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HOUSING PROGRAMS AND POLICIES IN BOGOTA:

AN HISTORICAL/DESCRIPTIVE ANALYSIS

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I. INTRODUCTION

This report describes the major patterns, trends and policies that have characterized the housing sector in Bogota within the last 20 years. While emphasizing the physical and financial attributes of housing, it also seeks to correlate these attributes with other aspects of the city's development. Although this description is not strictly chronological, it has been linked to a number of historical landmarks which have influenced Bogota and the country.

The focus of this study is the special District of Bogota, where the major impact of government policies, plans and programs, as well as activities of the business and "informal" sectors, is most concentrated. It is not always possible to distinguish between national and local trends; indeed, whatever occurs in Bogota is almost always a model for the rest of the country. In addition, the district's share of the housing and construction sectors far exceeds its share of the country's population, or geographical area. Not only are most decisions determined in Bogota, but they are also applied there as well. Specific data are not always available for Bogota, however, particularly regarding investments, loans, etc. The impression is that many entities fail to enumerate their activities by cities lest they be accused of being "centralists." For example, neither construction industry activity nor trends in the building materials industry are reported separately for Bogota. Finally, there is only limited knowledge of the "informal" sector which involves most of Bogota's low-income population.

II. HISTORICAL DEVELOPMENT

Before 1945, Bogota was essentially a "large town," with a population of roughly a half million. Citizens managed to acquire housing on their own in a very parochial environment. The urban development process in Bogota and other large cities, however, began its dizzying rise as of World War II; by 1956, the housing shortage in Bogota and elsewhere had become quite significant. The CNSP published a report on shortage and demand 1/ which for the first time in the country "pointed accurately to the housing needs in urban areas of over 10,000 inhabitants and showed those centers where the problem is most serious..." The capital city, of course, lead the rest of the nation in the size of its housing deficit.

Quantitative deficit refers to the material lack of housing, i.e., the result of subtracting the existing "adequate" homes from the total number of families in the city. Qualitative deficit refers to those homes which fail to meet habitability requirements and are thus classified as subnormal (dirt floor, lack of water supply, lack of sewerage system, etc.). These concepts are of little practical value, however, since the housing deficit in developing countries exceeds their technical and financial capacity.

New approaches to the housing problem based on comprehensive intersectorial concepts, such as Habitat, should be considered. It is not, a matter of seeking goals impossible to attain at a given point in the economy, but of making the best possible use of available resources and emphasizing

1/ Deficit y Demanda de Vivienda, 1956, CNSP, Corporacion Nacional de Servicios Publicos (now the Land Credit Institute).

priority areas or social sectors. Low standards of living will not be improved through housing programs alone; on the contrary, improved standards of living will allow marginal groups to become incorporated into the housing programs. Consequently, housing deficit estimates can serve as a frame of reference for establishing policy goals and priorities.

Projections of Bogota's quantitative housing deficit, presented in Table # 1, indicate a seven-fold increase from 44,000 units in 1951 to 296,000 for 1980. During this same period, the population is also projected to increase seven-fold from 658,000 to 5,000,000 people. The deficit would appear to affect the lowest 30% of families on the income scale.

The CNSP's efforts to detect and define the housing problem were accompanied by the First National Housing Seminar which created in 1955 a low-income housing policy. This document was issued by the directors of the Land Credit Institute (ICT), which has maintained leadership in the area of housing. This was the first attempt in Colombia to approach the housing problem technically and it established the guidelines summarized below:

1. Housing programs should be based on the particular demand and deficit in each locality.
2. It should be recognized that 83% of all Colombian families cannot pay for adequate housing.
3. Although no quantitative deficit has been estimated, a subsidy for rural housing is suggested.

1/ Una Politica de Vivienda Para Colombia, ICT, 1955.

4. To increase the rate of urban construction and improve existing homes, the following actions are proposed:
 - a. Reduce per unit investments in housing to the minimum possible.
 - b. Maintain balanced monthly housing payments within the limits of family incomes.
 - c. Fight against land speculation and set up land reserves.
 - d. Lower unit prices by making use of the self-help system (auto-construction).
 - e. Abstain from attempts to achieve a definitive solution because of the population's low purchasing capability (e.g. utilize progressive development of the basic core).
 - f. favor as many needy as possible and thus provide incomplete solutions that can be improved and enlarged.
 - g. The government agency responsible for rural and urban low-cost housing policy will be ICT (Land Credit Institute), while the Central Mortgage Bank (BCH) will be in charge of middle-class housing.
 - h. Begin decentralization of ICT.

The 1955 report included the following recommendations regarding the structure and implementation of national housing policy:

1. Creation of a Housing Council (Consejo Superior de Vivienda) as a coordinating body.
2. Establishment of Urban Development Plans for smaller cities.
3. Construction of single-family units for sale and multi-family units for rent.
4. Implementation of mutual assistance and supervised self-help programs.
5. Development of town improvement programs.
6. Design of five-year housing plans.

Although these recommendations do not represent a true housing policy, they were a "program base" for ICT's 1960 housing programs such as Ciudad Kennedy, Timiza, La Esmeralda, and Garces Navas. A pattern of low-income or "social interest" housing 1/ was applied, utilizing subsidized loans issuing directly or indirectly from the United States Government. The purpose at that time was to strengthen the Institute's operation as a housing executor through loans granted on favorable terms to allow financial self-sufficiency in the future. Housing policies were very similar to those set forth in 1955, although emphasis was placed on achieving low unit costs through self-construction methods and favoring the largest possible number of beneficiaries by employing progressive development. ICT maintained leadership in low-cost housing although it also engaged in middle-class projects such as the apartments in the Kennedy and La Esmeralda districts. Meanwhile, the BCH continued to operate housing for middle and upper income families.

1/ Report by the ICT General Manager, 1960-1961.

The economy-housing boom came to an abrupt end four years later at the close of the Alliance for Progress. Low-income sectors ceased to be a priority as international credit agencies questioned investments which are difficult to recover and have low productivity. At the same time, the housing institutes could not achieve self-sufficiency due to inflation and higher building costs. Indeed, the rate of decapitalization was so great that the Government was forced to subsidize these entities. 1/ There can be no doubt that this stage, characterized by low-income or "social" housing, favored the lower-income groups in Bogota and that the institution-based formal sector prevailed for a few years over the "informal." Although ICT favored elite groups within the lower classes, government action reached the lower strata massively for the first time. 2/

During this period government housing programs and projects set irreversible patterns for the city's urban development. For example, Ciudad Kennedy and Timiza in the southwest and Garces Navas and Quirigua in the northwest in a relatively brief time enlarged the perimeters and lengthened access streets before the city was prepared for this growth. In the case of Ciudad Kennedy, a highway designed to serve an airport (Avenue of the Americas) had to serve as the main artery for suburbs of more than half a million people. The Central Mortgage Bank (BCH), the other large executor and financier of urban housing, allotted a large share of its investments to Bogota (Table 5), with loan averages (Table 6) corresponding to the purchasing power of the top 10 to

1/ See the National Government allotment in Table No. 4, years 1964-65.

2/ See Table No. 3, especially 1962.

15% of the urban population. The BCH has had a significant, though indirect influence on Bogota's urban development because it was practically the only source of financing for middle and upper-class housing projects until the advent of savings and loan associations. During the 1960's, ICT carried out social interest programs foreign funds payable in foreign currency; the BCH, in contrast, was building luxury homes for the urban elite using domestic resources generated by national savings. The increase in housing costs leveled the situation out, but to the detriment of social interest housing.

Practically the only consistency in how the two leading housing institutions implemented policies was in their areas of interest: ICT operated at low- and middle-income levels, while the BCH operated at the middle- and upper-levels. The BCH, as a semi-government (or semi-private) entity, did not uphold the guidelines and standards set by the National Planning Department for government institutions. In addition, those most interested in Bogota's development, i.e., the District agencies, played a secondary role. Although their "pilot" plans, "regulatory" plans, "development" plans, etc. corresponded to District zoning, these agencies lacked the power to regulate the actions of ICT and BCH. Large housing projects were thus built regardless of the District's intentions, many even lacking building permits and some in open contradiction to existing urban plans. Responsibility for this situation may be attributed on the one hand to the District's technical weakness, and on the other to the Central Government's political considerations or desire for prestige.

Foreign credit, which was a substantial source of funding for ICT's programs, continued to decrease until its final disappearance in 1972 (see

Table 4) when both the AID and the Interamerican Development Bank (IDB) withdrew from Colombian housing programs. As the era of social housing investments ended, the era of savings and loans began. ICT's production diminished 1/ while the BCH increased its financial capacity thanks to its government provided access to national savings. This situation was altered in 1972, however, by "The Four Strategies" which changed the way urban housing policy had been operating since 1956. This plan discontinued the "social" approach to housing: ... 2/

- Urban construction, the top priority sector, shall guide new investments to an area of very substantial latent demand ... a doubling or tripling of present investment ... will increase consumption levels and distribution of the labor force...
- [Housing] shall require few additional imports ... and its expansion shall be felt in the demand for industrial and agricultural products as well as transportation and services...
- Housing shall be treated as a leading agent or promoter of development. With its opening of job opportunities and increasing of real income, the population can acquire better incomes; their construction will not require subsidies and demand will be large...

1/ See Table 2 and Table 4.

2/ Cuatro Estrategias, Plan Nacional, National Planning Department, 1972.

- This plan involves continuation of the government-subsidized public housing program together with a considerably enlarged self-sufficient housing program. It would be a mistake to encourage one at the expense of excluding the other, for the two meet different purposes but both are highly valuable...
- The physical and financial limitations could be mitigated even more through adequate urban planning that would reduce requirements for transportation and other services.

These intentions were translated into specific plans for Bogota and the country:

- a. Introduction of private savings and loan associations under the constant-value or indexing system.
- b. Drafting of the Bogota urban development study called Phase I and Phase II.
- c. Acceptance of the notion of "cities within cities," a recommendation of the above study which was a model for the rest of Colombia's large cities.
- d. Nationalization of the BCH to be controlled directly by the Ministry of Finance.
- e. Presentation of housing not only as a social but as a "productive" sector as well.

The government of 1974 rejected the Four Strategies and drew up another plan (as always happens in this country where long-term national

plans endure the length of a presidential administration). Many of the intentions of the "Four Strategies" continued in effect, however, at least in terms of housing and urban development.

Nonetheless, the system of savings and loan associations increased housing costs and sales prices, and excluded even more low-income families from housing programs. The "development-minded" basis of the savings and loan system stimulated the private building sector, broadened credit sources substantially, and reinforced the use of national savings for housing. At the same time, however, it diminished BCH's resources dramatically 1/ and forced ICT to address itself to higher income families. The intention of favoring private enterprise is so evident that the government refused to authorize mutual savings and loan associations (non-profit entities with a cooperative approach) although these were limitedly authorized in the law that established the system.

Despite the construction boom in Bogota between 1973 and 1975, filtering of housing did not occur. The expectation was that families able to purchase unsubsidized housing would vacate their less costly homes, lower-income families would move in, and so on until the lowest income families were adequately housed. This did not come about because of the high rate of population growth, the stagnation of real income, increased costs of living, and the small impact of the program. The informal sector continued to increase proportionately during this period. Marginality manifested itself not only in the physical appearance of subnormal districts but also in the lack of access to credit systems.

1/ See Table 5, years 1973 and 1974.

Although approved, the urban plan called Phase II was not implemented. Failure to act on this study has weakened operation of the Special District Planning Office, which continues to function without guidelines or standards. The concept of "cities within cities" persists despite the change of government. Implementation has proceeded through the so-called development enterprises or corporations created by ICT and the BCH in 1975, which operate in a limited way in cities other than Bogota.

A new national development plan called "Closing the Gap," 1/ drawn up in 1975, attempts to take a "popular" rather than "development-minded" approach but does not modify the financial bases established by the previous administration. Although this document does not recommend specific housing policies, plans and programs, it does call for integration of basic services and community participation in subnormal urban zones:

- The fact of urban marginality has traditionally been approached as a problem which is essentially physical: that is, urban deterioration, shortage of public services, squatter settlements and housing shortage ...
[But] marginality is essentially a social condition resulting from lack of access to services ... and lack of job opportunities suffered by a large part of our urban community...

1/ 1975 - 1978 Development Plan "Para Cerrar la Brecha," National Planning Department, 1975.

- The city has been unable to respond to the needs for community services generated by a labor force which has been further swollen by migrants. Much less has it responded to their job aspirations. Consequently, "new" districts emerge... interfering with the city's growth...
- The aim is for the marginal population to share in the benefits of development... If the problem is attacked in a comprehensive and coordinated manner... with the following features:
 - a. Service Integration Programs in marginal zones; pre-school services, increase in family income, etc.
 - b. Creation of neighborhood development centers and labor banks.
 - c. Integration with water and sewerage projects in the cities' master plans.

Implementation has not occurred, however, except in isolated cases. Because this plan failed to regulate, so to speak, the "housing" sector with basic services and community participation, it produced an uncomfortable gap. ICT took steps to fill this gap independently from the national planning agencies and in a manner somewhat consistent with the development-minded plan of the preceding government.

In 1977, ICT stated:

- "... Failure to meet the demand of the lower income sector has resulted in the proliferation of tenements and subnormal occupation of large peripheral areas... Land prices affected government programs, creating concentrations far from urban services...
- "... Municipal standards based on regulation of land use contributed to increased distance between homes, work sites and services, thus causing transportation problems... The urbanization process is an irreversible fact, and the country must orient its economic development toward a process that will make use of available labor (increasing supply) and control urban development." 1/

It then made the following recommendations:

- a. Public agencies should operate by sector. It is recommended that the BCH act as the central financing agency for urban development and housing.
- b. Resources shall be used to support action by executory entities (ICT and the Urban Development Enterprises). To this activity should be added the National Savings Fund which administers the severance benefits of government employees, which have mostly been channeled through ICT.
- c. The BCH should finance new mixed capital organisms (ICT/Municipal entities) to carry out housing and urban development programs.

1/ Política de Vivienda y Desarrollo Urbano, ICT, 1977.

In addition, ICT stated the following objectives:

- a. Interest rates and loan terms should depend on housing prices.
- b. Financial plan to integrate "soft" and commercial (indexed) resources through use of the so-called "mixing bowl" (financial cost mix to average credit costs).
- c. The National Savings Fund (FNA) should channel resources.
- d. Part of the BCH's resources should be assigned to low-income housing and to the Urban Development Enterprises programs.
- e. ICT should have access to the "builders' credits" which are available to savings and loan associations.
- f. Investments should not be concentrated in Bogota, Cali and Medellin, cities which have had extraordinarily rapid growth.

Although the results of this plan are not yet clear, it is noteworthy that these "national" policies would have limited coverage and would maintain the sectoral nature of housing. Secondly, the high cost of housing credit continues to be a serious problem despite tools such as the "mixing bowl," a short-term palliative. Rapid decapitalization will continue until a stable financial basis is created. Thirdly, the BCH has not been re-designed but continues to parallel the ICT in certain aspects. No change has occurred

in BCH's administrative structure but only in the distribution of existing resources. Fourthly, the program of decentralizing investments and functions, 1/ inherited from the previous government, has done little to encourage development of secondary urban centers. On the contrary, the urbanization process in the major cities, particularly Bogota, continues at a high rate. Scarce resources are being diverted to non-priority areas in smaller cities to the detriment of critical zones such as the immense conglomerations in Bogota.

For the last eight years, the formal institutional sector has neither reached, nor attempted to reach, the lowest income families in Bogota. The informal sector is presently the only instrument available to meet the housing needs of these families. In 1955, an ICT director stated the country's dilemma that continues to this day: "The actual fact is that more housing is not built because there are no funds for this, and people cannot acquire it because it is beyond their reach. National resources are limited already, and the country must distribute them in an organized fashion following a clearly defined program. ICT has been criticized for building extremely poor houses. I feel that ... the situation and availabilities in the country will make it obligatory to build even poorer homes." 2/

1/ Enacted in 1972.

2/ Vivienda Economica, J. Gomez Pinzon, Una Politica de Vivienda Para Colombia, ICT, 1955 (emphasis added).

III. LEGAL STRUCTURE

Despite the relatively large number of institutions engaged in housing and urban development at both the national and district levels, the legal standards governing this sector are few.

This apparent paradox is explained by the fact that Colombia has never had a comprehensive housing and urban development policy, but only partial and temporary plans according to the desires of each particular government. Planning mechanisms, at least those involved in housing and urban development, have been of the indicative or letter of intention type, i.e., the public executor uses his own interpretation. The same is true of the private sector, where feasibility depends on the conditions, stimuli or limitations caused by existing financial regulations. Because policies are seldom implemented, planning is for planning's sake and adjusts to the demagogical slogans of different administrations. Each new government undertakes to draw up a new plan to enact new policies and new objectives based on issues 20 or 30 years old, without concern for implementation at least for the medium term.

The piecemeal and narrow legal standards that do exist are described below:

1. Law 24 of 1905. Whereby the Central Mortgage Bank of Bogota was created. The government intervened for the first time in the housing market, setting up the basis for a system of savings and loans earmarked for construction.

2. Decree 74 of 1932. Whereby the national Central Mortgage Bank (BCH - Banco Central Hipotecario) was created to replace the organism described in (1). The BCH was authorized to manage and administer a system of savings and loans for housing through capitalization bonds, sale of bonds, loans to builders, industrial credit, and direct construction. Although semi-private, this was the first specialized housing and building institute sponsored by the government.
3. Law 61 of 1936. Whereby municipalities were ordered to allot a special budget for housing. These funds were inadequate, and were used to build the "model" districts which appeared during the 1940's in Bogota and other cities. They were also the financial basis for some municipal housing entities.
4. Decree 200 of 1939. Whereby the Land Credit Banks were created to make loans for the construction needs of regions not reached by the Mortgage Bank. These entities were also in charge of promoting construction of sanitary housing for field workers. The Land Credit Institute, ICT (Instituto de Credito Territorial), with headquarters in Bogota, was established to direct this operation. It should be noted that ICT originally had agrarian functions only, but its structure changed along with the country's rural-urban ratio.

5. Decree Law 1579 of 1942. Whereby the ICT urban housing section was established and authorized to grant direct loans for housing construction to employees and workers; invest the returns on its loans directly in construction; build "low-cost model districts" on its own and provide technical assistance to municipalities for these projects. This measure represented the first popular or low-cost urban housing organization at the national level. What is more important, the urban sector was first recognized as a priority as more and more low-income families migrated to the cities.
6. Agreement 20 of 1942. Whereby the Municipal Council of Bogota created the Popular Housing Bank (Caja de Vivienda Popular) to construct housing for low-income workers' using municipal funds. In 1943 the Bank built the district called Popular Modelo, which was the first government-sponsored housing project.
7. Law 1 of 1943. Outlined procedures for expropriating the land necessary for social-interest projects. This law has not been feasible as an instrument for housing and urban development programs because of its complicated implementation. Despite the law's obsolescence, the country has been unable to update it nor to expedite land expropriation.

8. Law 29 of 1945. Whereby incentives were set up to promote construction of urban housing as a solution to the problem of costly rentals.
9. Law 87 of 1947. Whereby the Military Housing Bank (Caja de Vivienda Militar) was established to provide housing for its military or civil affiliates under the Ministry of Defense.
10. Decree 1702 of 1951. Whereby the Agrarian Credit Bank (Caja de Credito Agrario) was authorized to take over ICT's accounts receivable from peasant housing programs.
11. Decree 2956 of 1955. Whereby the National Public Service Corporation, CNSP (Corporacion Nacional de Servicios Publicos) was established through the merger of ICT, the Municipal Development Institute (Instituto de Fomento Municipal), the Colombian Electric Power Institute (Instituto Colombiano de Energia Electrica), and the Military Housing Bank. Although intended to integrate the activities of the various administrative agencies engaged in similar projects, this attempt at inter-agency coordination has not been entirely successful.
12. Decree 1483 of 1955. Dealt with the creation and operation of Housings and Savings Banks, but had no practical significance.

13. Decree Law 1938 of 1955. Whereby ICT was authorized to issue 30-year housing and loan bonds at a 6% annual interest rate; savings banks were ordered to invest and maintain 25% of their total deposits in such bonds. This decree allowed ICT to operate as a financier and operate in areas previously reserved for the BCH.
14. Decree 2114 of 1956. Whereby the Agrarian Credit Bank was made responsible for rural housing programs and ICT for low-cost urban housing plans. This measure acknowledged the need for a mechanism solely devoted to the problems of low-cost urban housing.
15. Decree 94 of 1957. Whereby the CNSP was terminated and the Land Credit Institute recovered its autonomy. ICT's return as a decentralized agency reflected its entirely urban orientation.
16. Decree 1691 of 1960. Concerns various measures on compulsory investments in the housing and loan bonds issued by ICT and the BCH. The purpose was to link national savings indirectly to housing programs, thus generating permanent resources for the two main housing agencies.
17. Law 81 of 1960. Whereby "Urban Action" was created to develop channels and procedures through which municipalities could obtain financial resources for development. The law was never implemented.

18. Decree 2661 of 1966. Whereby housing institutions were given certain standards for setting financial parameters, thus allowing flexibility in the face of a fluctuating market.
19. Law 66 of 1968. When contracts for housing programs and land sales were not fulfilled, ICT was to advise the Banking Superintendency in claims against construction firms and developers. Consequently, ICT took over the liquidation of assets involved in such programs.
20. Law 3130 of 1968. Deals with indirect state, commercial and industrial enterprises. This law was the basis for the joint urban development enterprises created in 1976.
21. Decree 1944 of 1968. Deals with co-ownership and mechanism to encourage and expedite multi-family construction in major cities.
22. Decree 3118 of 1968. Whereby the National Savings Fund, FNA (Fondo Nacional del Ahorro), was instituted as a decentralized agency in charge of administering retirement or unemployment benefits for qualified government workers.
23. Decree 209 of 1969. Whereby the Housing and Urban Development Council (Consejo Superior de Vivienda y Desarrollo Urbano) was established as the primary

agency to coordinate and direct government-sponsored housing policies, plans and programs. This agency of the Ministry of Economic Development has never operated effectively although it is appointed by the government every four years.

24. Decree 667 of 1972. Whereby the constant value (indexation) system was established for savings and loans for construction: the Savings and Housing Board (Junta de Ahorro y Vivienda) and the Savings and Housing Fund, FAVI (Fondo de Ahorro y Vivienda), were created under the Bank of the Republic to direct and regulate this system. This measure represents the most significant change in housing policy since 1966 when ICT took over low-cost housing programs: it finally created a permanent financial basis geared to the private sector.
25. Decree 678 of 1972. Whereby the Savings and Loan Associations were created. Access to national savings for housing ceased to be the State's monopoly through ICT and the BCH, and was now shared by private or semi-private banking firms.
26. Decree 1229 of 1972. This decree established the "constant purchasing power unit" (UPAC), a special "currency" that was used in the savings indexation system. It also established instruments to tap savings, as well as set interest rates, etc.

27. Decrees 1259 and 1260 of 1973. Set criteria for the development of the Special District of Bogota, as a result of the Study on Minimum Standards 1/ for Housing, Urban Development, Public and Community Services. These measures relaxed the traditional rigidity of municipal zoning codes and created more rational land use mechanisms.

1/ Estudio sobre normas minimas, Anibal Lopez, German Samper et al., ICT, 1970.

IV. INSTITUTIONAL FRAMEWORK

The administrative-institutional taxonomy presented here is centered mainly on government entities connected with housing, although their direct production does not account for a large share of new units in Bogota. Drawing up a similar taxonomy for the private sector is difficult because private sector building is dispersed throughout countless construction ventures of different types, some with up-to-date organizations, others of the artisan-industry type. It is more difficult still to fit the so-called "informal" housing sector into a simple taxonomy, although it is responsible for most units built in Bogota (and in the country).

The main actors in the formal housing sector are listed below, along with a description of the roles they play and their ranking in the sector's administrative structure, their coverage and specializations.

1. National Institutions

1.1 Central Mortgage Bank, BCH (Banco Central Hipotecario)

is a decentralized banking entity of a mixed type.

Colombia's oldest housing and construction agency,

BCH operates on a national level and has branch

offices in the major cities; it depends on the

Ministry of the Treasury and Public Credit. The

general objectives of BCH are to promote and finance

construction and the purchase of urban homes. Specifi-

cally, it administers various financial systems such

as the mortgage bond market, capitalization bonds,

constant value Social Security bonds, indexation systems (through the "Corporacion Central de Ahorro y Vivienda"), and the Financial Fund for Urban Development (FFDU - Fondo Financiero de Desarrollo Urbano). It is also authorized to construct housing itself, and to grant loans to builders and buyers.

The BCH's "policy" was formerly tailored to middle- and upper-income households only; since the advent of indexation and the bank's apparent "nationalization" in 1972, however, it has focused on lower income families. As the government's leading mortgage credit agency, within the new policy the BCH support decentralization and development of intermediate cities make housing for the less favored classes a priority; support municipalities through the FFDU. The BCH's interest rates are 18 and 22% per year for buildings valued at not more than Col\$200,000 and \$400,000, respectively, with 15-year payback and financing of 80% of the commercial value. These terms do not apply to the Bogota, Medellin and Cali metropolitan areas which are governed solely by the savings and loans associations.

- 1.2 Financial Fund for Urban Development, FFDU (Fondo Financiero del Desarrollo Urbano) consists of a

current account allotted to municipal works, administered by the Bank of the Republic; it was transferred to the BCH in 1975. This fund obtains rediscounts through the National Planning Department for loans to be used in the construction and improvement of roads, parks, water supply and sewerage systems, market places, etc. These projects must be included in plans and programs requested by municipalities, public utilities, valorization departments, etc.

1.3 Land Credit Institute, ICT (Instituto de Credito Territorial) is an autonomous decentralized agency in the Ministry of Economic Development. Its coverage is nation-wide and its headquarters are in Bogota. Although in operation for almost 40 years, ICT's activities have focused entirely on urban areas only since 1966. ICT is the principal agency involved in low-cost housing programs, and has carried out major projects in all the large and middle-sized cities. Its influence has often exceeded the guidelines set by urban plans, especially in developments in the south and west of Bogota.

Its general objectives may be summarized as follows:

- To solve the housing problems of the lowest income families;

- To improve conditions in subnormal districts;
- To strengthen municipal agencies and support implementation of urban development projects; and
- To handle the "social interest" urban housing shortage.

According to its most recent policy document issued in 1977, 1/

ICT also has the following objectives:

- To replace the traditional notion of handling demand through mass housing construction by implementing urban development with a maximum of auto-construction.
- To acquire land for services and supplementary development, keeping in mind the need for job sites.
- To create urban development enterprises as joint ventures (ICT/municipalities) to implement housing and supplementary programs.
- To maintain balance between family income and purchasing capacity.
- To decrease housing costs, using urban designs, minimum standards, architectural designs and open bidding systems.

1/ Política de vivienda y desarrollo urbano: ICT, 1977.

- To uphold the criterion of progressive development for subnormal zones through technical assistance to the municipalities, e.g., with programs for improving and equipping public services, legalizing land ownership, community organization, etc.
- To create new financial policies to avoid decapitalization, and to integrate soft and hard resources (the "mixing bowl").
- To decentralize investments in order to decrease growth pressures in Bogota, Medellin and Cali.

Despite its intentions, the ICT has not become a true urban development institute for lack of legal and financial bases. It has, however, been a leading factor in the physical aspect of urban growth by creating development and growth poles in the major cities. Its branch office in Cundinamarca, which includes Bogota, enjoys administrative decentralization and is managed by a local Advisory Board.

- 1.4 "El Salitre" Urban Development Enterprise (Empresa de Desarrollo Urbano "El Salitre") is a mixed enterprise promoted by ICT and various local entities to develop a new community in the area of El Salitre. This would be the first application of the "cities within cities" concept, i.e., this new urban center would have all the essential services and maintain self-sufficiency as a

community. 1/ It is supposed to develop around several job cores, involve peripherally located housing diversification, and promote the deconcentration of Bogota.

The major objectives of this enterprise are to:

- Contribute to job and service self-sufficiency.
- Reduce the need for trips and transportation to the city center.
- Diminish the distance among homes, jobs and services.
- Promote rationalization of the heart of the city, its deconcentration, and the creation of new centers.
- Provide larger free areas for community use in new or existing developments.
- Contribute to environmental improvement.
- Improve the quality and increase the quantity of low-cost homes.

This undertaking is limited to a specific area (El Salitre), and is intended to operate as a decentralized corporation at the district level. This fledgling urban development enterprise has been unsuccessful, however, since it failed to obtain ownership of the land it was supposed to develop.

1/ Politica de Vivienda y Desarrollo Urbano, ICT, 1977.

1.5 National Center for Construction Studies, CENAC (Centro Nacional de Estudios de la Construcción) is another semi-official entity, sponsored by the Central Mortgage Bank, the Land Credit Institute (ICT), the Agrarian Credit Bank, Colciencias and the Colombian Chamber of Construction and CAMACOL (Camara Colombiana de la Construcción). Established in 1974, CENAC's goals are to compile, standardize, and analyze data on all activities connected with construction, building, public works, and development in Colombia.

The foregoing tasks are conducted for the benefit and information of various entities in the sector and are national in scope.

1.6 National Savings Fund, FNA (Fondo Nacional del Ahorro), is another decentralized institution, depending on the Ministry of Economic Development. It has operated nationally since 1970 and is engaged in administering government workers' retirement benefits. The government's intention in 1968 was to create for both the public and private sectors a system, similar to Mexico's INFONAVIT or the Brazilian system, to channel retirement funds for development of housing. For lack of a law, this mechanism was limited in its scope and resources to the public sector, and even then, a government decree was necessary. The FNA's resources

come from: retirement benefits of government workers and public employees; returns on its investments; voluntary savings of its affiliates; ordinary or extraordinary government contributions; and resources from internal or external government-approved credits.

Its main objectives are:

- Timely delivery of retirement benefits to affiliates.
- Protection of retirement benefits against monetary depreciation.
- Solution of government workers' housing problems.
- Organization and operation of social security systems.
- Coverage of present or future deficits in paying retirement benefits.
- Promotion of national savings and their use in non-inflationary financing systems.

The FNA makes use of procedures such as mortgage loans to affiliates and building enterprises, and rediscount of mortgages for programs carried out by other agencies but assigned to its affiliates. Along with the BCH, the FNA contributes financially, to some of ICT's programs.

The FNA does not operate solely to finance and administer retirement benefits; it also has departments that are typical of an executory agency and similar to ICT's organization.

1.7 Division of Urban Development and Tourism counsels the Ministry of Economic Development on policies and programs which affect housing and urban development on an economic and social level. This agency coordinates policy guidelines with the National Planning Department and with other ministries and institutions, and submits recommendations to financial and executory agencies. Because this division is very weak in terms of personnel and technical resources, however, the BCH and ICT continue to control matters of national policy.

1.8 Unit of Regional-Urban Development: National Planning Department, DPN (Unidad de Desarrollo Regional-Urbano: Departamento Nacional de Planeacion) is a national public entity having functions very similar to those of the Division described above, although it carries out more concrete planning activities. Its objectives are to:

- Perform studies to determine the needs of urban centers;
- Analyze these requirements and recommend solutions.
- Advise the departments, metropolitan areas, municipalities and other entities on technical and administrative matters.
- Advise on internal and external credit operations.
- Coordinate and evaluate the participation of various agencies in regional and urban development.

These good intentions meet with little success because DPN has few resources and little political power relative to the large executing agencies. However, it has a representative on most of the boards of the leading institutions.

1.9 Savings and Housing Fund, FAVI (Fondo de Ahorro y Vivienda), is a national financing agency depending on the Bank of the Republic, which regulates the savings and loan system that has been operating in the country for nearly five years. Its objectives are to:

- Promote savings for construction;
- Authorize operation of private savings and loan associations;
- Obtain internal or external loans;
- Grant loans to savings and housing institutions.

1.10 Military Housing Bank, VIMILITAR (Caja de Vivienda Militar) is an autonomous decentralized organism under the Ministry of Defense and specializing in housing for officers, agents and dependent civil personnel of the armed forces and the national police.

It is involved in:

- Direct housing construction;
- Use of ICT and BCH contributions for credits and allotment of housing units;
- Individual mortgage loans;
- Issuing of capitalization bonds;
- Technical advice to other military organisms, studies on deeds, etc.

Although it has built two or three significant housing projects, VIMILITAR's impact on Bogota's urban development is very limited. Its activities are generally incorporated into the ICT and BCH programs.

2. District Institutions

2.1 Administrative Department of District Planning, DAPD

(Departamento Administrativo de Planeacion Distrital)

depends on the Mayor's Office of Bogota. Its main objectives are:

- To define urban development policies, plans and programs in the physical, social, economic and administrative areas;
- To regulate the District's urban development;
- To coordinate programs involving streets, transportation and building carried out by other city agencies.

Along with the various administrative functions that take up much of its efforts, DAPD has suffered continual upheaval under different district administrations. These ups and downs - corresponding to the

short-lived terms of Bogota's mayors - have limited the effectiveness of this agency's activities.

2.2 Urban Development Institute, IDU (Instituto de Desarrollo Urbano) is part of the Special District of Bogota. Its objectives are, among others, to implement development and renewal projects; to construct public buildings and community service facilities; and to maintain and expand the street network. It also has administrative functions such as collecting the district's valorization tax and expropriating real estate. Since 1972, IDU's impact on Bogota's urban development has diminished because of the gradual dismantling of PIDUZOB, a comprehensive housing project in the eastern zone of Bogota. Since this plan was reduced to small isolated projects, the IDU is no longer necessary as a coordinating agency. Moreover, it lacks the legal and financial bases to promote physical development in other areas.

2.3 Popular Housing Bank, CVP (Caja de Vivienda Popular) is one of the oldest urban development entities in Bogota, dating back to 1942. Its purpose is very clear: to help solve the housing deficit for the lowest income families. To this was later added the goal of assisting district employees.

Its housing policy is primarily to construct new normas minimas settlements to eliminate slums and prevent squatter settlements; and to improve sub-normal settlements by legalizing ownership and/or building urban infrastructure and by supporting home improvements. In order to achieve this, it seeks to:

- Set minimum standards for the design and construction of urban development and housing works;
- Create housing improvement centers for sub-normal zones;
- Promote site-and-services developments;
- Build low-rent, temporary dwellings (tenements) to prevent proliferation of slums (has not been done);
- Devise middle-class housing programs.

Although it has deflected some of its limited resources into middle-class programs, the Bank has been very active in the pre- and post-slum level program. Unfortunately, the sum of CVP's investments and achievements has been so small compared to the scope of the problem that it has had little impact on Bogota's development.

2.4 District Savings and Housing Fund, FAVIDI (Fondo de Ahorro y Vivienda Distrital) is intended to pay retirement benefits to District employees; when funds are sufficient (not foreseen in the near future), it also plans to finance housing programs for those employees.

2.5 Miscellaneous Entities. There are several public service institutions whose contribution is essential, though indirectly, to housing and urban development programs. These specialized District agencies include: the Water Supply and Sewerage Enterprise of Bogota, Bogota Electric Power Enterprise, Bogota Telephone Enterprise, District Public Service Enterprise (EDIS), and District Urban Transportation Enterprise (EDTU).

3. Private Institutions

3.1 Savings and Loan Associations, linked to FAVI (described above), have encouraged private savings and channeled them to the building industry under the indexation system. Savings and loan associations are authorized to receive savings deposits; grant long and short-term loans to private persons and builders; acquire buildings; and carry out urban renewal projects. The ten associations -- Central, Concasa, Davivienda, Colpatria, DelValle,

Las Villas, Grancolombiana, Conavi, Corpavi, and Colmena -- have their headquarters or main branch offices in Bogota.

3.2 Colombian Chamber of Construction, CAMACOL (Camara Colombiana de la Construccion) is a private, nationwide trade association. Its objectives are to encourage, protect, organize and promote the building industry in all its aspects. Members include the leading construction and consultant firms, financing agencies, and producers and distributors of building materials.

3.3 Others. The "non-profit private sector," i.e., associations, cooperatives, mutual funds, etc., has little influence in Colombia. This is partly due to the lack of specialized financial mechanisms, such as mutual associations, which do not operate in the country.

V. STATE OF THE HOUSING MARKET

According to a document published by the Special District of Bogota, 1/ in 1972 Colombia's capital city was growing at a rate of 250,000 new inhabitants per year, 45% of whom were immigrants. Forty percent of the population was earning less than Col\$1,500 per month (about US\$70 at the time). Seventy percent of all dwellings were built without municipal permits. Although 70,000 new housing units were necessary each year to meet the demand, only 10,000 to 15,000 formal sector units were being constructed annually. While average city density was 270 persons per hectare, there were as many as 1,000 to 1,500 persons per hectare in certain areas.

Current population growth rates suggest that efforts and resources must be doubled every ten years just to maintain the current level of goods, services and jobs; and this seems quite beyond present possibilities -- financially, technically, and administratively. As the present mayor has said, the population increase -- added to the high urbanization rate and the shortage of resources -- is resulting in a rapid process of "Calcuttization" 2/ whereby vast sectors of the population may find themselves living on the streets with no access to jobs or services.

Moreover, rapid urbanization has expanded the housing market in Bogota at a higher rate than other sectors of the country. In 1973, Bogota had 2.7 million inhabitants, i.e., 12.8% of the country's total (21.1 million); and 21% of the urban population (12.8 million). In 1951, the nation's

1/ Politicas de Desarrollo Urbano, Distrito Especial de Bogota 72.

2/ Refers to the city of Calcutta, in India.

capital had 660,000 inhabitants; 5.7% of the total population (11.5 million) and 14% of the leading municipalities (4.4 million). Seventy percent of construction activity is concentrated in the five major cities: Bogota alone accounts for 40%. 1/ This centralization of activity in the main urban centers continues unabated despite palliative measures. 2/ The Government has taken contradictory steps to slow this process: on the one hand, it channels a few investments toward intermediate cities, 3/ while on the other hand it sets up a private system of savings and housing located in four cities, particularly Bogota.

In addition, the 1974-1978 Administration eliminated the insurance carriers' former obligation to invest over one-half of their reserves in ICT's bonds (the leading entity in the decentralization policy), thus leaving carriers free to buy more attractive securities which will most likely be directed to Bogota and three other cities.

Bogota's housing market also favors upper income households. According to ICT, 4/ in 1971 a full 80% of all institutional and business resources were being directed to the richest 20% of the population; consequently, 20% of the funds went to the poorest 80% of the population.

The "formal" sector (institutions, businesses and individuals governed by construction permits and the credit system) constitutes an "elite" component comprised of the entire upper class, most of the middle class,

1/ Actividad de la construccion, 1971-75, DANE, 1975.

2/ Plan of "Intermediate Cities."

3/ Those having between 30 and 350 thousand inhabitants.

4/ Vivienda y Desarrollo Urbano en Colombia, ICT, 1971.

and part of the low. By definition, then, the "informal" sector handles the lower classes outside the scope of credit entities and of the District's codes and standards. In 1950 construction represented 2.6% of the GDP; according to data from the Bank of the Republic, 1/ this figure reached 5.0% in 1971 and 4.8% in 1974, diminishing to 4.5% in 1975.

The construction sector in Bogota in 1969 included 741 companies, of which 40.1% were individually owned, 41% were limited liability companies, and 2.8% were corporations. Of these companies, 34.6% had fewer than 10 workers and employed 3.0% of the total; 17.7% had 10 to 14 workers and employed 4.8% of all construction workers; and 4.8% had more than 200 employees accounting for 43.1% of all workers. 2/ Thus 49 firms were responsible for 21% of the total construction in Bogota in 1969, or 13% of all construction in seven cities. 3/ It should be noted that both the ICT and BCH produce most of their housing projects through private companies. Of these projects, about 70% were built with financial aid from credit institutions. Of total construction, 80% was for homes, 9% for offices and businesses, 4% for warehouses and similar, 3% for industry, and 4% for others. A large share of all building materials is comprised of non-metallic mineral products (cement, glass, tile, plaster, asbestos, etc.). In 1972, 4/ this sector accounted for 4.4% of the total GDP; included 58 businesses with more than 100 workers; and produced an output valued at Col\$3.8451 billion.

1/ See Table # 10. These figures differ from Table # 12 due to varying sources.

2/ Actividad Constructora 1971-1975, DANE.

3/ Los Verdaderos Duenos del Pais, J. Silva, 1977.

4/ Los Verdaderos Duenos del Pais, J. Silva, 1977.

While the ICT (Table # 2) devotes on the average one-third of its housing production to Bogota, with about 25% of its investment, its production and investment rates (Table # 3) have not increased with the population. ICT's production for 1962 has never been surpassed -- nearly 10,000 housing units, located mostly in Ciudad Kennedy and representing the lowest investment per unit in the agency's history. That was the only time when competition existed with the "informal" sector, i.e., when lower income households that had never benefitted from state action had access to the institutional market. The number of BCH's loans to Bogota (Table 5) is about 35% of the total, while investments reached 43%. This reflects the fact that the bank is more metropolitan than ICT because of its closer links to private business. Its production and investment curves show few fluctuations, although a substantial drop in 1972 was caused by the advent of the savings and loans system as well as the bank's nationalization.

The savings and loan associations, geared to and directed by private business, now represent over half of all investments in the construction sector (see Table 11). Although indexation has encouraged and strengthened the financial basis of housing construction, it has also increased housing costs and widened the gap between low income families and the institutional market. The rapid growth of indexed savings resulted in the inevitable decrease in BCH's bonds. A large part of traditional savings were switched from the bank to the associations, where it likely enhanced luxury housing construction. Also evident is the restrengthening of ICT as of 1972 (Tables 2 and 11) -- thanks to funds from the national budget, the BCH and the FNA -- in order to maintain market equilibrium and avoid near-total transfer of resources to the upper-middle and upper income classes.

Tables 7, 8 and 9 show how the 1972-74 construction boom resulted in an increase of less than 50% in area of construction as compared to 1970, while Table 11 indicates that investments by the main financing entities increased more than 100% during that same period. The boom thus resulted in increased construction and financing costs, as well as an inflationary surge and higher unit prices, with no broadening of market coverage. Similarly, Table 10 shows how the building and housing sector has been deteriorating in indexed values. The savings and housing system has only benefitted upper middle and upper classes in the three or four main cities, while restricting the formal market for lower income families. The recession in this sector during 1975-76 caused a drop in the annual area constructed to a level below that in 1970. As Table 11 indicates, the ICT, which is responsible for the housing needs of 50% of the population, has only 20% of the funds in the sector.

In 1971, ICT 1/ showed the following range of income levels with respect to housing demands in Bogota:

1/ Vivienda y Desarrollo Urbano en Colombia, ICT, 1971.

<u>Monthly income in pesos (1964)</u>	<u>% in Bogota</u>	<u>% urban total in the country</u>	<u>Level</u>
Up to \$500	12.6%	25.3%	Slum
500 - 1000	51.9	50.7	Low
1000 - 1500	22.4	15.8	Upper lower
1500 - 2000	7.6	4.9	Lower middle
2000 - 2500	2.7	1.6	Middle
2500 - 3000	1.3	0.8	Upper middle
3000 and over	1.9	0.9	Upper

Since average investment per housing unit in 1964 was Col\$28,000 1/ with a monthly mortgage of Col\$250, a monthly income of about Col\$1000 would be necessary to be eligible for this loan. This means that about 60% of all families in Bogota and 70% in the country did not qualify for ICT's loans. At the same time, financial costs, risks of decapitalization of the entity, and lack of direct subsidies made it impossible to lower prices per dwelling unit despite the self-help construction methods used at that time.

As a result, ICT made the following recommendations to the Government: 2/

- Housing policy should not be set independently of other economic and social development projects;
- Vigorous action is necessary to create job opportunities, particularly favoring the primary and secondary sectors;

1/ Table 2.

2/ Vivienda y Desarrollo Urbano en Colombia, ICT, 1971.

- ICT's financing system should be modified to ensure access to the least costly resources ... in order to subsidize housing for the lower income classes;
- Uncontrolled settlements should be legalized, providing these families with individual or community public services.

At that same time, an important study 1/ provided the following information:

<u>Level</u>	<u>Monthly income (pesos 1970)</u>	<u>% in Bogota</u>	<u>% urban total in the country</u>
Slum	Less than \$500	4.6%	19.1%
Low	500 - 1000	44.5	34.0
Lower middle	1000 - 2000	22.3	25.3
Middle	2000 - 5000	18.8	16.2
Upper middle	5000 - 10,000	5.1	3.7
Upper	10,000 and over	4.7	1.7

The author pointed out that 49% of Bogota's population, corresponding to the first two groups, were below the Col\$1000 income level required for minimum public housing. The study concluded that "with a policy of public housing construction, the housing problem will remain unsolvable both in Bogota and the remainder of the country. Hence, these deficits are bound to increase year by year and resources will never suffice even to meet the annual shortages."

1/ El papel de la vivienda popular (el caso de Colombia), J. Valenzuela, CID, 1970.

Another report 1/ shows the following incomes for Bogota households:

<u>Level</u>	<u>Monthly family income (in Bogota, 1970)</u>		<u>% of total</u>
Low	\$ 0	\$ 500	7.4%
Lower middle	500	1250	26.9
Middle	1250	2500	26.9
Upper middle	2500	4000	20.8
Upper	4000	and over	18.0

This document again indicates that nearly 50% of the population had little or no access to the formal housing market, and marginality continued at the same proportion: "due to the rapid population growth, the housing filtration process meets only a small part of the needs of the low-income half of the population ... and ... according to estimates, 46% of the families in Bogota live in illegal and squatter settlements. Of the 61% of families having an income below \$2500 (in 1970), 68% live in these illegal districts. Of the 93,000 families in tenements (20% of the total), more than half live in illegal or squatter districts." 2/

Other estimates and projections, based primarily on the DANE Home Surveys, show no substantial changes in the distribution of income. For example, a document on the Bogota urban model 3/ includes the following table:

1/ G. Vernez, Traslados residenciales de migrantes de bajos ingresos, CCRP, Bogota, 1976.

2/ Ibid.

3/ Jairo Arias, Modelo de Desarrollo Urbano, Vida Urbana y Urbanismo, Colcultura, 1977.

<u>Level</u>	<u>1975 (in %)</u>	<u>1985 (in %)</u>
Lowest (slum)	9.2%	14.0%
Low	36.0	36.3
Lower middle	34.0	32.8
Middle	12.4	10.5
Upper middle	6.2	4.8
Upper	<u>2.2</u>	<u>1.6</u>
	100.0	100.0

The above estimates should be supplemented by the following table indicating the purchasing power of the Colombian minimum wage. 1/

<u>Years</u>	<u>Minimum wage (current pesos)</u>	<u>Minimum wage (1956 pesos)</u>	<u>Housing price index for workers</u>
1956	4.50	4.50	-
1962	7.30	4.42	-
1965	14.00	5.07	-
1968	14.00	3.74	-
1970	17.30	4.05	-
1971	17.30	3.63	492.9
1972	22.00	4.05	543.4
1973	22.00	3.32	646.5
1974	30.00	4.16	723.8
1975	40.00	4.59	-

1/ Poder adquisitivo de los salarios en Colombia, 1958-1974, CENAC, 1975.

No improvement -- indeed a further decrease -- in purchasing power is thus foreseen for the medium-term future.

The low and lowest income groups, estimated at 45% - 50% of Bogota's population, must therefore resort to the "informal" sector in order to meet their primary housing needs. This fact calls for new policies that differ from the traditional approach of estimating quantitative deficits. Private business obviously controls its supply according to the real (or "effective") demand, especially because the Government has been unable to set up incentives for this sector to become involved in low-income housing. Indeed, government measures have increasingly drawn businesses toward "elite" programs such as the indexed projects (UPAC). Indirectly, government housing institutes gear their supply to the same real or "effective" demand. The system used by them to set sales prices is based on a minimum standards housing unit, generally measuring 36 to 40 square meters with the progressive development method. Purchasers must meet a minimum income level, and those who do not are simply left out of the program. Although they theoretically have access to the market, families with higher incomes, find supply very limited in comparison to the overwhelming demand. This "potential" market is benefitted only minimally by the State, and thus resorts to the informal sector. The present housing system does not direct supply to priority groups, nor does it seek to solve problems in specific areas. Rather, it only states predetermined sales prices which end up being used by the real market demand. Not surprisingly, between 1964 and 1970 the proportion of dwellings in squatter and illegal districts rose from 34% to 42% 1/ in comparison to the total residential stock.

1/ Vernez, Traslados residenciales, etc., Op. cit. (figures for Bogota).

The impact of the formal sector on Bogota's socio-economic strata is suggested by the following table: 1/

<u>Level</u>	<u>M² built (A)</u> <u>(thousands)</u>	<u>%</u>	<u>No. of units (B)</u>	<u>%</u>	<u>No. of homes (C)</u> <u>(thousands)</u>	<u>%</u>
Upper	159.5	11.0	960	5.4	16.5	2.2
Upper middle	298.8	20.6	1,973	11.2	46.5	6.2
Middle	322.1	22.2	3,169	13.0	93.0	12.4
Lower middle	250.0	17.2	3,213	18.3	255.0	34.0
Low	<u>420.6</u>	<u>29.0</u>	<u>8,284</u>	<u>47.1</u>	<u>339.0</u>	<u>45.2</u>
TOTAL	1,451.0	100.0	17,599	100.0	750.0 (a)	100.0 (b)

NOTES: (a) Estimate for 1976; 4.1 persons per home according to the 1971 census.

(b) Taken from the urban development model, Jairo Arias, op. cit.

The first two social strata (upper and upper middle) have their housing demands fully met, while the last two (lower middle and low) have little of their housing needs fulfilled. According to these data, the following indices contribute to clarify the market scene as follows:

1/ Oferta de edificaciones urbanas, CENAC, 1977.

<u>Level</u>	<u>M² per unit (A/B)</u>	<u>M² per household (A/C)</u>	<u>No. units built per household (B/C)</u>
Upper	168	9.7	0.058
Upper middle	152	6.2	0.042
Middle	105	3.4	0.034
Lower middle	77	1.0	0.012
Low	<u>51</u>	<u>1.2</u>	<u>0.024</u>
Total average	83	1.9	0.023

The upper-level households thus have 8 to 9 times the space of the low and lower middle households. Furthermore, the upper levels have 3 to 4 times more units available on the market. The formal supply (B/C) ranges from 6% for upper-level homes to 1% and 2.4% for lower-level groups. Constructed area per housing unit ranges from a comfortable average of 169 square meters per family for the upper levels to 51 M² for the lower (very close to the minimum design). Of the 17,599 units available, 10,035 (57%) are single-family with an average area of 69 M², whereas 7,564 (43%) are multi-family with an average area of 100 M².

The main public housing executor, ICT, built an average of 5,000 housing units yearly in Bogota between 1970 and 1974 (Table 2). This accounts for 25% to 30% of its total output and is primarily middle- and low-income housing. The trend is toward middle-income units, however, because ICT has a new policy of building only multi-family housing in the capital city, which increases sales prices. In contrast, the informal sector involves no organized social or political groups; it is simply a spontaneous submarket that responds to demand and which avails itself of a very cheap supply in order to meet the unavoidable need for housing.

The prevailing approach to slums and subnormal settlements used to be thoroughly deprecating -- "urban cancer," "the shame of the city" -- and attempts were made to hide them by raising walls or ignoring them as merely part of the urban habitat. In regulatory plans they appeared as undefined areas, as if they did not exist. Similarly, institutes promoted high-sounding "slum eradication programs" which, fortunately enough, were rarely implemented. During the 60's, more humanitarian and realistic approaches to this urban problem were developed, 1/ culminating in the World Seminar on Slums and Uncontrolled Settlements sponsored by ICT and the United Nations in 1971.

Recognizing the "qualities" of subnormal areas, various government institutes began to devise policies to improve these settlements and provide public services. In 1970, a document entitled "construccion Popular y Estructura del Mercado de Vivienda" 2/ provided valuable knowledge about the "informal" sector. For example:

In the informal sector ... the user appears as the main mover and executor through progressive production in lands occupied de facto or lacking services. This type of construction accounts for more than 40% of the total stock ... and houses 45% of the families in Bogota.

1/ Notably, J. Turner, R. Cardona, Prof. Frankenhoff, J. Valenzuela, G. Vernez and others.

2/ Authors: G. Vernez and J. Valenzuela, Vida Urbana y urbanismo, Colcultura, 1977.

The fact that this type of construction (informal) does not appear expressly specified (in official statistics) does not mean that it is lacking in economic importance.

Unauthorized districts (which make up most of the subnormal sector) are formed by a private entrepreneur's selling lots which lack urban development works except for a few access streets...

The authors of this study report that "for Bogota, squatter settlements make up (in 1970) 1.1% of the total; illegal districts 45.3%; government projects 10.7%; and commercial buildings 42.9%. The submarket of illegal districts is therefore "larger than the commercial submarket and is geared to the lower middle income range of Col\$500 to Col\$1250 per month, that is, 72.4% of total families. These are the same levels where government programs are concentrated ... there is no preference, but rather the small scope of government projects makes the "illegal" sector more attractive and more widely used... and offers a significant supply for tenants (56.2% of these live in illegal districts)."

This report describes four housing submarkets:

- a. Government-sponsored, financed mainly through ICT;
- b. Squatter settlements, produced through violent and spontaneous occupation of land owned by others;
- c. Illegal developments (barrios pirata) lots purchased from entrepreneurs without District approval, lacking services, without institutional, financial nor technical mechanisms.

- d. Commercial housing, financed by banks, associations and the BCH, built by professionals and specialized firms.

It further states that "there is little competition among the four submarkets ... government housing competes with illegal housing but because of limited resources its impact is relatively minor."

In addition, "lower income families (less than Col\$750 monthly income in 1970) did not enter either the illegal sector nor the government sector because of the lack of purchasing capacity. These occupy deteriorated (and obsolete) buildings through filtration and at a high density." The study concludes that:

- Low-cost or "popular" construction activity has not been utilized.
- Housing for low-income families is more than a social benefit; it is a means of achieving savings and security for the future;
- Housing takes up family resources and productive capacity and is sometimes the only economic alternative possible;
- Progressive development (auto-construction) housing is a primary or secondary source of income;
- If the above is true, low-cost housing policies must be reconsidered.

This document limits its research to the squatter settlements and the illegal districts in Bogota, and does not include other important components of the informal sector. For example, the tenement and illegal barrio

submarket serves the lowest income families and accounted for 56% of Bogota's population in 1970. In addition, lower middle and middle income families that lack access to the formal market because of short supply often sublet good or medium quality housing; this low-cost subleasing is quite common in some ICT projects in Bogota, where 10% to 20% of homes are used in this way without official authorization, thus overcrowding districts extended for lower densities.

Lastly, rentals should be mentioned. In 1964, 1/ 47% of all housing units were rented, 46% were owned, and 7% involved other types of tenancy. In 1973, 1/ the figure was still 47% for rentals although the stock had increased from 207,000 units to 366,000. No structural changes took place. In 1973, there were 15,540 unoccupied units, i.e., 4% of the available stock -- equivalent to the number ICT built in Bogota in three years. This points to under-use of resources; the decision to freeze rentals in 1977 did nothing to improve market elasticity and/or to encourage new construction. Government policies have never touched the formal or informal rental submarket, which continues to be ruled by "laissez faire." Government units continue to be sold, and demand is many times greater than supply. However, there are people who need adequate housing but do not necessarily want to own their homes. The shortage of State resources points to the necessity of mitigating poor tenement conditions through other housing alternatives that may be within reach of the lower income levels.

1/ According to the respective DANE census, Table 18.

VI. FEASIBILITY OF POLICIES, PLANS AND PROGRAMS

The construction sector has experienced an erratic growth rate which reflects the abrupt changes in the policies which regulate this activity. 1/ Bogota, and to a lesser extent Medellin, Cali and Barranquilla, are the main sites for housing projects and, therefore, where 70% of the construction industry is concentrated. 2/ In 1964, 3/ 7.34% of Bogota's labor force worked in construction, while the figure for other Colombian cities was approximately 5%. The construction industry is obviously an important employer, especially in its use of unskilled laborers. Because of inadequate government policies, the housing and urban development sector remains at almost the same level as shortly after World War II.

With a few exceptions, the country's legal system is still based essentially on agriculture, despite structural changes resulting from population growth, metropolitanization and industrialization. Efforts and resources are devoted to drawing up policies and plans without clear objectives that are never implemented. In addition, administrative agencies base their activities on annual budgets and short-term financial resources that preclude comprehensive planning. No attention is paid to priority groups, specific planning areas, or the coordination of activities. Fortunately for builders, the housing market at the lower and lower middle income levels is so limited that any supply finds immediate demand.

1/ Informe Anual del Banco de la Republica, 1976 (Table No. 10).

2/ Actividad Constructora, 1971-1975, DANE, 1975.

3/ Home Survey, DANE.

Since Bogota does not have the appropriate mechanisms to implement its own planning objectives, let alone national policies, it must constantly respond with makeshift solutions to the measures adopted by government institutions, private business and the "informal" sector. The only means of enforcement that Bogota has are its standards and codes on zoning, lot distribution, construction, etc. Because of their inflexibility and their complicated implementation, however, these regulations act merely as guidelines rather than strict patterns for urban development. These District rules are not active, regular planning exercises since, as in the case of the Phase II document mentioned, the process is halted before it is ever implemented and supplemented. This does not mean that there is any lack of "urban plans" for Bogota: on the contrary, in 1936 the Brunel Plan was drawn up; in 1945 the Colombian Society of Architects proposed another; in 1951 the Corbusier Plan was introduced and soon after that, the Wiener and Sert Plan. In 1957, the District authorities drew up their own plan which, with a few variations, evolved into the 1967 Urban Development Plan which was partially applied. All of these planning exercises focused primarily on the physical environment; if implemented at all, they appeared only in the form of zoning and lotting regulations.

The Phase I Study began in 1969 and was continued in 1973 by the more comprehensive Study of Urban Development for Bogota. Explicit recommendations were made regarding employment location strategies and the need to channel population growth toward different zones. The plan even made specific proposals for the siting of these "cities within the city." Believing that "urban development can be one of the most important forces to attain a better standard of living for the country (and for Bogota)," the report proposed the following measures:

Establishment of new job centers to compete with the traditional ones ... and creation of self-sufficient "cities within the city", with several types of housing and with approximately 500,000 inhabitants per internal city" ... (as a means of changing the present system of housing segregation by socioeconomic groups).

Integration of residential and working areas ... resulting in reduced transportation needs...; the policy of mixing housing and employment should be emphasized in internal public transport.

Supplying housing not only as a social goal but also as a source of jobs ... the Government must intervene in the housing market, directing the city's development.

Enhancing real family earnings ... to facilitate access to low-cost housing near job sites.

Offering a choice of housing programs ... ranging from lots with utilities to apartment houses ... high-density construction is essential to achieve compact cities.

Public housing shall be designed and located so as to support the plan ... and (the Government) shall provide credit for facilities consistent with the plan's purpose.

Studying new credit mechanisms to provide the most needy groups access to the formal housing market ... and discouraging luxury housing.

Introducing new standards for city housing density,
instead of using lot size regulations.

Improving, regulating, and incorporating into the
district system the progressive development areas
that currently have deficient facilities.

These ideas, advocated in Phase II, 1/ sought for the first time to devise
specific housing programs appropriate to the city's physical and socioeconomic
development.

Since private enterprise controls housing supply and demand, the
State's power over land use is very limited and its expropriation mechanisms
practically inoperative. Even the sector's leading housing developers such
as ICT and the BCH have no advantage in the land market.

Although a variety of urban reform proposals have been made since
1960, none of these bills ever passed Congress. The regulations for the con-
trol, ownership, and use of urban land are therefore the same ones that existed
a century ago. Partly because of the lack of a coherent national strategy,
the housing sector's major agencies do not have clearly defined roles and
objectives.

The BCH, formerly the main source of financing, has been replaced
by savings and loan associations. Even though it still functions as mortgage
administrator, the BCH is now involved in lending and in implementing pro-
grams; it has administrative, financial and technical sections as well as
branch offices in the main cities. Although the two agencies operate for
different income brackets, the BCH and ICT often overlap and duplicate efforts.

1/ Estudio de Desarrollo Urbano para Bogota, Fase II, 1974.

It would seem that the BCH should be transformed into a Housing Bank, engaged only in financing but extending its coverage in the social and administrative spheres.

ICT has several functions -- land purchaser, urban developer, promoter, financier, designer, builder, and administrator of its own and others' districts -- but it lacks the legal and financial underpinnings to support its activities permanently and maintain a constant production rate. ICT's decentralized policy (focusing on intermediate cities), sometimes confused with a deconcentration policy, has expedited technical and administrative processes, but its branch offices are not yet financially self-sufficient. In this regard, in 1971, ICT studied a number of recommendations 1/ for improving its operations:

Municipal standards should be modified when they impose strict specifications on social interest housing.

Enactment of a law on urban development, housing and land use.

Review of urban regulatory plans ... in order to modify zoning laws which discriminate by socio-economic strata.

In the future, ICT and similar institutions should act only as technical control and financing agencies; projects should be built by autonomous municipal institutes.

1/ Vivienda y Desarrollo Urbano en Colombia, ICT, 1971.

The analysis and evaluation of ICT's operation concluded that: 1/

The emphasis placed by ICT on one type of construction or another has been influenced by the availability of financial resources ... that have varied abruptly from year to year. ICT has been programming essentially one year at a time...

Growing inflation has devoured ICT's resources, and this is its most serious limitation ... only recently have regulations been changed to allow ICT to revise and modify monthly amortization payments.

ICT's solutions, with few exceptions, have not reached the lowest socioeconomic brackets, even though theoretically it has purported to do so...

A large proportion of the dwelling units built by ICT were too costly for the low income market ... In an attempt to remedy this, ICT adopted a strategy of building very small, shoddily constructed units on low cost land far from the center.

The principal flaw of ICT has been its failure to plan programs with foresight.

The other public agencies involved in the housing sector (e.g. Fondo Nacional del Ahorro, Caja de Vivienda Popular, Caja de Vivienda Militar) have administrative organizations similar to ICT. Their programs are small

1/ J. Laun, Analisis de Urbanizaciones del ICT, Vida Urbana y Urbanismo, Colcultura, 1977.

and have little impact on the market. The District does little to stimulate housing construction but only sets zoning regulation and lot size norms. This reflects the pattern of public decision-making in Colombia: National policies are imposed from above with little input from local governments, yet the national agencies have a limited impact on local decisions. An institutional structure with, e.g., one agency dedicated to housing finance (a Housing Bank) and another to the planning of housing and urban development, would allow local direction of programs while providing for close national-local coordination.

Nevertheless, the joint efforts of ICT, the National Planning Department and the District of Bogota, were successful in that many of those recommendations contained in their report on minimum standards were accepted and enforced. This comprehensive approach to housing problems provides a higher yield from the limited resources available for low-cost housing. Incomplete housing units are proposed and accepted, provided that they evolve into full-fledged projects using tenants' resources. The approval of these measures for Bogota, although not for other cities, allows greater density, more rational land use, government assistance to low income households, and a channel for many efforts generally made by the "informal" sector. Application of the Minimum Standards is now in its first stage.

1/ Estudio de Normas Minimas de Urbanizacion, ICT, 1971. A. Lopez, G. Samper et al.

As a housing submarket, the informal sector has the widest coverage since it supplies most families; its flexibility permits quick adjustment to low-income families' purchasing power. Its important share in the urban program is indicated by the following charts: 1/

1964
(Figures in Thousands)

<u>Sector</u>	<u>No. Inhabitants</u>	<u>No. Families</u>	<u>No. Housing Units</u>
1. Squatter Settlements	13.7	2.2	1.8
2. Unauthorized Housing Settlements	596.7	98.5	72.0
3. 1 + 2	610.4	110.7	73.8
4. Annual Growth (%)	-	-	-
5. Total Bogota	1,697.3	271.7	289.3
6. Annual Growth (%)	-	-	-
7. % of 3/5	36.0	37.0	49.0

1973

<u>Sector</u>	<u>No. Inhabitants</u>	<u>No. Families</u>	<u>No. Housing Units</u>
1. Squatter Settlements	30.8	4.9	4.1
2. Unauthorized Housing Settlements	1,237.2	204.1	149.3
3. 1 + 2	1,237.2	209.0	153.4
4. Annual Growth (%)	12.2	12.2	12.2
5. Total Bogota	2,585.3	451.0	364.1
6. Annual Growth (%)	7.0	8.5	8.5
7. % of 3/5	49.0	46.3	42.1

1/ Taken from Low-Cost Construction and Structure of the Housing Market, J. Valenzuela and G. Vernez, Opus Citada.

And, to conclude this chapter, the following recommendations must be quoted from that same document:

Housing is the main reason why people who are not connected with the modern sector change their residence.

It is not merely a matter of reducing the housing deficit, but of supporting an on-going construction process.

The foregoing considerations call for the creation of institutional and credit mechanisms to benefit low-income groups directly, and recognizing them as a productive sector of the economy.

Underestimating of low-cost or informal construction leads to the design of "social" housing policies which find expression in a few subsidized programs. Demand is determined by both the family's needs and its resources.

VII. IMPACTS ON PHYSICAL DEVELOPMENT

According to data from the formal sector, housing accounts for about 90% of total investments in construction (see Table 12). Presumably this ratio exceeds 95% in the informal sector.

The concentration and centralization of construction in Bogota reflects investment trends in public utilities, commercial growth, etc. Bogota is the country's main market. According to Table 13, construction is four times greater in Bogota than in Medellin, and Cali, and almost six times that in Barranquilla. Something similar can be said about the "informal sector's" submarket, which is not included in official statistics or national accounts. Doubtlessly, according to the census, this sector has kept up with the urban development process and continues "to benefit" the largest number of families living in the capital.

Bogota has very few squatter settlements, which shelter 4.9% of all Colombian families. ^{1/} Some cities like Barranquilla, Cali, Cartagena, and Cucuta have squatter settlements that are five times greater than Bogota's. Although few data are available on Bogota's informal sector, it is clear that the unauthorized housing settlement is the most common form of residence. Despite being clandestine (since it does not comply with District regulations) the unauthorized housing settlement is not illegal, since there was a commercial transaction of tenancy. It is also orderly and delimited by lot boundaries. Land is set aside for housing and for roads, and sometimes

^{1/} Opus Citada. G. Vernez and J. Valenzuela, Low-Cost Construction and Structure of the Housing Market, The Case of Bogota.

for public utilities. Of course, the District's zoning standards are not upheld. It keeps its image as a progressive development for many years. Houses are built a few at a time until the project is "completed;" in many cases, two-family and multiple-family dwellings are built.

Because of the political pressures, especially when the unauthorized housing settlement becomes crowded, the District is compelled to install aqueduct networks, sewage systems, electrical power and telephones. In addition it has to pave some streets to provide access for public transport. Gradually the settlement becomes incorporated into the municipality's legal structure.

Given the pragmatic and unplanned evolution of the unauthorized settlement, there will always be a shortage of public utilities, parks and recreational areas. In addition, the streets within unauthorized housing settlements are built without adequate access for modern public transport vehicles. Last, but not least, the unauthorized settlement property is within low-income families' purchasing power, maintaining a balance in the city's physical development. Elimination of the unauthorized developer, without creating mechanisms to replace him, would have serious consequences for Bogota's physical development.

In contrast, residents of squatter settlements do not have access to credit and self-financing is difficult. The progressive development process therefore takes longer and is not so certain. Grouping and lotting,

1/ World Seminar on Slums and Uncontrolled Settlements, Medellin, United Nations, 1970.

when they exist, are chaotic and spontaneous, making squatter settlements difficult to incorporate into the formal city. These areas also remain without public utilities either because they are outside the urban perimeter or are physically inaccessible.

Patterns of physical development show that groups not satisfied by public institutions resort to the informal submarket of unauthorized housing settlements. The data presented in Table 14 indicate that the illegal tracts have had a growth rate two or three times greater than Bogota's average growth since 1958 (around 7%). These settlements represent between 53% and 62% of the capital's total area and shelter approximately 63% of the population.

Lack of a duly implemented urban development plan, as well as of a national housing policy, has produced the following characteristics in Bogota's development:

Incongruous and spontaneous urban sprawl: "suburbia" for the upper classes, built by private business; "slums" for the lower classes, built by the informal sector; and an intermediate sector built by official institutions.

Social discrimination according to districts: the upper classes live in the northeast, the poor in the south, with the middle classes scattered between the two. Of course physical development is directly related to location, not only in terms of construction quality, but also of park facilities, community utilities, shopping areas, avenues and thoroughfares.

Linear development, especially in business zones that have moved north following the exodus of the upper classes.

Lack of renewal activities in the old portions of the city.

Although Table 15 reveals that the housing stock has increased at a rate higher than the population growth, this merely reflects the proliferation of unauthorized housing settlements and an increase in lodging houses. The figures in Table 16 demonstrate critical crowding: 3.2% of the buildings used as lodging houses shelter 38.7% of the households; 50.4% of these households live in one or two rooms.

Crowding seems to be Bogota's most serious problem, since the item labelled "huts, shacks, etc." accounts for 2.2%. This figure is much lower than in other Colombian cities (Cali, Barranquilla and Cartagena, for instance). Lodging houses exist in unauthorized housing settlements, in obsolete buildings, in official projects built by the ICT (in the form of subleasing), and even in squatter settlements. Table 17, although it only shows figures from the 1964 census, verifies what has been said about construction materials in subnormal developments. This table led us to the conclusion that, perhaps because of Bogota's climate, local slums are not characterized by scrap material (dirt floor, 84%; adobe walls, 5.4%, etc.).

Public utilities are also provided at acceptable levels, at least when compared with other Colombian cities and even other developing countries. As Table 18 shows, more than 90% of Bogota's population has aqueduct and sewage services, although not always for individual families. This table also reveals

that slightly less than half of the population pays rent, while 40% are landlords. This tenancy ratio is typical of many cities in Colombian and Latin American and suggests that not all families aspire to own their own home.

Data on housing types and family composition, presented in Table 19, show that units are most commonly designed for 6 to 8 people. In 1964, 44.6% of the housing units had three rooms or less; in 1973 this dropped to 35.8% of the total. Almost 25% of homeowners received loans from the Colombian Government Land Bank or other official institutions; 31% from the Central Mortgage Bank and private business; and the remaining 45% purchased their homes with their own and other resources. Most of the informal sector is probably included in the last category. Lastly, Table No. 20 analyzes housing loans granted by Colombia's main credit agencies. Although these data were compiled for the entire country, 40% of these totals (\$15.2 billion) probably refer to Bogota. Amounts invested in the informal sector do not appear in these statistics.

VIII. CONCLUSIONS

The review of housing policies and programs presented here is difficult to summarize, but the following margin policy recommendations suggest themselves:

1. Formulate a national housing and urban development plan which involves the official, business and informal sectors and includes all social classes. Its planning objectives and priorities must be clearly defined. This "policy" must be approved and promulgated by the Government and implemented in accordance with its legal and financial provisions.
2. Achieve a unified purpose, i.e., coordination of the national and local, public and private, non-profit and informal sectors. The policy and plans must not continue to be designed solely by the official sector; the plan must also cover, guide and direct other sectors.
3. Attain continuity of policy and plans. Planning should end in implementation.
4. Revise the institutional and administrative framework for Bogota. Despite the capital's metropolitanization, its housing and urban development institutions are based on conditions prevailing 20 years ago.

These agencies should be reevaluated in terms of their institutional roles, functions, coverage, specialization of activities, etc.

5. Review the relationship between the housing sector and general development plans. Urban plans usually include housing only as a secondary goal, as a service which complements recommendations on zoning, lotting and land use.
6. Take advantage of the informal sector's efforts and resources. Despite the lack of available data on this sector, its importance as a benefactor of the largest number of families cannot be ignored. The sector possesses vast resources and offers employment to many low-income groups.
7. Gather information on construction firms and manufacturers of construction materials. Despite the importance these enterprises have, especially in Bogota, no data exist on production potential, future plans and trends, priorities, manpower use, etc. Improving the quality of life in Bogota will need the active backing of these private companies, quite different from present "laissez-faire" policies.
8. Revise credit policies. Policies now in force are intended to achieve a balance with financial conditions of the private banking market and to avoid the decapitalization of official credit agencies. A serious

study must be made of direct subsidies, of mechanisms to transfer State actions to levels closer to the consumer, and of ways to channel the informal sector's potential.

9. Search for new financing sources for low-cost housing. The current savings and loan system, with its constant adjustments, can only be used to build luxury housing. Alternative financing systems stem from compulsory savings or the management of severance pay or direct deductions from wages (like the case of Infonavit of Mexico, El Salvador's system, or the Banco de Habitacao de Brazil, etc.); these systems provide the official sector--no longer only the private sector--with large funds which are assigned to developers in accordance with national policy.

Table 1: CALCULATED QUANTITATIVE DEFICITS FOR BOGOTA

Year	Population (thousands)	No. of existing Housing units (thousands)	Deficit (thousands)	Deficit as % of total in the country
1951	658.5	72.7	44.3	38
1956	937.6	X	56.7	32
1960-61	1,118.0	119.6	71.0	25
1964	1,661.9	168.7	99.6	44
1973	2,696.2	392.2	193.5	46
1980	5,100.0	X	296.3	X

SOURCES:

DANE, Summary of 1964 census and 1973 census

Deficit y Demanda de Vivienda en Colombia, CNSP, 1956

Annual Report, ICT, 1965

Deficit de Vivienda en Colombia, CENAC, 1976

Table 2: ACHIEVEMENTS AND INVESTMENTS BY THE LAND CREDIT INSTITUTE, ICT, IN BOGOTA AND THE COUNTRY

Years	No. of units			Investment, current prices		
	Cundina- marca (1)	Nation	% in Cundinamarca	Cundina- marca (1)	Nation	% in Cundina- marca
1960	1001	10,284	9.8	19.8	168.0	11.8
1961	1607	18,793	8.5	17.6	107.5	16.3
1962	10660	31,922	33.3	79.4	219.4	36.4
1963	2499	12,367	20.3	68.0	290.9	23.5
1964	2136	8,463	25.1	60.2	159.2	27.6
1965	648	2,339	27.0	67.0	129.2	51.6
1966	1666	9,069	18.4	57.9	194.7	29.8
1967	4367	12,082	36.2	114.4	291.9	39.2
1968	3492	12,148	28.7	193.9	396.0	49.0
1969	3720	10,519	35.4	94.6	399.6	23.6
1970	3544	11,404	31.1	172.0	648.3	26.6
1971	5018	13,997	36.0	192.5	751.1	25.6
1972	6356	20,190	31.4	241.0	1,031.6	23.4
1973	8446	23,887	35.6	196.2	1,131.6	17.3
1974	2484	18,926	13.0	303.3	1,502.3	20.0
1975	X	20,926	-	X	1,698.6	
1976	X	22,282	-	X	2,076.0	

SOURCE: Inversion y construcciones del ICT, 1942-1974, CENAC, 1965

(1) Bogota, D.E., represents more than 95% of Cundinamarca

X No data available

Table 3: ICT INVESTMENTS IN CUNDINAMARCA
TOTAL AND PER UNIT, 1960-1974

(Current Pesos)

Years	No. of units	Investments (millions of pesos)	Investment per unit (1)	Investment per unit indexed in constant prices (2)	Population index, Bogota
1960	1001	19.8	19,800	100.0	100.0
1961	1607	17.6	11,000	152.0	
1962	10660	79.4	7,400	145.4	
1963	2499	68.0	27,200	113.0	
1964	2136	60.2	28,300	71.8	150.0
1965	648	67.0	103,000	103.3	
1966	1666	57.9	35,000	128.0	
1967	4367	114.4	26,000	131.5	
1968	3492	193.9	55,500	129.5	
1969	3720	94.6	25,500	181.5	
1970	3544	172.0	49,000	195.4	
1971	5018	192.5	28,500	225.5	
1972	0356	241.0	38,000	259.2	
1973	8446	196.2	23,200	205.5	240.0
1974	2484	303.3	122,000	212.1	
1975	-	-	-	-	
1976	-	-	-	-	265.0

(1) Current prices

(2) 1958 = 100

SOURCE: Inversion y Construcciones del ICT, 1942-1975, CENAC, 1975

Table 4: ICT RESOURCES 1961-75

(Current prices in millions)

Years	Total resources	Nat. budget allotments	% of total	Internal credit	% of total	External credit	% of total
1961	188.6	73.3	39.0	21.3	11.5	1.7	1.0
1962	320.7	21.8	6.8	43.1	13.4	125.6	39.0
1963	394.9	38.2	9.6	44.2	11.2	166.0	42.0
1964	350.4	84.5	24.1	20.1	5.7	124.5	35.5
1965	244.3	60.3	24.6	10.9	4.5	54.5	22.5
1966	399.9	56.7	14.2	55.6	13.9	125.6	31.2
1967	535.3	92.9	17.5	59.3	11.5	119.0	22.3
1968	609.4	141.9	24.2	85.6	14.0	34.5	5.7
1969	642.4	114.9	17.9	101.3	15.9	53.7	8.3
1970	991.3	128.2	12.9	352.3	35.0	77.4	7.7
1971	1230.4	124.1	10.1	513.2	41.5	62.4	5.1
1972	1617.0	599.7	37.0	388.3	24.0	9.4	0.6
1973	2167.8	433.0	20.0	890.6	42.0	-	-
1974	2393.8	492.5	20.6	575.0	24.0	-	-

SOURCE: Inversion y Construcciones del ICT, 1942-75, CENAC 1975

Table 5: LOANS SETTLED BY THE CENTRAL MORTGAGE BANK, BCH, IN BOGOTA, 1962-1975 (Millions of pesos (\$), current)

Years	No. of Loans			Value of Loans		
	in Bogota	Nation	% in Bogota	in Bogota	Nation	% in Bogota
1962	1852	5063	36.6-	92.1	195.3	37.2
1963	2121	5277	40.0	128.7	244.4	53.0
1964	1703	4924	39.2	102.0	233.5	43.6
1965	1679	5214	32.2	114.6	263.0	43.5
1966	1827	5694	32.0	122.6	304.0	40.3
1967	2198	6551	33.5	203.2	440.3	46.2
1968	4824	13074	37.1	498.5	1039.9	48.0
1969	5260	16103	32.6	652.4	1538.1	42.5
1970	8299	23146	35.7	1246.8	2638.9	47.5
1971	9229	27216	34.2	1491.9	3264.7	46.0
1972	6368	19717	32.3	919.1	2144.7	42.6
1973	5429	14161	38.2	779.6	1592.7	49.1
1974	1167	3676	32.1	172.5	419.1	41.0

SOURCE: Inversion y Credito del Banco Central Hipotecario, 1932-1976, CENAC, 1976

Table 6: AVERAGE LOANS OF THE CENTRAL MORTGAGE BANK, BCH,
FOR THE COUNTRY AND BOGOTA, 1962-1974

(Thousands of Pesos)

Year	National Average Per Loan (1958 \$)	National Average Per Loan (1975 \$)	Bogota Average Per Loan (1975 \$)
1962	26.4	234.9	266.2
1963	24.6	219.5	252.4
1964	22.1	196.0	220.8
1965	20.4	190.3	231.2
1966	20.1	178.8	200.1
1967	23.3	206.2	220.8
1968	24.8	220.3	252.4
1969	27.8	246.8	274.9
1970	30.2	267.6	307.0
1971	27.5	244.3	284.3
1972	21.9	194.6	221.8
1973	19.4	172.5	194.0
1974	14.1	125.4	117.4

SOURCE: Inversion y Credito del Banco Central Hipotecario, 1932-1976, CENAC, 1976.

Table 7: BUILDING ACTIVITY IN BOGOTA: NUMBER OF PERMITS AND M² OF CONSTRUCTION

Years	Number of Permits			Square Meters Constructed		
	Bogota (1)	Nation (1)	% in Bogota	M ² built in Bogota, thousands (1)	Total M ² built thousands (3)	%
1960	5411	14645	37	1167	2846	40
1961	5221	17599	30	1054	3140	33
1962	4629	21855	21	1217	3761	32
1963	5677	19998	28	1463	3738	39
1964	6592	18233	36	1547	3635	43
1965	5782	16755	34	1440	3474	41
1966	7541	19907	37	1454	3388	42
1967	8763	19679	44	1594	3357	47
1968	6584	17077	38	1796	3960	45
1969	5953	15967	37	1972	4137	47
1970	5390	15925	33	2320	4675	49
1971	6337	18321	34	2399	4764	50
1972	5430	18940	28	2035	4422	46
1973	6450	19599	32	2648	5549	47
1974		x		3196	5653 (2)	56
1975		x		2103	3434 (2)	61
1976		x		1943	3759 (2)	52

SOURCE: Estadísticas Básicas de la Construcción, 1948-1973, CENAC 1974.

(1) CENAC

(2) Revista del Banco de la República, October 1977

(3) Total corresponds to 7 cities

Table 8: INVESTMENTS IN BUILDING ACTIVITIES IN BOGOTA-
CURRENT PRICES

Year	Investment in Bogota (1) (millions)	National investment (2) (millions)	% in Bogota
1960	224.0	505.4	44
1961	220.6	575.7	38
1962	281.3	729.9	38
1963	367.5	364.2	42
1964	574.4	1104.9	52
1965	648.3	1265.2	51
1966	609.6	1210.7	50
1967	758.9	1329.5	58
1968	1079.5	1653.3	65
1969	1182.8	2083.9	57
1970	1442.7	2421.0	39
1971	1503.9	2866.0	52
1972	1226.8	2643.6	46
1973	1840.2	3323.1	55
1974		x	
1975		x	
1976		x	

SOURCE: Estadísticas básicas de la construcción, 1948-1973, CENAC
1974

(1) Data from Banco de la Republica

(2) Corresponds to 7 cities

x No data available

Table 9: AREA CONSTRUCTED, BUILDINGS AND HOUSING, IN BOGOTA

(in thousands)

Year	Constructed (1)	Bogota M ² Buildings	% in Bogota (2)	National M ² housing (1)	Bogota M ² housing	% in Bogota (3)
1970	4399	2407	84	3693	2089	86
1971	4344	2399	84	3659	2102	88
1972	3831	2063	75	2872	1588	77
1973	5186	2687	78	4059	2150	80
1974	5658	3196	71	4049	2240	70
1975	3434	2103	73	2512	1616	75
1976	3759	1948	75	2842	1476	75

NOTE: Data vary from those in Table No. 7 because sources are different

SOURCE: (1) Revista Banco de la Republica, July-October 1977

(2) Total M² housing/total M² constructed

(3) M² housing in Bogota/M² constructed in Bogota

Table 10: VARIATION IN FUNDS ALLOTTED TO THE HOUSING SECTOR
(Millions of pesos, current)

Year	Savings and housing funds	Urban development funds	BCR loans	Loans of savings and loan Associations	% of GDP	M ² constructed (thousands) (1)	Price index employees	Construction cost index in Bogota
1971	-	290	8873	x	5.0	4345	117	x
1972	-	371	10278	120	4.7	3831	133	x
1973	1069	472	11061	5214	5.0	5186	162	x
1974	2003	664	12534	9289	4.8	5658	203	261.6
1975	1585	836	13841	14319	4.5	3434	239	338.0
1976	1130	1089	14457	19710	x	3759	299	404.7

SOURCE: Annual Report of the Banco de la Republica, 1976

(1) in 7 cities

x = No data available

Table 11: INVESTMENT OF THE MAIN FINANCING ENTITIES IN THE CONSTRUCTION SECTOR

(Millions of pesos, current)

Year	BCH	% (1)	ICT	% (1)	Savings and Loan Association	% (1)	Total investment
1968	1039.0	72	396.0	28	-	-	1,435.0
1969	1538.2	80	399.3	20	-	-	1,937.5
1970	2638.9	75	648.3	25	-	-	3,287.2
1971	3264.9	81	751.1	19	-	-	4,016.0
1972	2144.2	67	1031.5	31	87.0	2	3,262.7
1973	1592.7	26	1131.6	18	3309.6	55	6,033.9
1974	439.5	4	1503.0	16	7527.7	80	9,470.2
1975	866.3	11	1698.6	20	5745.9	69	8,300.8
1976	640.1	7	2066.8	20	7636.7	73	10,343.6

SOURCE: Annual Report of the Banco de la Republica, 1976

(1) % of total investment

Table 12: SHARE OF CONSTRUCTION IN THE GROSS DOMESTIC PRODUCT
(Millions of 1958 pesos)

Year	GDP	Construction Sector	Percentage
1958	20,682.5	665.3	3.2
1959	22,176.9	740.5	3.3
1960	23,123.4	695.2	3.0
1961	24,300.2	789.6	3.3
1962	25,615.3	845.1	3.3
1963	26,457.2	777.8	2.9
1964	28,088.8	768.9	2.7
1965	29,100.0	787.1	2.7
1966	30,658.2	926.0	3.0
1967	31,947.0	1,118.3	3.5
1968	33,902.2	1,232.5	3.6
1969	36,060.6	1,350.4	3.7
1970	38,492.0	1,402.1	3.6
1971	40,640.9	1,503.4	3.7
1972	43,463.0	1,530.4	3.5
1973	46,662.5	1,777.5	3.8
1974	50,022.0	1,700.8	3.4

NOTE: The data in this table differ from those in Table 10 because of different sources

SOURCE: Banco de la Republica national accounts, El Problema de la Vivienda en Colombia, Informe Final, SIAP, CIID, CPU, 1976

Table 13: HOUSING PRODUCTION IN FOUR CITIES

Year	Area in Nation (Thousands of M ²)	Bogota % of Total	Medellin %	Cali %	Barranquilla %
1960	2,473.6	37.9	12.4	13.0	5.2
1961	2,664.6	31.5	13.6	19.9	6.3
1962	3,425.3	28.7	11.7	15.0	5.2
1963	3,207.5	31.8	11.4	18.6	4.5
1964	3,195.8	36.0	13.3	15.1	4.2
1965	3,352.8	35.6	17.3	14.7	4.3
1966	3,265.2	39.4	11.6	14.9	6.2
1967	3,121.3	43.8	14.0	13.7	4.3
1968	3,563.3	44.7	15.6	9.3	5.5
1969	3,622.7	48.9	10.8	8.7	6.9
1970	4,447.9	47.0	11.4	10.2	5.8
1971	4,275.9	45.8	10.8	8.8	7.7
1972	3,801.6	41.8	8.4	13.4	4.2
1973	5,041.6	42.6	13.1	11.4	5.2
1974	5,125.5	43.7	10.1	12.3	6.0

SOURCES: DANE, CENAC

Table 14: GROWTH OF ILLEGAL DISTRICTS IN BOGOTA
(Population in thousands)

Year	Area (%)	Annual increase	% of total	Population (2)	Annual increase	% of total (3)
1958	1.650	-	53.8	613.4	-	54.0
1961	2.163	10.3	-	782.7	9.2	-
1964	2.775	16.4	57.0	968.2	10.8	56.6
1967	3.586	16.4	60.0	1,186.0	11.8	60.0
1970	4.696	22.4	62.5	1.483.7	16.2	62.5
1972	5.435	22.4	62.8	1.682.2	16.2	63.0

SOURCE: El Problema de la Vivienda en Colombia, Informe Final, SIAP, CIID, CPU, 1976

- (1) Estimated cumulative area in illegal districts and developments, thousand of hectares
- (2) Estimated population in illegal districts and developments
- (3) % of (2) in relation to total for Bogota

Table 15: GENERAL DATA FROM BOGOTA HOUSING CENSUSES

Item	Year		
	1951	1964	1975
1. Total buildings	76.600	176.570	x
2. Total buildings for housing	72.707	168.671	392.193
3. Housing units	x	211.573	376.653
4. Population (thousands)	658.5	1.661.9	2.696.2
5. Persons per housing unit (4/2)	9.0	9.7	7.6
6. Housing (1951 = 100)	100.0	232.0	540.0
7. Population (1951 = 100)	100.0	252.0	410.0
8. Households per housing unit	-	x	1.5
9. Persons per household	-	x	5.1
10. Persons per tenement unit (inquilinato)	-	x	24.7

SOURCE: DANE, census for corresponding years

x: no data

Table 16: HOUSING CONDITIONS IN BOGOTA BY TYPES, 1973

Households by Unit Type			
Type	% of Households	No. of Units	% Units
Detached house	49.2	270.6	72.0
Apartments	8.8	70.7	18.6
Rooms	1.1	6.5	1.7
Tenements (inquilinos)	38.7	12.1	3.2
Sheds, huts, etc.	-	4.9	1.3
Housing under construction	-	8.4	2.2
Others	<u>2.2</u>	<u>3.5</u>	<u>1.0</u>
Total	100.0		100.0
Households by Number of Rooms per Unit			
Rooms Per Unit	No.	Percent	
1 room	168,736	31.2	
2 rooms	104,475	19.2	
3 rooms	66,561	12.3	
4 and 5 rooms	115,051	21.2	
6 and 9 rooms	78,249	14.3	
10 and more rooms	<u>9,661</u>	<u>1.8</u>	
Total	542,833	100.0	

SOURCE: DANE, Vivienda en Colombia, 1973

Table 17: CHARACTERISTICS OF HOUSING IN BOGOTA BY
BUILDING MATERIALS - 1964

(Percentages)

Item	1964
<u>Roof Materials</u>	
Concrete	18.5
Metal tile	10.5
Clay tile	27.0
Asbestos cement	40.5
Other	<u>3.5</u>
Total	100.0
<u>Floor Materials</u>	
Wood	72.2
Tile	10.4
Cement	6.8
Earth	8.4
Others	<u>2.2</u>
Total	100.0
<u>Wall Materials</u>	
Brick	78.0
Cement blocks	9.4
Adobe	5.9
Others	<u>6.7</u>
Total	100.0

SOURCE: DANE, Resumen del censo de vivienda, 1964

Table 18: CHARACTERISTICS OF HOUSING IN BOGOTA BY SERVICES
AND OWNERSHIP
(Percent)

Item	Year	
	1964	1973
<u>Water Supply</u>		
Service	93.3	93.4
No Service	<u>6.7</u>	<u>6.6</u>
Total	100.0	100.0
<u>Sewerage System</u>		
Pipeline	85.5	94.7
Septic Tank and others	4.0	3.0
None	<u>10.5</u>	<u>2.3</u>
Total	100.0	100.0
<u>Power</u>		
Electric	86.2	96.7
None	<u>13.8</u>	<u>3.3</u>
Total	100.0	100.0
<u>Tenure</u>		
Owner	46.0	40.6
Lessee	47.0	47.0
Others	<u>7.0</u>	<u>12.4</u>
Total	100.0	100.0

SOURCE: DANE censuses

**Table 19: CHARACTERISTICS OF HOUSING IN BOGOTA BY NUMBER OF PERSONS,
BY ROOMS AND BY FINANCING**

Item	No.	%	No.	%
Households by Household Size				
<u>Persons Per Room</u>				
1	7,452	3.4	11,200	3.0
2	12,754	6.0	20,133	5.5
3	16,713	7.9	29,508	8.1
4	20,656	9.8	39,150	10.6
5	23,288	11.1	45,537	12.4
6-8	64,425	30.0	111,673	30.5
9-11	34,103	16.3	55,162	15.1
12 and more	<u>32,283</u>	<u>15.5</u>	<u>54,394</u>	<u>14.8</u>
Total	207,055	100.0	366,657	100.0
Households by Unit Size				
<u>Rooms Per Unit</u>				
1	19,756	9.7	33,438	9.1
2	38,398	19.3	47,752	13.0
3	31,287	15.6	50,258	13.7
4-5	59,027	29.8	115,696	31.6
5-9	42,670	21.6	99,760	27.2
10 and more	<u>7,867</u>	<u>4.0</u>	<u>19,753</u>	<u>5.4</u>
Total	199,005	100.0	366,657	100.0
Households by Source of Dwelling Unit Financing				
<u>Source:</u>				
ICT	-	-	35,753	16.0
BCH	-	-	36,574	16.5
Government entity	-	-	16,205	7.4
Private entity	-	-	32,519	14.6
Own resources	-	-	83,123	37.5
Others	-	-	<u>17,894</u>	<u>8.0</u>
Total			222,028	100.0

SOURCE: DANE, respective censuses

Table 20: HOUSING LOANS GRANTED BY THE MAIN CREDIT ENTITIES, 1976

Entity	Millions of Pesos
1. Savings and loan associations	
Total assets	19,710.0
Housing loans	16,331.0
2. National Savings Fund	
Total assets	3,984.4
Mortgage loans	798.9
3. Financiacoop (cooperative entity)	
Total accounts receivable	616.2
Constructions loans	110.7
Housing loans	194.1
4. Land Credit Institute, ICT	
Total assets	11,150.8
Mortgage loans	6,256.7
5. Central Mortgage Bank, BCH	
Assets	(no data)
Loans in effect	14,457.0
6. TOTAL HOUSING LOANS	38,028.7

SOURCE: Respective annual reports
Annual Report of the Banco de la Republica, 1976