

PROFILE: ¡Échale! a Tu Casa

Using innovative financing to make good-quality housing available in Mexico



Challenge

Rapid urbanization in Mexico has resulted in a severe shortage of affordable housing in cities. Home loans are not easy to obtain because they require collateral and formal proof of income, and interest rates are high, leaving many Mexicans at the bottom of the pyramid (BoP) unable to find safe places to live.

Innovation

¡Échale! a Tu Casa (www.echale.com.mx), founded in 2006, has developed an innovative self-build housing program that provides low-income families with the opportunity to own good-quality, secure homes. It provides a one-stop solution through three key components: construction, finance, and community.



The company produces compressed earth blocks (known as Adoblocks), and then it makes architects, engineers, and construction workers available to help customers build their houses with this material.

To make builds affordable, ¡Échale! offers finance through a savings and credit facility. Its government-sanctioned community finance society (known as a SOFINCO) gives customers access to simple savings and credit products to build or improve a house. Once a customer has saved 10 percent of the total cost of the building material, the savings are used as a guarantee against a loan. ¡Échale! charges an annual interest rate of about 30 percent, whereas other lenders charge 50 percent and impose additional charges.

¡Échale!'s model revolves around community engagement. The company helps organize local housing committees to oversee house construction. It pays and trains five members of the community to help construct each house. It also runs financial education workshops for its customers. This community-centered approach also helps the company design and improve its products and services to better meet the needs of its customers, who in turn promote ¡Échale! and the program's benefits to others.

Environmental impact is a key focus. Adoblocks are environmentally sustainable, and all houses built are equipped to harvest rainwater, reducing the use of municipal water by 20 percent. Many of the houses are also equipped with biodigesters, which reduce leakage of latrines and septic tanks, and solar energy-efficient lamps, which reduce dependence on energy by 10 percent.

Impact

¡Échale! has facilitated the construction of 30,000 new homes and 150,000 home improvements, reaching about 1 million people. Moving out of cramped, informal settlements into houses with privacy and space improves conditions for health and sanitation and creates improved learning conditions for children.

The program also increases employment, creating five temporary jobs per house. The company estimates that 200,000 people have gained temporary employment through the program. The training they receive helps equip them to take on similar work after their temporary job with ¡Échale! ends.

Scaling Up

The company has reached scale. It is developing a social franchise model to allow other countries to replicate its success. A key success factor has been the local government's recognition of the benefits of the self-build model and its willingness to put measures in place to enable its growth. ¡Échale!'s stakeholder engagement has been another key driver.