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# Formal and Informal Housing Practices in Bogotá, Colombia: The experience of Metrovivienda and Juan XXIII

Alexander Niño Ruiz\*

## Resumen

Convencionalmente, se ha considerado que el urbanismo es la actividad ejercida por el Estado y el sector privado con la colaboración de arquitectos y expertos en planificación. Sin embargo, la falta de participación de las clases de bajos ingresos en la planeación privada y la incapacidad del Estado para eliminar ciertas inequidades propician la construcción de vivienda que el mercado formal no puede proveer.

En este contexto puede hablarse de ambientes urbanos planificados y no planificados, así como de ambientes urbanos formales e informales.

En este artículo se comparan los resultados de la provisión formal de vivienda y la provisión informal de vivienda en Bogotá, Colombia.

Como un estudio de caso se contrastarán por una parte, el desarrollo del barrio Juan XXIII (un asentamiento informal recientemente legalizado) con los proyectos de Metrovivienda. Ambos desarrollos pueden considerarse como parte de la política de vivienda de bajos ingresos de Bogotá.

**Palabras clave:** prácticas de provisión de vivienda, provisión formal e informal de vivienda, política de vivienda de bajos ingresos.

## Abstract

Traditionally, urban design has been considered part of a top-down planning activity in which the state or private sector develops a possible urban environment through planners or architects. However, when the lower class population is segregated by private based development initiatives and the government cannot offset urban inequali-

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ties —such as access to decent housing— then, communal and grassroots based initiatives emerge as result of the demands that the formal market cannot supply. Within this context we talk about planned and unplanned as well as formal and informal urban environments. I will compare the outcomes of planned-formal and unplanned-informal housing provisions in Bogotá, Colombia. As a case study, I will contrast the evolution of the Juan XXIII neighborhood (an informal settlement currently legalized), with Metrovivienda's housing projects.<sup>1</sup> Both housing developments can be considered part of Bogotá's low-income housing policy.

**Key words:** housing practices, formal and informal housing provisions, Metrovivienda, Low-income housing policy.

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<sup>1</sup> Metrovivienda is an Industrial Enterprise of the District Capital of Bogotá which aims to provide low-income housing, with utilities, public amenities, and recreational areas for the poorest population. METROVIENDA. Ciudadela El Recreo: Memorias del Modelo de Gestión de Metrovivienda (2002). Pág. 63.

## I. Introduction

What is urban informality? What is the relevance for urban planners understanding urban informality in contemporary cities? What does the emergence of illegal subdivision, illegal rental and housing units, squatter settlements, pirate neighborhoods have to do with the functioning of the capitalist system? The role played by the capitalist economy in modeling urbanization process is part of a recent history that started no more than two centuries ago. Perhaps, we are still in need of recognizing that what we call urban informality today has a longer path in shaping urbanization process in specific regional locations.<sup>2</sup> However, the way urban informality locally operates is being globally altered by the power of liberalization and the capitalist economy.<sup>3</sup> Certainly, the formal capitalist system is strongly influencing labor, land and housing markets as well as the legal structure in which informality is operating. But, the analysis of urban informality depends very much on whether or not it has a blemished or spotless reputation. Peter M. Ward makes this point clear when notes:

[Self housing is] A traditional form of rural housing production worldwide, it emerged periodically during crises of capitalism in Germany, the United Kingdom and the United States during the nineteenth and twentieth centuries. But until research intensified about the nature and rationality of self-help in less developed contexts, few were able to recognize its importance in practices back home. (...) In part of course, this relative blindness to the importance of self-help reflects the particular social construction of informality and urban settlements in the United States.

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2 "I have always believed, like many of my colleagues who study Latin America, that the urban informal sector is not a new or a novel phenomenon. Rather, it became important with the rise and maturity of a formal sector which organized and consolidated many aspects of the relationship of the state to the economy. Similarly, we are becoming increasingly aware that urban informality as a way of life is not new. Indeed, one may argue that it has existed since the Middle Ages in different forms, and that informal economies have persisted in many rural areas, particularly in the developing world. What may be new now is the re-emergence and retrenchment of urban informality as a way of life at this moment of globalization and liberalization." AlSayyad, Nezar. "Urban Informality: Crossing Borders." in: AlSayyad, Nezar and Ananya Roy (2004). *Urban Informality: Transnational Perspectives from the Middle East, Latin America and South Asia*. Lexington Books. Lanham, Boulder, New York, Toronto, Oxford. P. 5.

3 "Unlike urban informality which may remain a fluid concept, acquiring shape only in regional locations, liberalization has a global register. It is a historical marker indicating a paradigm shift in international development. It is an ideology and practice advocating privatization and austerity. It is a redefinition of the role and the scale of the state. It is a process that has resulted in significant socioeconomic inequalities that cannot be ignored in the urban domain." Roy, Ananya. *Ibid.* P. 4.

Housing practices here are heavily vested in a legal system that privilege full property titles and compliance with codes and standards and prerequisites to both successful market functioning and state intervention through planning, taxation, etc. (...) Whether conditions in the United States will also become more flexible is an important question that goes to the heart of how public policy will respond to informality in the future. As one author argues cogently, the U.S. legal system is not yet ready to address the concept of informality sensibly; instead, it sees informality as a fundamental abuse of the law.<sup>4</sup>

While within the American context informality has a bad reputation, in the developing world urban informality has played an important role for understanding urbanization processes. Within what has been called “The Informal Sector Debate,”<sup>5</sup> Cathy Rakowski distinguishes two basic approaches—the structuralist and the legalistic—to describe the origin of the informal sector and its relationship with the formal economy. The former considers informality as “the expression of the uneven nature of capitalist developments,”<sup>6</sup> while the latter considers it as a rational and creative process created by poor populations to overcome “discriminatory state regulations and costs that advantage powerful economic interests groups that compete unfairly with informals who have not property rights and access to credit.”<sup>7</sup>

The structuralist approach has two different trends as well. First, the so called ILO-PREALC (Structuralist) approach interprets informal activities as survival mechanisms created by poor populations to overcome capitalist economic inequalities.<sup>8</sup> Within this approach informality works as a “safety net” in countries that have not welfare system,<sup>9</sup> providing employment to either the permanent poor or temporarily unemployed who have lost jobs or their income has declined during economic crisis. Second, the Underground Economy (Structuralist) Approach interprets informal economy not as survival mechanisms; rather, “it is a specific form of relationship of production, while poverty is an attribute linked to the process of distribution.”<sup>10</sup> Within this per-

<sup>4</sup> Ward, Peter M. (2004) Informality of Housing Production at the Urban-Rural Interface: The “Not So Strange Case” of the Texas Colonias. In: *Ibid.* Pp. 244-45.

<sup>5</sup> Rakowski, Cathy A. 1994. “Contrapunto: The Informal Sector Debate in Latin America.” Albano: State University of New York Press.

<sup>6</sup> *Ibid.* P.37.

<sup>7</sup> *Ibid.* P.40.

<sup>8</sup> *Ibid.* P.35.

<sup>9</sup> *Ibid.* P.36.

<sup>10</sup> Catells and Porters in “The Informal Economy: Studies in Advanced and Less Developed Countries.” Quoted by Rakowski. *Ibid.* P.37.

spective, either informal or formal activities form part of the capitalist economy. Therefore urban informality is not exclusively a Third World issue characteristic of marginalized populations; rather, it is part of the process of accumulation of capital. "Informalization" —a concept coined by the proponents of this approach— is a mechanism to reverse the costly process of proletarianization and weaken the rights of workers and unions with the acquiescence of the state in the interest of renewed economic growth."<sup>11</sup> In contrast, the legalist approach sees informalization as "spontaneous and creative response to the state's incapacity to satisfy the basic needs of the impoverished masses' and to the system that 'has traditionally made them victims of a kind of legal and economic apartheid.'"<sup>12</sup> The debate presented by Cathy Rakowski stresses the labor aspect of the analysis about urban informality. Nevertheless, it is overlooking the impact that either the structuralist and the legalistic discourse has in explaining the emergence of substandard and illegal housing units, and therefore, the role that urban informality has in the constitution of the built environment in developed and developing cities. The relationship between the capitalist system (structuralist approach) and institutional structures (legalistic approach) are both modeling the cityscape.

I contend that the emergence of substandard housing and illegal subdivisions are normal ways in which people try to solve problems of affordability. Affordability determines whether or not people can get access to the formal sector housing market where property rights are well established. Michael Stone considers affordability the issue that more clearly "represents the tensions between the labor market and the housing market."<sup>13</sup> In the American context, substandard housing has the reputation of reproducing social pathologies and unhealthy living conditions, whereas in Latin America if it weren't for informality the living conditions of poor population could be worse. In American planners and policy makers have repeatedly tried to address this problem characterizing substandard housing as a "fundamental abuse of the law,"<sup>14</sup> which lies in stark contrast to Latin America where legalization, self help and upgrading of substandard housing have a long time tradition.

The aim of this paper is to analyze how the city of Bogotá is currently trying to address its future development linking informal with formal dynam-

11 Ibid. P.38.

12 De Soto, Hernando. 1989 "The Other Path: The invisible revolution in the Third World." New York, Harper and Row. Quoted by Rakowski. Ibid. P.37

13 Stone, Michael E. 1993. *Shelter Poverty: New Ideas on Housing Affordability*. Philadelphia: Temple University Press. P.2.

14 Ward, Peter M. (2004) Informality of Housing Production at the Urban-Rural Interface: The "Not So Strange Case" of the Texas Colonias. In: Ibid. P.245.



ics of low-income housing production. I will contrast Metrovivienda's housing projects (formal housing) with the evolution of a squatter settlement, The Juan XXIII (informal housing). Both developments can be considered part of the current housing policies of Bogotá: the former as part of its policy to increase the low-income housing stock and the latter as part of the government initiative to improve the current low-income housing stock. To some extent these policies evoke some of the ideas of the structuralist and the legalistic approaches. Following the legalistic approach, legalization and upgrading programs are implemented. However, following the structuralistic perspective, the city of Bogotá also has to stop the exploitative dynamics, the social and the environmental high costs caused by speculators that sell illegal subdivisions in the underground market. The formal sector has to supply a more effective and affordable solution to provide poor people access to decent housing. The government has to create incentives in order the private sector achieves this goal.

## 2. Bogotá's policies and historical background

Historically, Bogotá has not had enough public urban land available for the massive implementation of national low-housing policies.<sup>15</sup> This phenomenon brought about two important consequences. The policies enacted from the national level had a narrow scope of action within the city context. The public land limitation to build low-income housing prevented national policies from affecting the formal housing sector as a whole. In the 1970s, a period considered critical in Bogotá's urbanization process, only 10.7% of families in the city were living in state produced houses, while 46.4% had gone through the illegal market.<sup>16</sup> On the other hand, the informal housing sector was developed in illegal subdivisions (pirate neighborhoods), rather than in squatter settlements. By 1970, 45.9 per cent of Bogotá's families lived in informal subdivisions, while only 1.1% lived in squatters settlements.<sup>17</sup>

The District Administrative Department of Planning (DAPD) estimates that 23.7% of the total Bogotá has been urbanized illegally. It represents almost one million and a half of people (22% Bogotá's population) living in

15 CONTRALORIA de Bogotá (2003), Plan de Auditoria Distrital a Metrovivienda. p. 3.

16 Valenzuela, J. and VERNEZ, G. "Construcción Popular y Estructura del Mercado de Vivienda: el Caso de Bogotá." *Revista Interamericana de Planeación*, No 31, Bogotá. 1974. Cited By: RUEDA, Nicolas. "The case of Bogotá D.C., Colombia" p. 14. [http://www.ucl.ac.uk/dpu-projects/Global\\_Report/pdfs/Bogota\\_b&w.pdf](http://www.ucl.ac.uk/dpu-projects/Global_Report/pdfs/Bogota_b&w.pdf)

17 Ibid. Footnote 6.

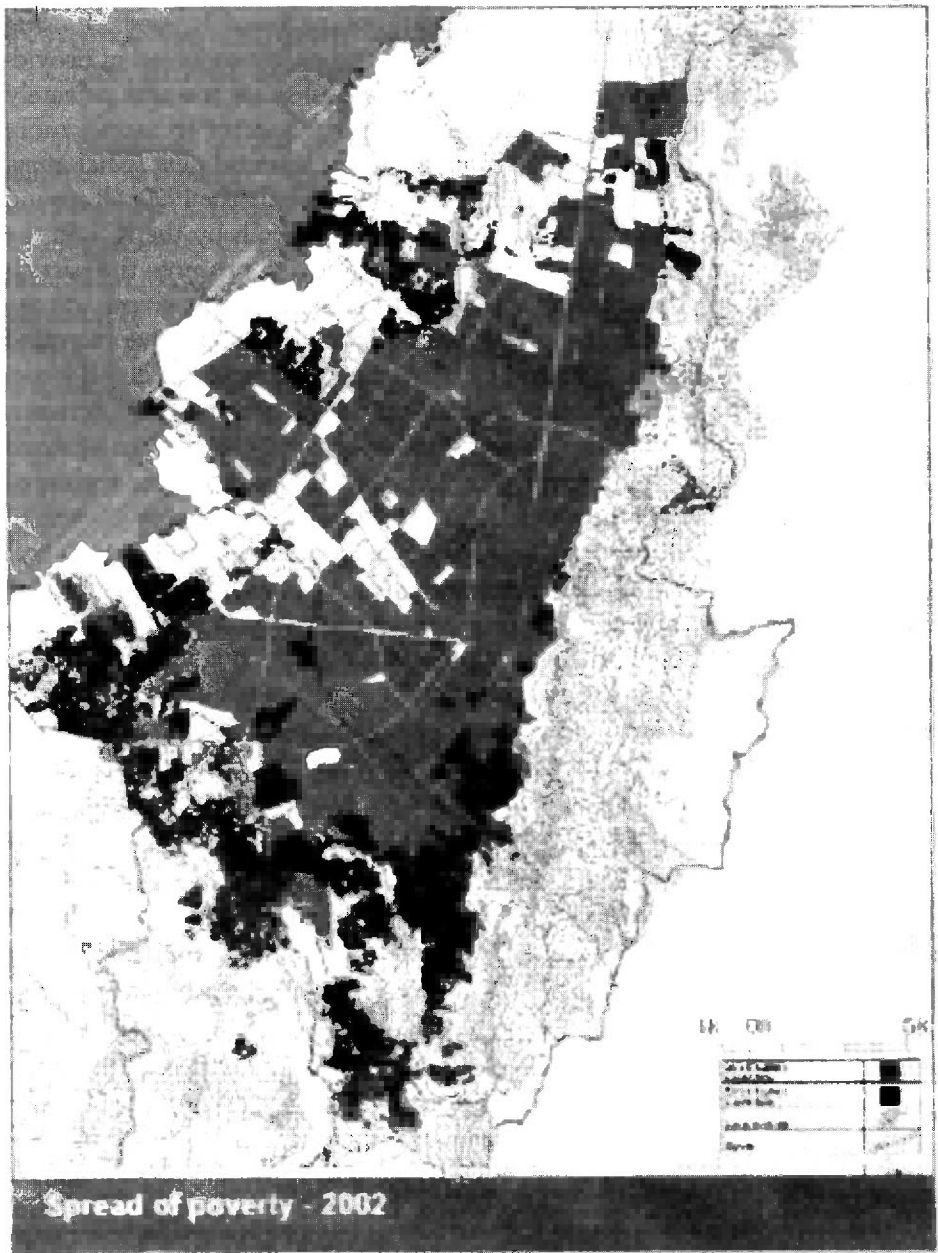


Imagen No. 1. Mapa de Bogotá.

areas that have not been planned. During the 1990s, the Colombian government embraced the policies of the World Bank —‘Enable the Market to Work’— and abandoned its former role of directly providing low-income housing. The State Housing Agency (Institute for Territorial Credit, ICTI) was liq-

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updated and replaced with the National Institute for Social Interest Housing and Urban Reform (INURBE). The new housing policy consisted in providing “direct subsidies to poor people, channeled subsidies towards privately supplied housing options and encouraged the private sector to supply more so-called social-interest housing.”<sup>18</sup> One hundred thousand new social interest units per year were constructed under this new policy in the 1990s all around Colombia, compared with only 37,000 housing units built by the ICT in the 1970s.<sup>19</sup> Despite the national government’s intention to promote the participation of the formal private sector in low-income housing provision, the dynamics of the illegal urbanization process in Bogotá between have increased during the 1990s. Between 1995 and 1999 the number of legalized illegal settlements have increased by five compared with the 1990-1995 period.<sup>20</sup> Between 1990 and 1995 126 neighborhoods were legalized, whereas 665 were legalized between 1995 and 1999. However, only 159 illegal settlements were registered in 1995, whereas in 1999 the number reached 349. The unexpected growth of informal urbanization in Bogotá leads the local government to face a radical housing problem. Alan Gilbert has argued that it is difficult to evaluate the influence of current liberalization processes and the growth of informality in Latin America. Although, the rise of unemployment in Bogotá from “6 percent in 1995 to more than 20 percent in 1999”<sup>21</sup> may be interpreted as the cause of the growth of informal sector employment in Bogotá, though the rise of unemployment by itself cannot totally be understood as caused by liberalization. A question that this paper has raised for further research is: what has been the relationship between the growth of informal employment and the growth in the provision of informal housing during the 1990s? Now, I will shortly expose how Bogotá’s government has dealt with the informal and unplanned growth of the city.

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18 Gilbert, Alan. 1997. “On subsidies and Home Ownership: Colombian housing policy during the 1990s” In: *ThirdWorld Planning Review*. Vol 19 (1) Pp. 54-55.

19 It is worth to mention that the ICT was “building finished housing units, whereas the annual total for the Gaviria Administration included many sites-and-services and upgrading solutions.” Ibidem. P. 56.

20 Rueda, Nicolas. 2000. “La Ciudad que no conocemos.” Cien Años de Arquitectura en Colombia. XVII Bienal de Arquitectura 2000. Sociedad Colombiana de Arquitectos. Bogotá, Colombia. P. 105.

21 Gilbert, Alan. “Love in the Time of Enhanced Capital Flows: Reflections on the Links between Liberalization and Informality.” In: *OpCit. AlSayyad, Nezar and Ananya Roy* 2004. P. 55.

## National Government Decentralization and Local Government Strengthening:

Through the decentralization processes in late 1980s, municipal authorities came to play a more preponderant role in budget decision-making. It wasn't until the Law of Urban Reform (Law 9 of 1989), which regulated the Plans of Municipal Development as well as the transactions and expropriation of properties, that Mayors were bestowed with legal tools to intervene in the physical planning of the city. In 1991 the New National Constitution declared in the Article number 322 that Santafé de Bogotá would be organized as a District Capital, composed of 20 different *Localidades*.<sup>22</sup> At the same time, the Amendment number 1421 of 1993 (the Organic Statute of Santafé de Bogotá) defined the administrative, political and tax regime for the city. After Bogotá's Mayors were bestowed for first time with the necessary legal instruments for planning the economic and physical development of the city, it started a boom of policy implementations with a real impact in the physical transformation of the capital. To start with, Jaime Castro's administration (Mayor of Bogotá 1992-1995) undertook a Tributary Reform and modernized the Collecting Tax System of the legal properties. This reform produced outstanding financial outcomes: in 1992, Bogotá's income was about US \$300 million per year, after the reform in 1993, the city government collected US \$900 million, and currently the city's revenues are US \$1,200 million per year.<sup>23</sup> The wealth of the finances of the District Capital, added to subsequent non-corrupted administrations, provided a real capacity to make decisions and allowed the District's government to think about feasible urban proposals.

When the Decree 619 of July 2000 was enacted the Territorial Ordering Plan of the Capital District - POT (*Plan de Ordenamiento Territorial*), which summarizes a decade (2000-2010) of development policies for the city. The aim of the POT is to orient the government's action, as well as the public and private investment towards long term predictable outcomes. The POT deals with the following issues: Urban Renewal, Built Environment, Sustainable Development and low-income housing programs. This plan allowed Peñalosa to undertake the execution of four macro projects in Bogotá: The Third Millennium Park, an urban renovation project in the central zone of the city; The Public School Grant, a project that aims to amplify the coverage and improve

<sup>22</sup> Local Administrative Divisions. Every *Localidad* has a Local Mayor named by the Mayor of Bogotá: he has to choose one out of three names proposed by the Local Administrative Assembly. (Ibid. p.7)

<sup>23</sup> PASTRANA, Daniela. "La capital Colombiana Cambia de Rostro" November 4, 2001 In : nov01/011104/mas-tepito.html.



the quality of education; Transmilenio, a project of Bus Rapid Transit System; and finally Metrovivienda, a district enterprise that acquires and develops infrastructure in vacant and private-owned urban lands in order to provide low-income housing.

The POT proposed two main goals as part of the low-income housing policy of Bogotá D.C. First, it was proposed to increase the low income housing stock. According to The Mayor's Office of Bogotá D.C., by 1997 housing demand of the poorest population grew at a rate of 39,000 units per year. During the same period, the housing market produced only 11,000 units in the private sector and 3,000 units in the public sector.<sup>24</sup> Therefore, the current market only provided 14,000 units of Social Interest Housing (VIS) per year. The deficit extends to over half a million families, of which 92% belongs to the lowest layers of the population. By 2010, the demand will increase to 55,000 units per year. In order to overcome this growing deficit, it is expected to generate land with infrastructure to provide 350,000 Social Interest Housing (VIS) Units —40% of which should be of Priority Interest Housing (VIP)<sup>25</sup>— between 2000 and 2010. This goal aims to prevent and control the growth of new illegal settlements, as well as to make sure new low-income residents have access to housing with defined property rights. The goal is also to encourage the participation of private firms in the construction of housing. With available developed land, firms will focus directly on housing provision, rather than in solving legal process of land acquisition and infrastructure provision. The poor will have access to quality and secure housing, and, the government will avoid expenditure in future programs that will relocate communities that live in high risk areas.

The second policy aims to improve the Current Low Income Housing Stock. In contrast to the United States where the public housing stock accounts for units provided by the formal sector (either private or the state), the POT considered part of the low-income housing stock those neighborhoods of illegal origin. The city aims to upgrade the physical and social conditions in illegal areas of 600,000 people of the poorest of the population. In settlements identified as high-risk areas, the government aims to re-locate at least

<sup>24</sup> Alcaldia Mayor de Bogota D.C., Metrovivienda. <http://www.metrovivienda.gov.co/flash/vivienda.htm>

<sup>25</sup> The difference between VIP and VIS is given by the cost of the house-unit. The Price of Priority Interest Housing-unit (VIP) ranges from col\$ 15 and col\$20 million (US\$6,000 - \$8,000). The Social Interest Housing-unit (VIS) prices lower than 135 minimum monthly legal wages (US\$ 18,100). VIP housing-units are targeting family earnings that range from 1 and 2 Minimum Legal Income per Month in 2002. VIS housing-units are targeting family earnings that range from 3 to 4 Minimum Legal Income per Month. 1 Minimum Legal Income per Month in Colombia = col\$309.000 (US \$ 133) in 2000.

1,400 families per year, a total of 14,000 families in 2010. This goal aims to improve the safety conditions of people located in high risk areas, as well as to upgrade the housing stock of the city. Next, I will contrast some basic differences in the production of the planned and the unplanned city.

### **3. Urban form: The form of the planned and the unplanned city:**

Urban informality has a history of oblivion within the precincts of Architecture schools in Colombia. During my education as an architect in Bogotá, the few professors who dared to introduce this issue referred to informality as the 'unknown city' or the 'city without architects' (to some extent a place where architects are not going to intervene). Our design studio projects focused on producing our or somebody else's dream house, designing public spaces or public or private buildings, shaping either complex or simple architectural programs, mastering constructive techniques, appreciating the simplicity of general design ideas as well as the art of the detail. We studied patterns of Contemporary, Modern, historical European cities, our own colonial and modern downtown, and local examples of planned cities. Although, in our daily life we coexisted with an informal city, it was not considered something that deserved to be studied as a paradigm of urban design.

On the contrary, sociologist and planners have been more persuaded to understand the forms of urbanization and urbanism along with the social actors and organizations that produce the urban spatiality.<sup>26</sup> Evidently, Latin American cities are not produced mainly by architects and planners. Nonetheless, in the case of Bogotá, little attention has been given to document the spatial qualities of informal settlements achieved through processes of community participation, incremental development, struggles of the community against land-lord speculators and overcoming unfair conditions before achieving legal status.

Rephrasing some of the Hernando De Soto's ideas, we can consider the informal urbanization processes as "Putting on your shoes before your socks."<sup>27</sup> He describes the process as follows:

1. New Migrants from rural areas have to occupy land personally

<sup>26</sup> Op.Cit. AlSayyad, Nezar. P.9.

<sup>27</sup> De Soto, Hernando. 2000: The mystery of capital : why capitalism triumphs in the West and fails everywhere else / Hernando de Soto. New York : Basic Books. P. 194.



2. Set up tents or shelters in order to stake out a physical claim because a legal one is unavailable.
3. Incremental development: Building a more durable and livable house (no formal financial aid available)
4. Neighborhood organizations: they can bring in pavement, water, waste disposal and electricity
5. Achievement of livable conditions after years of building and re-building
6. Legalization.

In contrast, formal urbanization processes start with legalization as a precondition to the investment of the private or governmental sector. The steps are to be executed in this sequence:

1. Developer holds title to the land (security of tenure)
2. Investment and development of infrastructure (paved roads, utilities)
3. Developer sells the house, that he proceeds to build
4. New owners have access to formal financial organizations
5. Family moves into the house finally

## The Experience of the Juan XXIII

Antonio Manrique —associate professor at School of Architecture at the Universidad de Los Andes, Bogotá, Colombia— recently documented the process of urbanization of the Neighborhood Juan XXIII.<sup>28</sup> To some extent his findings resemble some of those highlighted by De Soto, although it is not clear what the role of legalization has been in improving the physical conditions of this neighborhood of squatter origin.

During the 1950s, when the Colombian Violence emerged, seven families migrated from the same rural region (El Guavio, Cundinamarca) and occupied the land of a former clay-mine, which supplied brick's fabrics in Bogotá. Planning authorities prohibited housing development in exhausted quarries which were considered high-risk areas. This measure allowed the first families to settle in the lower area of the slopped terrain, not conflicting with the interests of the original owners who weren't entitled to develop the land. By the middle of the 1960s, about one hundred families occupied the terrain.

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<sup>28</sup>All the information of the Juan XXIII was attained through a telephonic interview with Arq. Antonio Manrique. He provided me with all the images of the Juan XXIII.



Imagen No. 2.

The community started to organize themselves to provide open rain systems and a sewage collector. They acquired illegal connections from the city's power and water system which was provided to the formal high-income neighborhoods surrounding them. The land was occupied according to the families' needs. The houses were built incrementally and were allocated according to the topographic characteristics of the terrain. Some of the Juan XXIII male population worked in the construction sector, and they acquired some of the modern skills to build their own houses with better materials

such as brick and concrete.

In the 1970s community organizations that had emerged during the self-help construction process evolved to provide different kinds of services. Bavaria (the main Beer Company in Colombia) created a wooden box repair factory along with the community. There was a daycare center and a playground, a community house, a temporary market and a sport area with store created by the community. The Juan XXIII population was also organized to respond to the eviction menace given the original owners claim over the land. Sometimes they used their children as shields in order to avoid a direct confrontation with the police. The revolutionary sect of the Catholic Church, through the priest Francesco de Luci, led the upper-land invasion by the community. Unlike the former pattern of occupation, the new land was subdivided in equal plots of 6 x 10 meters and delivered to new families. Antonio Manrique notes that the community didn't consider it as an invasion process but a take-up of occupancy process (*toma de tierras*). They were taking land, as well as water and power connections, as a compensatory measure given the incapacity of the state to maintain security in the countryside. Most of the newcomers were families displaced because of the ongoing rural violence.

In the 1980s a land slide occurred in the lower area of the neighborhood because of the harsh winter. Fortunately, there were not fatal victims. By that



Imagen No. 3.

time the neighborhood enjoyed informal security of tenure status and the population affected was relocated near the neighborhood. After five years, a non profit organization provided prefabricated houses to those families in the very place of the disaster. Curiously, these new one-storey houses (the only ones that were not produced by self help processes) have not been enlarged or upgraded since then. Analyzing the neighborhood's morphology, it is evident that the inner public spaces are an unplanned outcome in has prevailed. Currently, the Juan

XXIII has consolidated its public and private spaces.

In 1989, after forty years of incremental development the neighborhood was legalized, although property rights over the plots were not bestowed until 2002. We are still in need of further research in order to evaluate how different stages of legalization (i.e. neighborhood and individual plots) may affect the living conditions of this population. For example, Bogotá's government will allow 500,000 people access to formal water services 'only after' they legalize their neighborhood or are relocated in new legalized areas.<sup>29</sup> There are discrepancies regarding the current population of the Juan XXIII. According to a recent publication of the Bogotá Mayor's Office<sup>30</sup> the estimated population of the neighborhood is 641 inhabitants distributed within 172 plots. It means five times less population than the estimated by Fedevivienda (about 3200 inhabitants).<sup>31</sup> There are 1,600 children, 180 teenagers, 846 adults, 50 elderly people, and 600 tenants. Fifteen percent of the population is composed of households run by single women with 3 to 4 children. Most of the male popu-

29 "The service coverage of piped water to legal neighborhoods in Bogotá reached 100 per cent in December 2003, which is an increase from 95.1% in 2000. This means that about 6,539,000 people have been covered. In the last period (2001-2003) were benefited close to 140,000 families. However, close to 500,000 people live in illegal neighborhoods and do not have access to water service, and *only after* they legalize their neighborhood or are relocated can they obtain adequate and continuous potable water service." *El Tiempo*. Bogotá, Colombia. 11/22/04.

30 ALCALDIA MAYOR DE BOGOTÁ. 2004a. "Recorriendo Chapinero: Diagnóstico Físico y socioeconómico de las localidades de Bogotá D.C."

31 During the interview Antonio Manrique quoted the census realized by "Consortio Fedevivienda Vision Ciudad (March, 2002)".

lation is occupied in the construction sector, whereas female population works as domestic servants.

The experience of the Juan XXIII epitomizes the struggle of poor population to attain affordable housing. Even if those environments are precarious it is possible to improve their qualities to make them more livable. Following the policies of the POT, the Bogotá's Mayor Office has contemplated two programs to raise the quality of life of squatter settlements and illegal subdivisions. First, the "Demarginalization" program (1998-2001) which focused in "normalize the urban conditions of marginal neighborhoods, to finance the infrastructure networks, to promote projects that stimulate city usage and to resettle families that lived in high risk zones." Second, the "Integral Improvement of Neighbourhoods" program which focus in enhancing the social and participative nature of illegal neighborhoods.<sup>32</sup>



Imagen No. 4.

## Metrovivienda: The Battle Against Land Fragmentation and Speculation

Even though Bogotá's government recognizes the importance of improving the conditions of illegal neighborhoods, it is still reluctant to accept informal urbanization as a desired pattern of urban growth. Many informal settlements are located in areas where it is difficult and costly to provide water and sewage infrastructure. Also, most of the housing units do not meet earthquake standards, neighborhoods are located in areas prone to natural disasters, and the settlements do not take into consideration the location of parks and communal facilities. As mentioned above, Metrovivienda was created during the administration of Enrique Peñalosa (Mayor of Bogotá 1998-2001) in order to offset the dynamic of the informal market in housing provision and

<sup>32</sup>"The primary objectives are: Improvement of the quality of life. Strengthening decentralization and social and community participation. Organization of the territory, neighborhood and housing improvement and legalization of illegal zones established before 1996. Institutional strengthening. Fulfillment of the law and prevention. Creation of a functioning structure that guarantees continuity in the long term." Ibidem.





land speculation. Metrovivienda is an Industrial Enterprise of the District Capital of Bogotá which aims to provide low-income housing with utilities, public amenities, and recreational areas for the poorest population.<sup>33</sup>

Metrovivienda changes the planning of urban land in Bogotá. It is the first Colombian institution that tackles the development of periphery and plot-fragmentized areas of the city. Urban legislation may avoid the problems of land fragmentation by means of regulating land subdivisions or joining different properties for its future development. In the case of Bogotá, urban legislation resorted to the latter policy. Though the property in Colombia has a social function according with the Colombian Constitution, excessive property subdivisions are still allowed by law. It is the right of the owner to subdivide outskirt lands as much as he wants to profit—that is what pirate developers do.<sup>34</sup> This over fragmentation of the land hampers the efficient development of large urban areas that would benefit the entire community. In this sense Metrovivienda plays a very important role in stopping illegal urbanization in fragmented land areas in Bogotá.

The role of this District Capital's enterprise is not to produce housing directly. Instead, Metrovivienda works as a land bank that leads private, cooperatives and NGO investments in low-income housing provision. There are two *Modus operandi*. First, Metrovivienda directly buys the plot destined to low-income housing provision after a feasibility study. Subsequently, Metrovivienda develops an integral urban design of the whole area: roads, utilities, and provision of reserved areas to further development of schools, parks, malls and retail shops. The outcomes are urbanized plots that are sold to Housing Popular Organizations or Private Developers in order for them to produce low-income housing projects, following the parameters that Metrovivienda has defined. In the second *Modus operandi*, Metrovivienda associates with landowners. They provide the terrains and the enterprise provides the resources to develop the plot as mentioned above. Finally, if a family is interested in buying a house, they can request for housing family assistance from the government.

Currently, Metrovivienda is developing four integral urban projects in the areas with the largest low-income housing deficit in the city (See table 1). The projects of *El Porvenir*, *Ciudadela el Recreo* and *Campo Verde* are located in Bosa, where the city is facing the greatest housing deficit. Metrovivienda assessed

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33 METROVIENDA. Ciudadela El Recreo: Memorias del Modelo de Gestión de Metrovivienda (2002). Pág. 63

34 Before the implementation of Metrovivienda's project in Bosa, the terrain was divided in 560 different plots. Escobar, Andres. "La reingeniería Urbana en Bogotá". <http://www.elmetrocuadrado.com>

4,000 hectares of vacant land in the *Localidad* of Bosa before buying it.<sup>35</sup> They conclude that regardless of the fact that Bosa's population is 400,000, it lacks formal housing developments as well as educational, recreational and commercial infrastructure. At that time, the dynamic of *Pirate* housing development in Bosa was larger than in any other of the *localidades* in Bogotá. The goal of Metrovivienda was to provide at least 22,500 housing units in this area by 2004 (without the recent *Ciudadela Campo Verde* project) and 6,000 more housing units in the *Localidad* of Usme. Nevertheless, by 2003 the outcomes were barely satisfactory: only 4,437 housing units were sold and entitled, 27 per cent of the goals were achieved, and Metrovivienda lost 41.11 per cent of its incomes in 2003.<sup>36</sup>

**Table 1.**

	Ciudadela El Recreo	Proyecto Ciudadela Campo Verde	Proyecto Ciudadela Porvenir	Proyecto Ciudadela Nuevo Usme	TOTAL PROJECTS
Location	Bosa	Bosa	Bosa	Usme	
Total Area (ha)	115.8	65	132	65	377.8
Net Area (ha)	48.4	36	67.7	36	188.1
Total Housing (u)	10,500	6,000	12,000	6,000	34,500
Total Housing sold by 2003	4392	Initial stage	0	45	4,437

The projects of *El Porvenir*, *Ciudadela el Recreo* and *Campo Verde* are located in Bosa, where the city is facing the greatest housing deficit. Metrovivienda assessed 4,000 hectares of vacated land in the *Localidad* of Bosa before buying it.<sup>37</sup> They conclude that regardless of the fact that Bosa's population is 400,000,

<sup>35</sup> These assessments include land cost, environmental and land regulations, infrastructure cost, the pressure of illegal construction. (<http://www.metrovivienda.gov.co/flash/proyectos1.htm#bosa>)

<sup>36</sup> Op.Cit. CONTRALORIA. P.28, 30.

<sup>37</sup> These assessments include land cost, environmental and land regulations, infrastructure cost, the pressure of illegal construction. (<http://www.metrovivienda.gov.co/flash/proyectos1.htm#bosa>)



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Presently, Metrovivienda is reconsidering its role as merely a land bank through the proposal to directly grant financial assistance to families.<sup>39</sup> However, this project has experimented political opposition given that the mayor may use (via Metrovivienda) the subsidies in order buy favor with the electorate that put him in government. After four years of implementation, the outcomes achieved by Metrovivienda have not allowed the government of the city to accomplish its housing goals stated in the POT. Even though Metrovivienda is producing cheap and good quality housing units, the financial system is still hampering the access to the poor population. Metrovivienda's houses are cheaper than those of consolidate neighborhoods of illegal origin. However, the incremental process of development allows attaining housing to become easier in the informal market. Currently, Metrovivienda wants to offer more options to buy land that could previously only be obtained through the will of financial institutions, which lend to the poor. The new Metrovivienda Administration wants to become more than a land bank. Its new goal is to offer a Housing Policy that handles the topic of land along with the difficulties related with subsidies, micro loans, production of building materials, and the organization of families and communities to have access to the housing market.

#### **4. Conclusion: Bridging the Gap Between Two Cities: the Legalization Debate**

I will conclude by discussing the current debate between Alan Gilbert<sup>40</sup> and Hernando De Soto, regarding the importance of legalization to improve the

38 Op.Cit. CONTRALORÍA. P.28, 30..

39VIVIENDA / HÁBITAT DE NACIONES UNIDAS HARÁ RECOMENDACIONES. ¿Se quiere politizar la entrega de subsidios? *El Tiempo*, Bogota, 11/21/04.

40 Gilbert, Alan. 2002: On the mystery of capital and the myths of Hernando De Soto: what difference does legal title make? *International Development Planning Review*. Vol. 24 No. 1 February 2002, 1-19.

living conditions of the poor population. Alan Gilbert considers how Bogotá is a perfect counterexample of De Soto's ideas regarding the importance of legalization to create access for the poor to the formal financial system. De Soto has largely impacted policy maker's ideas about priorities in developing countries. He is even considered by prestigious organizations as the most important intellectual in the developing world.<sup>41</sup> His research on informality summarized in his first bestseller *The Other Path* (c. 1986), challenged the understanding of the role of informal housing, transportation and activities within the informal Lima. De Soto's message was that inappropriate and excessive government regulations make the life of slum-dwellers unnecessarily hard. Poor people already have assets, save money and have developed more or less sophisticated business skills. The only thing they lack to enjoy capitalist benefits, such as access to formal credit, is to transform them to formality by means of a comprehensive property law system that recognizes their efforts and entrepreneurial ability. Undoubtedly, this position has increased the imagery of informality to an exclusively Third World problem. The World Bank and the Inter-American Development Bank (IADB), for instance, readapted their former housing agenda in developing nations reducing their interest in primarily supporting sites-and-service and upgrading programs —which were characteristic during the 70s—, instead they have moved on to stress the importance of access to property rights by the poor population:

The registration of property rights in squatter settlements is [...] important in making land and house transactions possible and given occupants legal protection. It encourages the buying and selling of housing and makes it possible for households to move to a dwelling that suits their needs. It also increase the choice of tenure available to households, allowing them to own or rent as they see fit.<sup>42</sup>

The World Bank, the IADB and De Soto's 'Instituto Libertad y Democracia' (ILD) headquartered in Lima, Peru, have considered the growth of the informal sector in developing countries as one of the main barriers to expanding (and "benefiting from") global capitalism. De Soto clearly states that two thirds of the world population in developing and post-Soviet nations "have been locked out" of the global economy.<sup>43</sup> The reason why developing countries have failed to access the benefits of a market economy is because they lack a comprehensive and inclusive legal property apparatus that would allows the majority of the population to participate in a free enterprise system.

41 <http://www.ild.org.pe/eng/goldwater.htm>.

42 World Bank, *Housing: Enabling Markets to Work*, 1993. Quoted by Alan Gilbert, 2002: 4-5.

43 <http://www.ild.org.pe/eng>.



Property law is what makes the market economy work. It is property law that provides the framework of rules that organizes the market, the titles and records that identify economic agents, the contractual mechanisms that allow people to exchange goods and services in the expanded market. It is property law that provides the means to enforce rules and contracts along with the procedures that allow citizens to transform their assets into leverageable capital. Therefore, those who are excluded from the legal system, mainly the poor, are also excluded from the legal market economy. (ILD)<sup>44</sup>

To some extent Hernando De Soto is correct in his perceptions. It is worth noting that his work, although not completely original<sup>45</sup>, stresses an important topic overlooked by many scholars engaged in urban studies. He accentuates the importance of an institutional fact, such as the access to property rights, in the constitution and developing of social-spatiality in developing cities such as Lima. Unfortunately, De Soto's excessive reiteration of the legal framework necessary to protect the right of people to 'transact' has overlooked the reciprocal interdependence between other spatial and social characteristics of the cities which if taken into account would not allow Soto's theory to work as expected. Alan Gilbert wittily notes that "[i]n Bogotá, most self-help settlers now have legal titles, so the most serious impediment to their obtaining a loan is the nature of the property they are using as collateral"<sup>46</sup> Financial Colombian institutions have severe rules that impede certain risk areas to be eligible for a loan (for example, households that were built on severely sloped plots). In those cases De Soto's recipe fails. It doesn't matter whether or not those places were legalized by the government. As a result of the geographical risks, newly-legalized properties will not work as collateral. De Soto considers that "any asset whose economic and social aspects are not fixed in a formal property system is extremely hard to move in the market."<sup>47</sup> On the other hand, Gilbert argues that informal and illegal markets function effectively in Latin America. An example of these markets includes invaded lands, contraband imports, stolen goods and drugs. "Illegality rarely stops a market [from] developing: it merely affects the prices of the market. In the case of drugs, illegality

<sup>44</sup> <http://www.ild.org.pe/eng/contenido3.htm>

<sup>45</sup> Alan Gilbert notes the following "Hernando De Soto seems to have the knack of convincing decision makers that he has invented something new. The novelty of 'his' message is exaggerated by his less-than-honest habit of failing to cite virtually any of his sources." Op.Cit. Gilbert 2002.

<sup>46</sup> Ibid. P. 12

<sup>47</sup> Op. Cit. De Soto 2000. P. 47.

increases the transaction price: in the case of low-income land, it reduces it” (8-9). Gilbert’s criticism of De Soto’s theory is as follows:

In his customary contradictory way De Soto recognizes this fact. Why is a formal property title so important? Because with ‘no property to lose,’ sellers ‘are taken seriously only by their immediate family and neighbours. (...) They can buy and sell, but only at reduced prices. Despite these low prices, ‘the total value of the real state held but no legally owned by the poor of the Third World and former communist nations is at least US\$ 8.3 trillion’ (De Soto: 2000:35). If a property market of such importance already exists, what is the point of title deeds? (2002: 9)

Gilbert’s criticism highlights how the importance of extending the formal global capital system through property law is dominating the current vision on informality and development in developing countries. The danger, as noted by Gilbert, is that De Soto’s view “will persuade policy makers that all they have to do is offer title deeds, and they can leave the market to do everything else.”<sup>48</sup> However, if we take a look at how the free-market is operating in developed countries, we can find that the well formed legal property system in developed nations is not by itself a warranty of justice to the poor. The apartheid faced by poor population in developing countries is also emerging in the so called first world.

Governments embracing legalization programs must simultaneously develop alternatives to provide affordable access to housing as a priority over access to land. Even if legalization is accompanied with upgrading programs and therefore formalizing housing stock, it is not increasing it. In this sense the Bogotá’s housing policies are correctly addressing the problem. However, Bogotá’s government has to compete against the informal market to supply low-income newcomers. In this sense, subsidizing the demand side in order to acquire houses in the formal sector is a good strategy to offset the informal supply. However financial institutions must be adapted to target the poorest population, and actually make affordable the formal low-income housing supply. As demonstrated with the experience of the Juan XXIII, the poor are able to obtain land and get organized in order to incrementally build a livable environment and finally acquire a legal status. Although, in Bogotá if legalization is necessary to access public utilities, it is not clear how legalization by itself will improve the access to credit to the poor population.

In Bogotá, the POT is modifying the words they use to refer to squatter settlements and illegal subdivisions. They are referring to unplanned settlements rather than illegal ones. “The intention of not using words whose con-

<sup>48</sup> Ibid. P. 16.



notations can be misinterpreted is perceived, with the aim of focusing on the situation of the affected communities, rather than the legal and technical problems of the unplanned settlements.”<sup>49</sup> In this sense, Colombian planners are to some extent skeptical in solving the precarious conditions of the poor merely through legalization programs. Given the countryside violence in Colombia, it is very likely Bogotá will receive an increasing number of poor newcomers. They must have access to a legal and affordable market from the very beginning, and if it is not possible to make out of every immigrant a new owner, affordable renting could be an alternative. Over time, those low-income but legal tenants will probably become capable of having access to legal and affordable housing. Formalization programs, although useful, are targeting legal ownership as the only way to offset an affordable housing deficit. However, available urban lands are continually becoming scarcer. Even though Metrovivienda has achieved great goals, such as reducing the cost of urbanized land in Bogotá,<sup>50</sup> it continues facing problems in encouraging the private sector to produce finished housing the poor population cannot afford. Alan Gilbert has argued that “subsidizing the building of finished housing is controversial because it offers a relatively high-cost solution in an environment where there are few resources and many potential beneficiaries.”<sup>51</sup> Even if the process to acquire legal housing could be facilitated, creating rental units will still be a less burdensome task.

49 Op. Cit. Rueda. 2003. p. 11.

50 Between March 2003 and 2004 the urbanized land prices have decreased 14% in Ciudadela el Recreo, 2.7% in Bosa and El Porvenir and 10% in Usme. METROVIVIENDA. “Balance Marzo 5.” *Boletines de Prensa*. <http://www.metrovivienda.gov.co/flash/boletines.htm>.

51 Op.Cit. Gilbert 1997.P.63.

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In addition, I held an interview with Antonio Manrique, associate professor at School of Architecture in Universidad de Los Andes, Bogotá, Colombia. He developed a research about Juan XXIII and was working in conjunction with the community to fund and build the Juan XXIII's communal center.