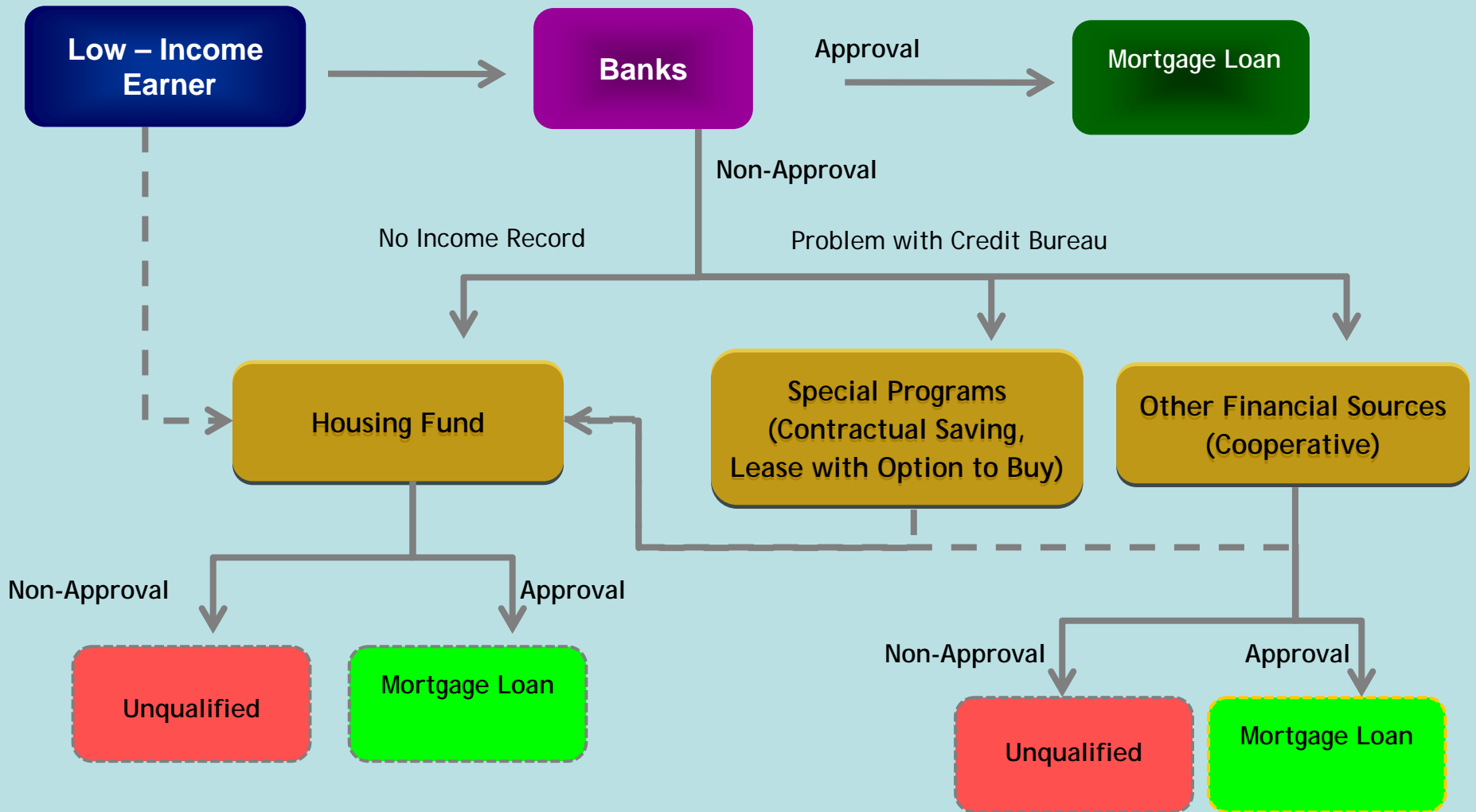
Savings about 10% of project cost



Credit Union

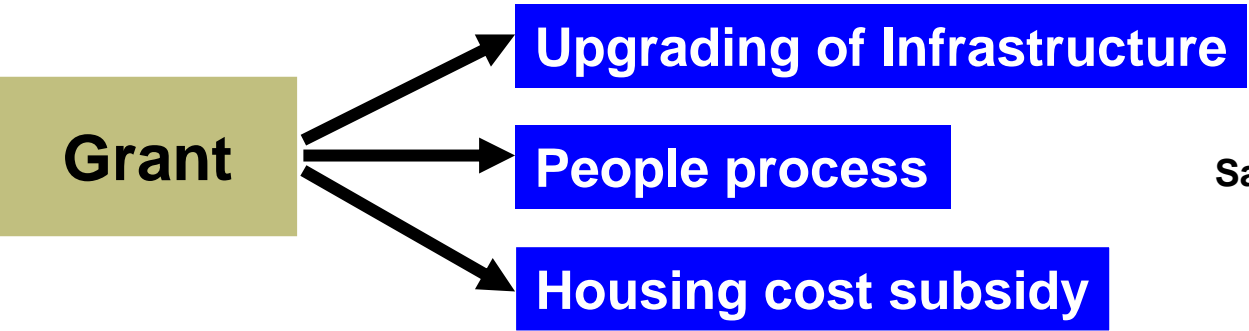


Recent Initiative by NHA

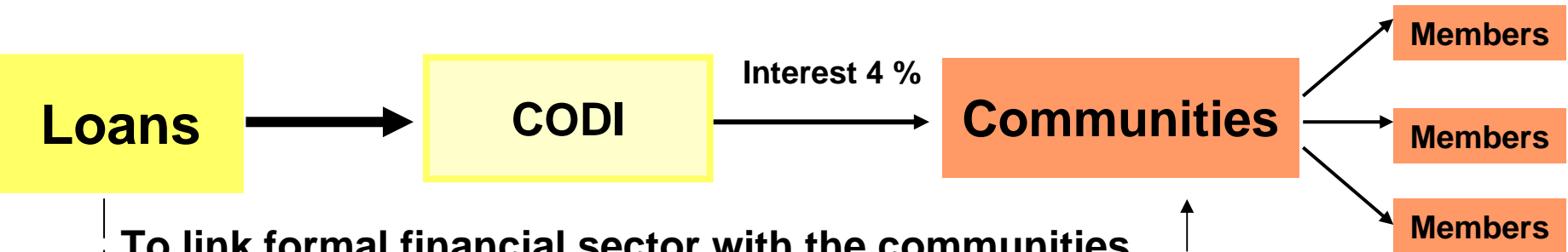


Three components of Baan Mankong financing

Savings about 10% of project cost



Savings about 10% of project cost



To link formal financial sector with the communities

Recent Initiative



Conclusions

- ❖ Housing has gradually improved over time
- ❖ Effective housing delivery system
- ❖ A well functioning formal housing finance system
- ❖ Some private developer also provides housing finance.
- ❖ Problems with low-income exist
 - ❖ Irregular income
 - ❖ Credit Bureau (no income record)
 - ❖ Lack of understanding
- ❖ Alternatives
 - ❖ Housing fund
 - ❖ Lease with option to buy
 - ❖ Housing co-operatives

Reporter's View

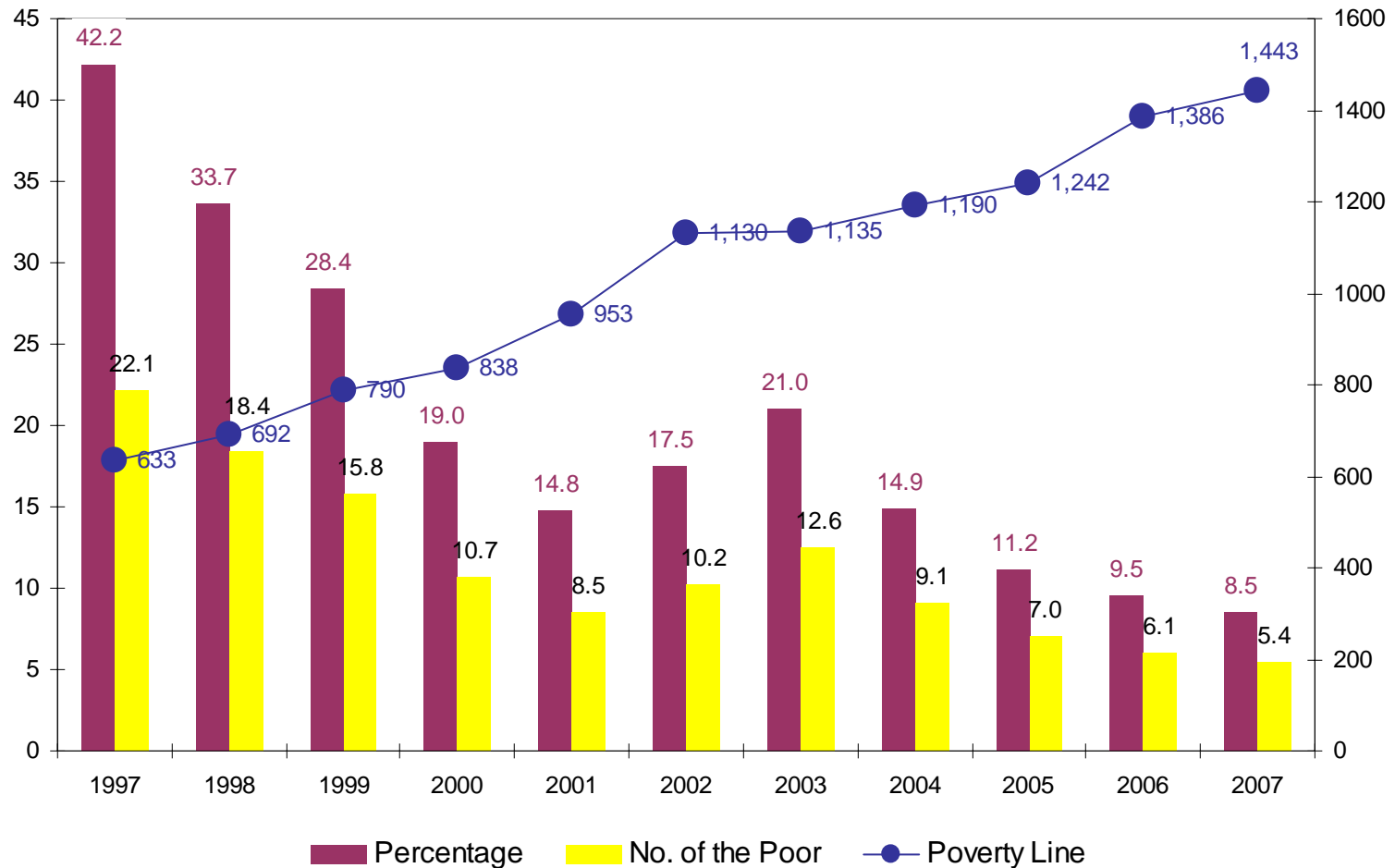
- **Definition and characteristics of the Poor**
 - **Database, GIS, Poverty map**
Geoinformatics tracking the Poor
 - **Poverty line and income distribution**

Geoinformatics

Tracking "The Pooors"



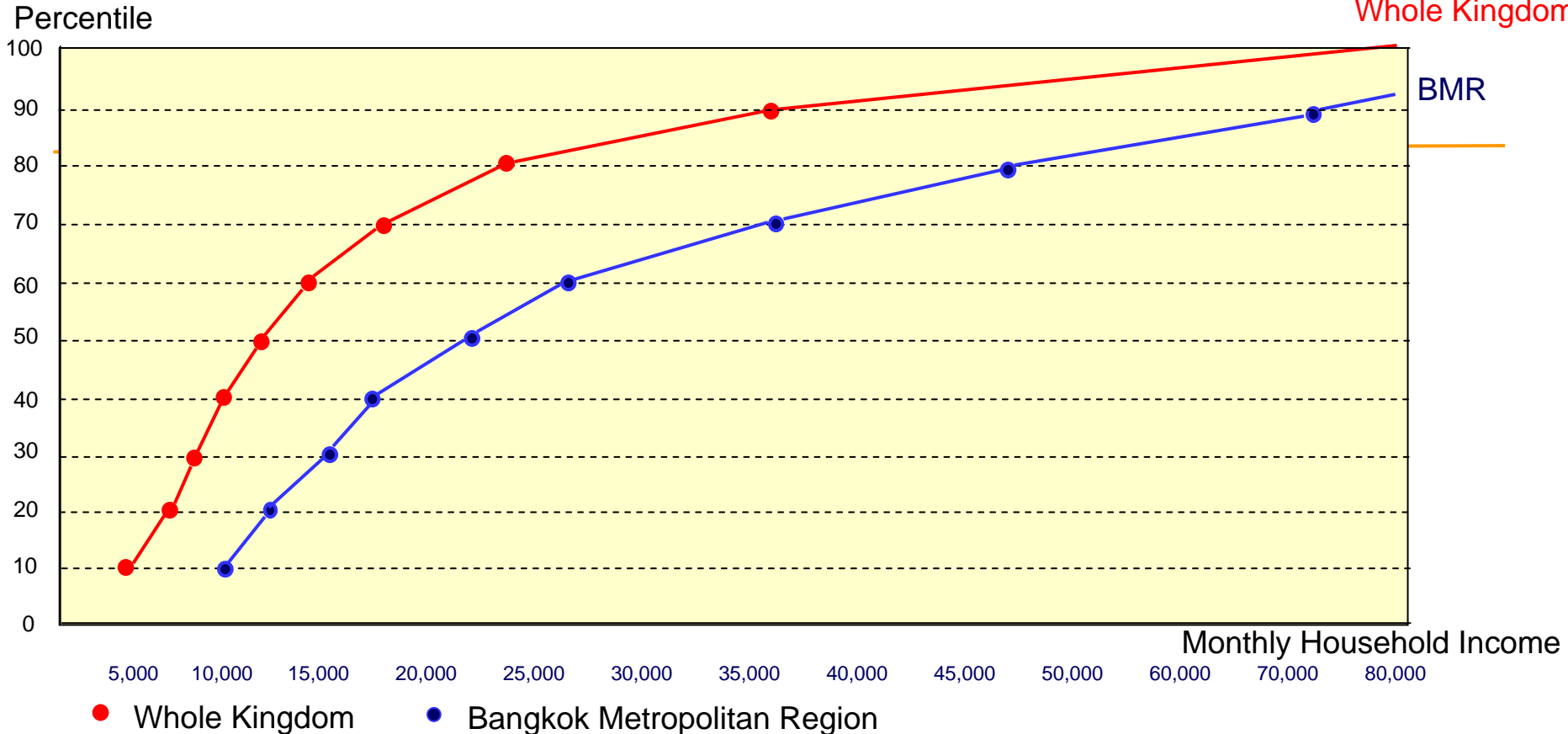
Poverty Line, Percentage & No. of the Poor



Source: NSO & NESDB

Household Income Distribution 2006

Whole Kingdom




Percentile	10	20	30	40	50	60	70	80	90
Whole Kingdom	3,598	5,168	6,719	8,500	10,638	13,406	17,115	23,200	35,692
BMR	8,865	11,956	14,373	17,517	21,405	26,833	35,317	47,823	73,057

Reporter's View

- **Need for Pro-Poor HF (dilemma)**
- **Restructuring of low-income housing policy landscape demand, subsidies, and etc.**

Reporter's View

-  **Need for a body to articulate, co-ordinate and monitor housing policy**
 - 1983 Housing Finance Study in Thailand
WB & MOF recommended Housing
Policy Sub-Committee (HPS)**
 - 2009 Establishing National Housing Policy
(NHPC) prescribed in the Royal Gazette
2008 (NHA's initiative)
one of the top agenda "Pro-Poor HF"**

Thank you