

## Implementation of the New Housing NAMA Mexico



Source: KfW

### Facts



**Sector**

Energy efficiency



**NAMA Support Organisation**

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH  
Kreditanstalt für Wiederaufbau (KfW)



**Implementing Partners**

Comisión Nacional de Vivienda (CONAVI)  
Secretaria de Desarrollo Agrario, Territorial y Urbano  
Sociedad Hipotecaria Federal (SHF)



**NAMA Facility Funding**

EUR 14.9 million



**Duration**

2013-2021



**Status**

Implementation

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## Toward a New Paradigm

The New Housing NAMA Support Project (NSP) addresses specific barriers to sustainable housing in Mexico through both technical and financial support. The project aims to transform the Mexican housing sector by promoting cost-effective energy-efficient building concepts and technologies, and the use of renewable energies across the low-income residential housing sector.

The NSP works to enhance and harmonise support mechanisms, raise awareness among consumers, and increase capacities of project developers. International best practices provided to the Mexican National Housing Commission (CONAVI) are supplemented by financial incentives and project-related technical support implemented in cooperation with the Mexican development bank Sociedad Hipotecaria Federal (SHF).

## Change in the Face of Challenges

In 2013, the residential sector in Mexico comprised around 17% of greenhouse gas (GHG) emissions. Urbanisation in Mexico is already high, with nearly 80% of the population living in cities. Coupled with an annual population increase of around 1.7 million, the number of urban inhabitants will continue to increase in the immediate future. Over the next decade, an average of 500,000 dwellings will be built per year, primarily for low-income residents. In addition, one-third of the current housing stock of 28 million units will require partial or complete renovation by 2030.

Throughout Mexico, insufficient urban planning has resulted in rampant urban sprawl and poor infrastructure on the periphery of most cities. To amend these past mistakes, the Mexican government has developed an ambitious new climate and urban development agenda which focuses on the re-densification of inner-city districts as well as more compact, vertical building designs and an overall reduction of GHG emissions by 50% by 2050.

Despite this positive momentum, the country still faces considerable barriers to achieving affordable large-scale, energy-efficient housing. These barriers include limited knowledge and experience in the area of energy-efficient construction, subsidised energy prices which do not provide incentives to save money, costly technical equipment and building materials, and a weak regulatory environment. Originally launched at the COP17 in Durban, South Africa, in December 2011, the New Housing NAMA is a global first, designed to overcome precisely these barriers.

## Achieving Transformational Change

The New Housing NAMA Support Project endeavours to boost investments in energy-efficient housing. It thus seeks to address shortcomings by enhancing the supply side of energy-efficient houses, increasing demand for such houses by demonstrating their economic benefits, and fostering more energy efficiency standards. In addition, it tackles deficits in knowledge and experience in this field. The technical support and standardised efficiency criteria, which was conducted between 2014 and 2017, already triggered more private and institutional sector investments.



Single split air conditioners (Source: fotolia)

In order to effect its desired transformational change, the New Housing NSP:

- Builds the capacities of federal, state and local authorities around energy-efficient and sustainable housing, and amends building codes and legislative framework conditions;
- Develops local markets for environmentally friendly technologies in the housing sector, introduces the “integrated whole house approach” to energy savings, and launches new energy and water demand certification concepts in the co2climatic zones, as well as three different housing types;
- Improves existing promotional instruments and incentives with more ambitious energy-efficiency standards at the federal and state level; and
- Promotes the application of more ambitious energy efficiency standards by providing targeted investment grants to construction companies, and loan guarantees to financial intermediaries, to cover incremental costs such as additional eco-technologies.

The investments undertaken relate to household appliances, lighting, thermal insulation (walls, roofs and windows), solar water heaters and ventilation. Pilot housing programmes have been established in several locations, including the hot, arid climate of Monterrey in the north-eastern state of Nuevo León and in the dry, wet zone of Mérida in the state of Yucatán, near the Gulf of Mexico.

Pilot projects demonstrating the economic feasibility of energy-efficient housing projects are expected to increase demand and motivate additional commercial banks to mobilise funding. Furthermore, increased demand from an end-user perspective will lead to greater investments in energy-efficient housing.

### Expected Outcomes

At the project's commencement, the minimum mitigation target was a 20% reduction in GHG emissions, an equivalent of 400,000 t CO<sub>2</sub>e by 2020. Once the NSP's TC was finalised, a monitoring exercise was executed. Based on these results up until June 2017, the target had been surpassed with reductions exceeding 1,090,000 t CO<sub>2</sub>e.

#### **As of mid-2017, the New Housing NAMA has also outperformed additional benchmarks:**

- In terms of financing, initial targets to leverage EUR 120 million in public financing and EUR 80 million in private financing have been exceeded, with EUR 200 million and EUR 107 million mobilised to date;
- In terms of beneficiaries, the initial target of 43,000 direct beneficiaries has been exceeded with demonstrated benefits to over 194,000 urban residents to date; and
- In terms of NAMA housing units, the initial target of 11,000 units subsidised or mobilised by NAMA Facility has surpassed with 49,625 units reached per date.

The New Housing NAMA has improved and will continue to improve quality of life for low-income groups due to a significant reduction in energy consumption and lower electricity and gas bills. Homeowners benefit from improved housing quality and comfort. Housing developers can offer a high-quality product at a competitive price and receive recognition as pioneers in the sustainable construction market.

Furthermore, the NSP has catalysed impact beyond its remit by enhancing local capacities to act on climate change (e.g. in the states of Jalisco and Yucatan), encouraging innovation and testing new approaches as well as developing synergies between programmes related to sustainable housing and development. The

New Housing NAMA Support Project has provided key data to support the development of public policies for low-carbon housing in Mexico and globally.

### Contact and Legal Notice

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