

## Analysis the Role of Housing Fund on the Construction for New Housing Case Study: Diwaniyah governorate / Iraq

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**Abstract:** The problem of housing in Iraq is the big housing need, which causing an increase of informal houses and the rise of housing densities. The Housing Fund is one of the main sources of housing financing in Iraq, by providing loans to citizens to obtain new houses through construction. The fund grants the highest loan limit of 40 million I.D. to the governorate center, 35 million for the kadhaa center and Nahiya center). The aim of the research is to identify analyze the effect of related variable on the size of the loan, such as the plot area, area of construction, the cost of construction, plot price, borrowers' income, and the speculative value of the property. Stratified random sample drawn of three towns, and appropriate statistical tests used to analyze. The research concluded that there is no need to make a difference in the upper size of the loan between the three towns, because there is no significant difference in the speculative value of the property, so the research concluded that the value of the loan size does not cover the current cost of construction, and the borrowers income is insufficient to repay the loan. A set of proposals were developed to solve the research problem.

**Keywords:** Loan, Income, The speculative value of the property, construction cost, Fund

### Introduction

Article 30 of the Iraqi Constitution of 2005 provides for the provision of adequate income and housing for all Iraqis, as it states: "The state guarantees the individual and the family, especially the child and woman, for social and health security - and the basic requirements for living a decent life that secures an adequate income for them." A human right and one of the components of social safety, and it is one of the risks facing individuals and families.

### Research problem

There is a discrepancy in the size of loans granted in the governorate center (large city) from those granted to the kadhaa center (medium city) and Nahiyah (small city), which generates a state of imbalance and justice in society.

### Research objective

Verify the existence of moral reasons in the difference in the size of the loan granted to borrowers in the governorate center from those residing in the center of kadhaa and Nahiyah, and to identify the size of the loan to value, and the appropriateness of the installments paid to repay the loan compared to the citizen income.

### Research hypothesis

There is no significant difference in the factors affecting the size of the loan granted to borrowers between the center, the kadhaa and Nahiyah, so the size of the loan does not cover the cost of housing, and the amount of monthly installments negatively affects the living conditions of borrowers with low and medium incomes.

The temporal and spatial dimension:

The study will take into account the number and sizes of loans in the center of Al-Diwaniyah Governorate.

### Methodology

The descriptive analytical method will be used to study the housing fund financing system in Al-Diwaniyah Governorate and one of its aspects for the year 2020. And the use of statistical methods to achieve the objectives of the research.

### The Iraqi Housing Fund's mechanism of action

#### The first stage: the stage of establishing the fund.

Based on the provisions of Paragraph B/1 of Article Two of the Law of Administration for the Iraqi State for the Transitional Period and the provisions of Section Two of its Appendix, and based on the approval of the Presidency Council, the Council of Ministers decided to issue the following order:

- 1- A fund called (the Housing Fund) is established under this law and is linked to the Ministry of Construction and Housing and enjoys legal personality and financial and administrative independence. The fund represents the fund's executive director before the courts and other bodies.
- 2- The capital of the Fund shall be (300,000,000,000) three hundred billion dinars, subject to increase by a decision of the Prime Minister and a proposal from the Board of Trustees of the Fund.
- 3- The fund's capital is to be financed by the Ministry of Finance in the form of a loan without interest, provided that the loan is returned after 25 years.

**Loan amount :-**

18 million dinars if the property to be built in Baghdad.

15 million dinars if the property to be built in the provincial centers.

75 million dinars if the property to be built in the districts and districts.

**Interest value:-**

0% interest if he pays a loan within two years.

1% interest if paid for a loan within 3 years.

3% interest if paid within 5 years.

4% interest if the amount is repaid within 7 years.

5% interest if the amount is repaid within 10 years.

6% interest if paid more than 15 years

The fund aims to finance housing projects and enable Iraqi citizens to build housing for them by granting real estate loans for these purposes. (Al-Waqa'i Al-Iraqiya, 2004, Iraqi laws )

In 2011, a new law was issued for the Housing Fund, which raised the fund's capital to one thousand billion Iraqi dinars, subject to increase by a decision of the Council of Ministers, with fixed funding from the federal budget allocations for the years (2012-2016) and at an equal annual funding rate outside sovereign expenditures, with the aim of financing housing projects and lending to citizens Those who own a residential plot of land independently or communally, provided that it is not less than (100) square meters at an amount of 35 million dinars without interest, and the public companies specialized in building houses and apartments and participating with real estate companies established under Iraqi law to finance residential complexes to be sold in installments to citizens (The Iraqi Gazette, 2011, Iraqi rules).

**The second stage: - After 1/1/2012**

One of the most prominent objectives of the Fund in 2012 was to approve the instructions for financing housing complexes, individual lending, and loan ceilings to work under its new law (34) for the year 2011, as well as the use of new sources to finance the Fund based on what was stated in the new law, increasing collection and eliminating the case of defaulted collection for the purpose of recycling the capital and benefiting from it in lending. The fund sought at this stage to increase its capital to contribute to the implementation of financing housing complex projects from the authorities mentioned in Article (7) of its new law to enable it to continue its work as a leading institution in the field of financing and lending. The Fund also sought to increase the collection rate to 2.5 billion dinars per month after it was 2.2 billion dinars in the year 2011 and to eliminate the defaulted collection of previous years to avoid the financing risks faced by housing banks and funds. As the Iraqi Housing Fund continues to lend to citizens by (35) million dinars for Baghdad and (30) million dinars for the governorates except for the Kurdistan region, and the Fund witnessed an increase in the lending rate due to the issuance of its new law and the inclusion of all segments of society in lending, in addition to the fact that these loans were interest-free, which encouraged citizens to go to it and in all governorates (Majidi, 2013, the role of financing).

**Third stage: The Central Bank's initiative for the year 2016**

According to the initiative of the Central Bank, the amount of the loan is no more than 50 million dinars for each lending case, and the borrower bears an annual interest of 2% in favor of the Central Bank and a one-time administrative charge of 1%, and the loan term is ten years as a maximum, provided that the loan is restored in monthly installments equal within the prescribed period. The loan is granted for the purpose of building or adding a building to whoever owns a residential plot of land independently or communally, and the common land area is not less than 100 square meters and the building area is not less than 65 square meters. However, the loan is not granted for building on agricultural and industrial plots, and the loan is also granted to those wishing to purchase housing units. An investment property or subject to the investment law, with a net area of not less than 65 square meters<sup>1</sup>.

<sup>1</sup> Iraqi Housing Fund / Planning Department 2016

This initiative was implemented on 1/7/2016, and this initiative lasted only one year, then the Fund Law No. 32 of 2011 was implemented. (The Housing Fund / Interview with the Legal Director on 01/30/2021)<sup>2</sup>

#### Fourth stage / Central Bank initiative for the year 2019

The maximum loan amount is 50 million dinars for Baghdad governorate, 40 million dinars for governorate center, 35 million dinars for kadhaa and Nahiyah, with an increase in the time period for repaying the loan (15 years) by adding 2% administrative interest rate to the fund and 3% to the central bank taken once. It has been approved to pay monthly loan installments electronically via the MasterCard.

Work on implementing this initiative began on 10/1/2019 and continued until February 2021.<sup>3</sup>

1 - The loan of the Iraqi Housing Fund is granted to all groups of society, rich and weak, until its value was calculated to cover the equivalent of building a square meter house at the lowest construction costs, by approving the square meter of construction (210,000) thousand dinars, which is equivalent to half the value of the construction cost at the present time by adopting the highest value For the loan to reduce the housing deficit in the country and solve the housing crisis for the poor and middle classes.

2- The piece bond remains mortgaged to the fund until the end of the loan repayment period and the payment of all dues.<sup>4</sup>

3- Most countries in the world calculate the value of the interest or administrative interest rate through the following equation:

Interest Amount = Amount Borrowed / Property Value \* 100<sup>6</sup>(Adam,2020,loan to value)

#### The reality of housing in Al-Diwaniyah governorate:

The population growth in Al-Diwaniyah Governorate witnessed, in its absolute form, a rapid, continuous and regular development, and this was confirmed by the results of the permits and population estimates carried out by the Central Bureau of Statistics. Annual population growth rate according to statistics and based on the results of the multi-indicator cluster economic and family survey for Al-Diwaniyah Governorate 2.3%<sup>5</sup>



map (1 ) source : depends on google map

<sup>2</sup>An interview with the director of the Housing Fund / Al-Diwaniyah branch on December 21, 2020

<sup>3</sup> same source

<sup>4</sup> An interview with the director of the Housing Fund / Al-Diwaniyah branch on December 21, 2020

<sup>5</sup>Iraqi Housing Fund / Planning Department in 2020

The number of population, the number of housing units, and the housing deficit in Diwaniyah governorate for the year 2020 are as shown in Table (1):

**Table (1)** The housing deficit in Diwaniyah Governorate

Diwaniyah Governorate	population	The number of housing units	Number of families	The amount of the housing deficit
total	1,359,642	129,606	220,839	93,058

Source: Ministry of Planning / Department of Regional and Local Development / Directorate of Planning Diwaniyah for the year 2020

### 1- A field survey of the housing fund transactions in Al-Diwaniyah Governorate

Withdrawing a sample of organized loan transactions from the Housing Fund / Al-Diwaniyah branch. Filling out a prepared form that includes fields for the building area, plot area, land price, loan size, total monthly deduction, sponsor income, and the appraisal value of the property

The sample drawn was limited to the transactions of the new building, and it is distributed according to the number of organized transactions at the level of the governorate center, the kadhaa, and the Nahiyah, as a sample of 7% of the transactions was withdrawn as in Table (2).

**Table (2)** The number of new construction transactions for the Housing Fund in Al-Diwaniyah Governorate for the year 2020

Transaction type	Governorate center	Shamiyah Kadhaa	Salhiya Nahiya	total
New build	313	246	157	716

Source: Relying on the field survey of the transactions organized by the Housing Fund / Al-Diwaniyah branch for the year 2020

The number of new construction transactions for the year 2020 reached (716) transactions, which constitutes a rate of 0.8%, which is a limited percentage compared to the housing deficit of the governorate, unlike the contributions of the housing fund in developed countries (HTF,2011, center of community).

This requires an increase in the fund's allocations, in addition to the importance of other real estate financing institutions in alleviating the housing deficit. The forms of transactions regulating the new construction were sorted in the three cities, as shown in Table (3).

**Table (3)** data of transaction forms regulating new construction in Al-Diwaniyah Governorate for the year 2020

details	building area (from the vacation) in square meters	Average plot area (from bond) in square meters	Average price per square meter of land in dinars	Average loan size in dinars	Monthly deduction rate for the applicant for the loan	The nominal monthly income rate of the sponsor	Average appraisal value of the property
Governorate center	169	250	477,273	35,568,182	296,884	496,091	48,321,064
Shamiyah Kadhaa	176	247	341,176	27,970,588	221,000	426,294	43,634,082
Al-Salhiya	193	282	300,000	31,916,667	275,167	589,167	45,789,182

Nahiya

Source: Reliance on field survey data of the Housing Fund / Al-Diwaniyah branch for the year 2020

#### Data analysis:

The following is a comparative analysis of the variables of the new construction in the three cities (the governorate center, Kadhaa, Nahiya) to find out the existence of significant differences, as statistical tests were adopted for the difference between the averages in the three cities, and the statistical test was adopted that corresponds to the nature of the data obtained.

#### The new construction:

It is construction on a legally permitted area of land of 200 square meters in governorate centers, 250 square meters in kadhaa centers, and 300 square meters in Nahiya centers. The Housing Fund allowed granting a loan for an area of 100 square meters.

#### Loan Size:

In order to choose the appropriate test, it is necessary first to test whether the data of the three cities are distributed normally, and according to the Kolmogorov-Smirnov test and the Shapiro-Wilk test, the results indicate that the data of the center and the Kadhaa are not distributed normally, but the Nahiya data are distributed normally as shown by the distribution test The normal data for the loan size for the three cities is in Table (5).

**Table (4)** the normal distribution of the loan size data for the three cities

		Tests of Normality					
		Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	groups	Statistic	df	Sig.	Statistic	df	Sig.
Loan amount	center	.167	22	.112	.947	22	.272
	kadhaa	.211	17	.044	.828	17	.005
	Nahiya	.224	11	.130	.834	11	.026

#### a. Lilliefors Significance Correction

From Table (4), it is clear that the center and the kadhaa data are not distributed naturally, while the Nahiya data are distributed normally, as the sig value is less than 0.05. Therefore, the appropriate test is the KRUSKAL-WALLIS test in the case of testing more than two samples...

The results appeared as in Table (5) Hypothesis Test Summary.

null hypothesis	test	sig.	decision
the distribution of loan size is the same across categories of group	independent samples Kruskal - wallis test	0.004	reject the null hypothesis

a symptotic significances are displayed. The significance level is 0.05

As the value of Sig. = 0.004 which is less than 0.05

This means rejecting the null hypothesis, that is, there are significant differences between the rates of the loan size for new construction between the three cities.

#### This is due to:

1- The maximum loan size for governorate centers (40 million dinars), while the kadhaa and Nahiya do not exceed 35 million dinars

Determined by the Housing Fund initiative 2019.

2- The value of the loan size is determined based on the appraisal value of the property and the salary of the sponsor.

3- The size of the loan is either equal to the appraisal value of the property by calculating it by the equation that

depends on the price of the land, the area of the land, the cost of construction, the building area and the tax price. During the disclosure and calculating the equation, the estimated value may reach higher than the maximum limit of the loan, or the estimated value is large. On the construction or not covered by the sponsor's salary, then the sponsor's salary is calculated over the specified period of time for the loan, where the lowest between them is chosen.

4-The value of the loan size is determined to cover the construction at the lowest costs. The fund imposes a square meter cost of 210,000 dinars per square meter.

#### **The area of the residential plot:**

By the same test of Hypothesis Test summary

As the value of Sig. = 0.106 which is greater than 0.05

This means accepting the null hypothesis, that is, there are no significant differences between the rates of residential plots for new construction between the three cities.

The purchasing power of the citizen does not differ between the center, the kadhaa, and the Nahiyah, as it depends on his material capabilities (savings, jewelry, debt from relatives). Also, the fund does not finance the purchase of land only construction.

#### **Building area:**

The results appeared from **Hypothesis Test Summary**

As the value of Sig. = 0.322 It is 0.05 more

This means accepting the null hypothesis, that is, there are no significant differences between the rates of the construction area for new construction between the three cities.

1- The absence of differences in the plot area makes the building area also without differences, since the building area is subject to urban standards by defining it by taking a percentage of the plot area, which may reach 70%. While the rest is left a garage or garden, and the reversion from the street when building is taken into account

2- The cost of construction (including materials, workers' wages, transportation) does not differ between the center, the kadhaa and the Nahiyah, except for a very slight difference between the three cities.

3- The physical ability of the citizen in the three cities to bear the burden of the cost of construction does not differ, especially since the citizen may bear the burden of purchasing the land and the fund has no income in that.

#### **The price of the land:**

The price of the land is determined based on the inspection committee appointed by the Housing Fund and determining the value of the land at that moment.

The results appeared from **Hypothesis Test Summary**

As the value of Sig. = 0.027 which is less than 0.05

This means rejecting the null hypothesis, that is, there are significant differences between the rates of land price for new construction between the three cities.

1- The price of the land in the center is higher than the value of the land price in the kadhaa and Nahiyah. This explains the high loan size to the center compared to the kadhaa and Nahiyah.

2- The inspection of the construction and the determination of the price of the land by the inspection committee named from the fund takes the price for that year and it is known that real estate prices increase and do not decrease over the years, but the construction cost specified by the fund is fixed

If the real land price is adopted, the statistical results indicate the existence of significant differences between the three cities. Accordingly, the loan size ceiling is a logical measure due to the different land

**The tax price of the land:** The value of the tax price for the land is determined by the General Tax Authority. In order to choose the appropriate test, it should first be tested whether the data of the three regions are naturally distributed, and according to kolmogorov-Smirnov and Shapiro-Wilk tests, the results showed that the three regions were naturally distributed as test of Normality

Since the value of Sig is all smaller than 0.05, the three totals are subject to natural distribution. We need Anova test

This means accepting the null hypothesis, that is, there are no significant differences between the tax price rates for new construction between the center, Kadhaa, and Nahiyah.

The tax price per square meter for the new building does not differ between the three cities, and its value is determined according to the location of the plot from the street and its distance to the commercial area. These values are collected from the tax department in the governorate.

**Monthly deduction for the loan applicant:** The monthly deduction for the loan applicant depends on the size of the loan granted to the loan applicant and the loan repayment period.

Since the sig value = 0.016 is less than 0.05

This means rejecting the null hypothesis, that is, the existence of significant differences between the monthly deduction of the loan applicant for new construction between the three cities.

- The monthly deduction depends on the value of the loan size, provided that the deduction does not exceed the nominal salary of the sponsor, as the loan amount is divided over the repayment period (15 years).
- The existence of significant differences in the size of the loan led to the emergence of significant differences in the amount of the monthly deduction for the applicant.

**The sponsor's monthly salary:-** One of the most important conditions imposed on the loan applicant and is considered one of the determinants of the value of the loan size from Hypothesis test summary .

This means accepting the null hypothesis, that is, there are no significant differences between the rates of the nominal sponsor's salary for the new construction between the three cities.

1- The salary of the sponsor does not depend on the type of cities (Center, Kadhaa, Nahiyah), but rather depends on the place of work of the sponsor, the number of years of service, his certificate. The loan applicant delay in repayment.

2- The loan applicant needs a guarantor with a large salary in order to increase the size of the loan and be for the benefit of the loan applicant. The guarantor can also pay the monthly deduction in case the loan applicant does not pay a small percentage of his salary.

**The speculative value of the property :** The size of the loan is determined based on the appraised value of the real estate, provided that it does not exceed the value of the sponsor's salary.

**From Anova test:**

Since the value of Sig = 0.775, this means that the null hypothesis is accepted, that is, there is no significant difference in the estimated value between the three cities.

1- Through the analysis of the estimated value, it becomes clear that there are no essential differences between the center, the Kadhaa and the Nahiyah, unlike the size of the loan, which shows a significant difference between the center, the Kadhaa and the Nahiyah.

- Accordingly, there is a defect in the assessment of the tax land price, which makes the appraisal value of the property has no significant differences.

2- The equation is reconsidered to calculate the appraisal value of the property in order to achieve justice.

3- In order to achieve some kind of justice among the citizens, the loans must bear the cost of the land and construction.

4- The construction phase upon disclosure to the Fund Committee does not affect the size of the loan granted, whether it is a roofed structure or an exchange in terms of the highest rate of the loan value.

5- The price of the land is only included in the calculation of the equation of the appraisal value of the property, and it is a variable that is not in the interest of the customer, but rather only to increase the assets on which the bank relies to recover the loan.

The results of the tests indicate that there is no significant difference between loan sizes between governorate center, kadhaa center and Nahiyah, based on the estimated values and the sponsor's salary that were adopted in calculating the loan.

#### The size of the loan to income

In order to identify the income level of the loan applicant if he is employed after dividing the salary scale into three categories to calculate the value of the monthly deduction from the monthly salary of the loan applicant and the salary of the sponsor as in Table (6)

The employee's nominal monthly income level			The average monthly nominal salary of the loan applicant	Monthly deduction rate	Deduction percentage from the salary of the loan applicant	The average monthly salary of the sponsor	Deduction percentage from the sponsor's salary
Diwaniyah Center	first class	185,000	356,000	270,500	296,884		
	The second category	362,000	609,000	485,500	296,884	496,091	60%
	Class III	621,000	1,148,000	884,500	296,884		
Shamiyah Kadhaa	first class	185,000	356,000	270,500	221,000	426,294	52%

	The second category	362,000	609,000	485,500	221,000		
	Class III	621,000	1,148,000	884,500	221,000		
	first class	185,000	356,000	270,500	243,177		
Al- Salheya Nahiya	The second category	362,000	609,000	485,500	243,177	589,167	41%
	Class III	621,000	1,148,000	884,500	243,177		

Source: Reliance on field survey data of the Housing Fund / Al-Diwaniyah branch and the salary scale of employees for the year 2020

From the observation of Table (6), there are a set of conclusions, which are as follows: -

- 1- The first category of the monthly loan requester's salary cannot meet the monthly deduction, as the deduction covers more than the value of the monthly salary for the center. As for the kadhaa and Nahiyah, the deduction percentage from the monthly loan requester's salary is 82% and 90% respectively
- 2- The second category of the employee's salary, the monthly deduction for the loan in the center is 61%, in the Kadhaa 46% and in the sub-division 50%. It is worth noting that most countries in the world adopt 36% (debt / income) (Kajan,2020,maximum loan)
- 3- The third category for the loan applicant, the deduction rate from the monthly salary is 34% for the center, for the kadhaa and for the kadhaa 25% and 27%, respectively.
- 4- From the foregoing, the fund deductions for employees are high compared to what is in force in most cities of the world.
- 5-If the loan applicant does not pay the monthly deduction, the sponsor's salary will be withheld, noting that the deduction percentage from the sponsor's salary in the center, the Kadhaa and the Nahiyah is 60%, 52%, 41% and respectively.

#### Construction cost (new construction):

A comparative study was not conducted for the construction costs in the three cities of the governorate due to the equal cost, as determined by the Fund

#### Covering the loan size for the housing construction costs determined by the Fund:

A detailed analysis will be made of the value of the loan size from the value of the cost of building the house depending on the value set by the Fund, as the Iraqi Housing Fund has determined the cost of building a square meter in all parts of Iraq except for the Kurdistan region at 210,000 thousand dinars / per square meter \*.

By adopting the price of the cost of building the square meter set by the Fund of 210,000 dinars/square meter, we conclude the following:-

- 1- The percentage of the loan value from the construction cost for the building area was calculated after calculating the value of the administrative interest rate imposed by the Fund, provided that they are taken once at the first loan payment in accordance with the Fund's 2019 initiative law.
  - 2- The value of the loan covers 95% of the construction cost in the center, while it covers 72% and 75%, respectively in Kadhaa and Nahiya, by approving the value of the loan for the construction cost only, without calculating the value of the land.
  - 3- The Fund approved the cost of building one square meter 210,000 thousand dinars, which is less than the cost of construction in the market, as the cost of construction ranges from 300,000-600,000 dinars in the market.
- Source: Interview with the director of Al-Khaqani Engineering Consulting Office / Al-Diwaniyah for the year 2020

- 4- There is no discrepancy in the price per square meter of the construction cost, as the cost varies according to the location and details of the construction, such as pouring the floor or pouring the ceiling, which takes the highest costs.

4- The cost of building a square meter whose value was determined by the fund does not respond to market changes and the rise in the dollar price, as most building materials are imported, and the value of the dinar also changes with the years.

#### Covering the loan size for the construction cost, based on market prices:

It is known that the cost of construction changes with the change in market prices and the exchange of the dollar. The cost of building a square meter for the year 2020 amounted to (300,000-600,000) thousand dinars<sup>6</sup>.

<sup>6</sup> Interview with the Director of Al-Khaqani Engineering Consulting Office / Al-Diwaniyah Branch in the year 2020



Table (7) Ratio of loan size to construction cost at market price for the three cities

Region	Average building cost per square meter	building area rate	construction cost	The remainder of the average loan size after deducting the administrative interest rate	Percentage of what the loan size covers from the construction cost
Diwaniyah Center	450,000	169	76,070,455	33,789,773	44%
Shamiyah Kadhaa	450,000	176	79,200,000	26,572,059	34%
Al- Salhiya Nahiya	450,000	193	86,850,000	30,320,833	35%

Source: Reliance on field survey data of the Housing Fund / Al-Diwaniyah for the year 202

Table (7) shows that the loan size covers 44%, 34% and 35% of the construction cost for the three cities, respectively, at the market price.

#### Covering the size of the loan for the cost of the house (construction cost + plot cost)

Calculating the coverage of the loan size for the cost of the land and building housing, which is shown in Table (8)

Region	Piece cost	Average building area Cost of construction	Part and construction cost	loan size after deducting the administrative interest rate	Loan/ cost of land and construction
Diwaniyah Center	119,318,250	76,070,455	195,388,705	33,789,773	17%
Shamiyah Kadhaa	91,699,369	79,200,000	170,899,369	26,572,059	16%
Al- Salheya Nahiyah	105,846,074	86,850,000	192,696,074	30,320,833	16%

Source: Reliance on field survey data of the Housing Fund / Al-Diwaniyah branch for the year 2020

1- From Table (8), it is clear that the coverage of the granted loan size is weak compared to the value of the house on land and building, which creates great pressure on citizens, and searches for other sources of transfer to obtain housing.

2 - The Housing Fund covers construction costs only without taking into account the purchase of land, unlike most countries that financed housing costs in full.(Durkan ,2011,Seattle housing )

#### Results

1- There are significant differences in the amount of loans between the governorate center, Kadhaa center, and Nahiya center.

2- There are no significant differences in the speculative value of the property between the three cities, and therefore there is no significant for the difference in loan sizes despite the difference in the land price in the center from the kadhaa and Nahiyah.

3- There is difficulty for the borrowing governmental employees in meeting the monthly deduction from the end of the fourth degree to the ninth degree in the case of borrowing.

4- According to the sponsor's income data, the monthly deduction covers more than 40% of the income, which is considered a high percentage.

5- The value of the loan covers a high percentage of the construction cost in the center, and a lower percentage in the kadhaa center, and the Nahiyah due to the higher loan size granted to the governorate center.

6- The cost of building the square meter whose value was determined by the fund does not respond to market changes, as most of the building materials are imported.

7- The size of the loan in the three cities does not cover the value of 17% of the cost of housing (land and building at market prices), which is a small percentage compared to the size of the loan granted in the countries

of the world.

8- The price of the land depends on calculating the equation of the speculative value of the property, not in the interest of the loan applicant, but to increase the assets on which the bank depends in the recovery of the loan.

### **Suggestions**

- 1- Adopting the maximum loan limit without discrepancy in the size of the loan granted, whether it is a center, Kadhaa or a Nahiyah, as the guarantees of repayment of the loan are already in place, in order to encourage housing construction in the kadhaa and Nahiyah.
- 2- Taking into account the market prices and the change in the exchange rate of the dollar and the import of expensive building materials so that the loan covers the cost of construction at the present time.
- 3- Increasing the loan repayment ceiling and reducing the monthly deduction so that groups of society can benefit from housing loans while preserving part of their salary for living, and the deduction should not exceed 25% of the salary of the employee or sponsor.
- 4- That the size of the loan, the interest rate and the repayment period be determined according to the income of the borrower, taking into account the lowest-income social segment.

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