

Low-Income Renting and Sharing in Latin American and Caribbean Cities: Towards a New Policy Agenda



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Abstract

Due to rising levels of urbanization in Latin American and Caribbean (LAC) cities, non-ownership housing has presented an important element of growth in the last few decades, and is something policy makers are increasingly being asked to address. This is especially true as a high proportion of the non-ownership market lies in the informal housing sector. This study, therefore, arises from a University of Texas at Austin graduate seminar in Spring 2020 and provides important evidence that helps to visualize and understand the issues of low-income non-ownership housing which includes renting and sharing. This is achieved by systematically gathering information on five countries in the LAC region to summarize trends on renting and sharing in the last 20 to 30 years, highlighting the commonalities among these countries, and in some cases, outlining the exceptions they represent regarding housing patterns and processes. This study answers important questions on renter/sharer and landlord characteristics, current non-ownership housing issues and policies, and other social and physical characteristics of rental and sharing accommodation in the region. It also contributes to an agenda for development of new practices and policies that promote non-ownership as a viable housing option across various income-level populations by providing specific recommendations on both the individual country and regional level, and by targeting specific actors participating in the non-ownership discourse in the LAC region.

Chapter 1. Low Income Renting and Sharing in Latin American Cities: A Policy Imperative.

Introduction

Historically, housing has represented a problem that needs to be resolved. Different options of tenancy such as ownership, renting, sharing, self-help construction, usufructuary (use-rights) are among the alternatives that governments and the private sector provide for individuals and families. However, since the 1960s, one of these forms, ownership, has been the overarching focus of attention, research and policy-making throughout the Latin American region.

This study arose out of the concern for two important forms of tenancy that are different from ownership: renting and sharing. As a consequence of the rising levels of urbanization in Latin American cities, renting and sharing have presented an important element of incremental growth in the last few decades, and is something policy makers are increasingly being asked to address, especially considering that a high proportion of the rental market lies in the informal housing sector (Blanco et al., 2014). Both forms of tenancy (renting and sharing) have been understudied, and this study aims to contribute to this discussion with important evidence that helps to visualize and understand the issues of low-income non-ownership.

History: Patterns of Tenancy and Urbanization Pre - 1960

At the turn of the 20th-century, Latin American cities were primarily composed of tenants (Blanco et al. 2014). Only elite families could afford to own their property, typically in large *palacios* in the urban center, in new residential urbanizations in the periphery, or in nearby pueblos (Scobie, 1974). As elites vacated the city center in many Latin American cities, central low-income rental housing adapted these properties, and offered a partial solution to the housing deficit and growing urban population. In different countries, these became known as *vecindades*, *conventillos*, *inquilinos* and *cortiços*. With later rapid urbanization and in-migration (post 1950s), this central housing stock initially absorbed the influx of migrants and population growth. The low-income housing was typically low quality, high density, and lacked adequate services and privacy. These large tenant complexes had single rooms for each family (*cuarto redondo*) and shared patio spaces in which services (toilets, washrooms etc.) were located.

Poor living conditions and a rise in rents led to various protests throughout Latin American cities. In response, many governments instituted rent controls and housing quality regulations in the 1920s (Blanco et al. 2014), and beginning in the 1930s, governments began to establish mortgage lending systems and financial institutions for homeownership – at least for those who could afford such schemes. These initiatives were followed, in the 1960s, by social interest housing, with efforts targeted largely towards the lower-middle classes and more powerful worker constituencies (military, railway workers, government bureaucrats, etc.), and excluded the lowest socioeconomic classes. By the 1960s and 1970s, central tenement housing and shack yards could no longer contain urban growth and migration (Gilbert and Ward, 1982).

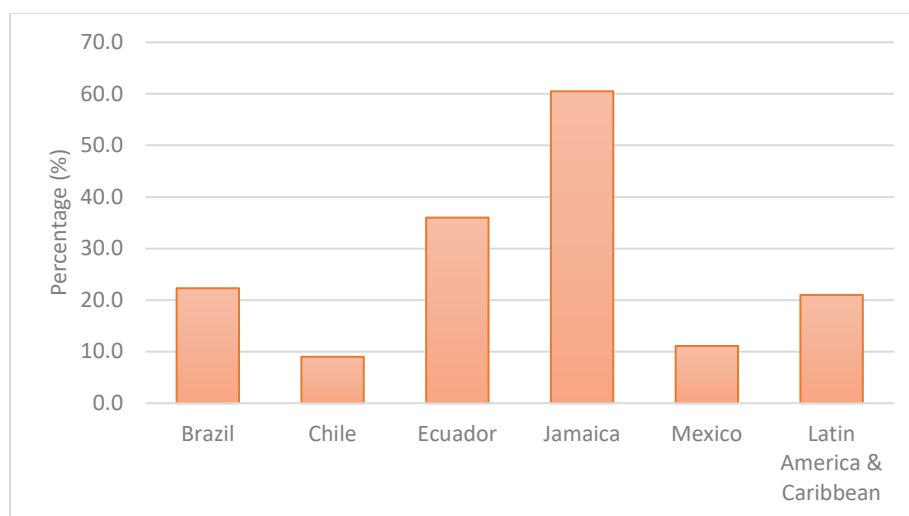
The rural to urban transition in Latin America accelerated between 1950 and the 1990s. Yet this rapid urbanization did not meet the housing needs of a growing urban population. This growth was accompanied by a lack of urban development resulting in sprawling and unregulated growth. Much of this growth came in the form of self-constructed homes and informal settlements occupied by the urban poor (Gilbert and Ward, 1985). Although initial public housing projects were

created, they could not accommodate the rising demand, and governments were reluctant to take on the role of landlords by constructing rental housing (Blanco et al. 2014; Gilbert 2012). Governments, unable to provide housing for workers, took a *laissez faire* attitude towards the quickening of informal settlement production (squatters, illegal land sales, developer subdivisions without services, etc.). Thereafter, the little public housing that was offered, focused almost entirely on ownership, or occasionally on urban clearance and resettlement (Perlman, 1976; Ward 1976). Census data show that rental households continued to make up a majority of the housing sector until the 1950s, but from there on, the rapid expansion of informal settlement and self-building meant that ownership became the predominant form of tenancy (even though invariably households did not have formal titles of ownership [Gilbert and Ward, 1985]).

Informality

Informal housing began to appear between the 1940s and '50s throughout Latin America (Gilbert 2012). This rapid development occurred at the periphery (now often the intermediate ring) of cities. The growth of self-help housing constituted much of the homeownership growth rates in the region. People were able to access land in urban peripheries through land invasions or illegally buying land, creating informal settlements. Governments typically allowed this to occur, and in some cases developers and squatters were aided by political groups.

More recently, planning and increased land controls have become more common, leading to a decline in peripheral land available for capture which has led to lower rates of self-help. The earlier self-constructed informal settlements now form some of the more dense and consolidated areas in major cities. Recent studies show between 25% to 60% of the population in Latin America's main cities live in informal housing (Blanco et al. 2014). Both newer settlements and older consolidated settlements have become important spaces for non - ownership housing options, such as renting and sharing (Gilbert 2016). Figure 1.1 shows the percentage of the population that lives in marginal neighborhoods, informal settlements or inadequate housing, for the countries selected for this study and the region (2014).



Source: CEPALSTAT Estadísticas e Indicadores

Figure 1.1. Share of Urban Population Living in Marginal or Informal Settlements, or in Inadequate Housing in 2014

Tenure and Urbanization Post 1960s

Since 1970, housing policy has focused on homeownership (Gilbert 2016). Accelerated urbanization and industrialization continued. Countries financed large scale social interest housing, mainly for formal employees (Blanco et al. 2014), along with incentives for the private sector. Throughout the region, homeowners composed up to 70% of the housing tenure by the 1990s. Promoting homeownership and new housing construction led to urban sprawl and ignored much of the already urbanized, and sometimes abandoned, housing stock and land in the city center. Urban upgrading (government projects to install infrastructure and to provide property titles) was promoted from the 1980s onwards and remains an important program today, such as the *favela bairro* project.¹ Moreover, into the 21st century, urban housing policies have become more focused on more effective systems of urban management and more sustainable models of development. Since the mid-1990s many governments have promoted private sector mass social interest housing estates in peri-urban areas: a turn once again to low- income ownership, only to find that the distant location and poor social infrastructure is now leading to high levels of abandonment and faltering sales as workers opt to move back to the city and live closer to places of work and neighborhoods where they grew up.

Table 1.1. Urban – Rural Population in Latin America and the Caribbean, 1950-2010

Year	Latin America and the Caribbean (thousands of people)				
	TOTAL	URBAN	% URBAN	RURAL	% RURAL
1950	167,869	69,759	41.6%	99,159	58.4%
1955	192,271	87,570	45.5%	105,653	54.5%
1960	220,439	109,282	49.6%	111,768	50.4%
1965	253,153	135,508	53.5%	117,870	46.5%
1970	287,588	165,056	57.4%	123,021	42.6%
1975	324,746	198,384	61.1%	126,884	38.9%
1980	364,150	235,161	64.6%	129,123	35.4%
1985	404,329	274,583	67.9%	130,477	32.1%
1990	445,203	315,343	70.8%	130,577	29.2%
1995	486,345	356,407	73.3%	130,456	26.7%
2000	526,278	397,062	75.4%	128,733	24.6%
2005	562,546	433,253	77.0%	128,403	23.0%
2010	596,191	469,583	78.8%	127,979	21.2%

Source: Economic Commission for Latin America and the Caribbean (ECLAC)

Rise of Renting

Urban populations in Latin America have grown steadily for the last 70 years (see Table 1.1). Home ownership accompanied this trend until the late 1990s – early 2000s in most of the Latin American region (see Table 1.2). However, after the year 2000 the trend in tenancy patterns shifted. Despite urban population growth, there has been a recent decrease in homeownership and increase in renting in the last 20 years. Other than the countries studied here, Bolivia, Costa Rica, the Dominican Republic, Colombia, and Uruguay have also seen a decrease in homeownership (Gilbert 2016). Along with renting, other forms of non - ownership are also rising, such as sharing. Since urban population continues to grow, this shift in tenancy patterns imposes a need for policies and practices that consider non-ownership as an important form of tenancy.

¹ https://getrevising.co.uk/diagrams/favela_bairro_project

Nevertheless, it is important to be aware of country specific, and even city specific, dynamics. For example, Table 1.2 shows property ownership rates for major cities in Latin America, after a dramatic increase from the 1950s onwards, have fallen in all cases in the last few decades. Notwithstanding the turn to mass social interest housing estates in peri-urban locations, access to the formal housing market for lower-income populations remains inadequate (Blanco et al. 2014). Therefore, informal settlements continue to be important sites of accessible housing (both for self-building and for renting and sharing).

Ultimately, current trends indicate that adequate housing is becoming harder to access. Gilbert (2016) outlines three reasons for this change: rise in housing prices relative to income; shortage of land availability; and discouragement of land invasions and informal land capture. Although renting is seen as a tenure for all income levels (Blanco et al. 2014), low-income populations may find the growing constraints of access to adequate housing a more significant challenge. These rising rates of renting, along with the continued deficit of inadequate housing, calls for appropriate rental housing policy that supports both landlords and tenants.

Table 1.2. Percentage of Ownership in Selected Cities, 1950-2010

Ciudad	Década				
	1950	1970	1990	2000	2010
Ciudad de México	25	43	70	74	70
Guadalajara	29	43	68	68	64
Bogotá	43	42	54	46	42 ^b
Medellín	51	57	65	54	48 ^b
Cali	53	58	68	51	40 ^b
Santiago	26	57	71	73	63 ^b
Rio de Janeiro ^a	38	54	63	70	74 ^c
São Paulo ^a	41	62	71	75	78
Buenos Aires ^a	27	61	62	67	57
Kingston	—	—	44	45	46

Source: Blanco et al., 2014

What About Sharing?

Sharing is a common practice in most of the cities in LAC countries (Blanco et al., 2014). Sharers are often referred to as *allegados* or *arrimados* (living “close up”). This form of tenancy usually is the result of sharing the dwelling or lot with kinsmen. The problem of estimating the number of families living in this situation is not simple, and revolves around the fact that what constitutes an *allegado* situation is less than clear (Gilbert, 1991). A family allowed to build a shanty in the backyard may combine into a single household in terms of budget and meals. Some adult children may be forced (or prefer) to remain with their parents for lack of alternatives. But when is sharing forced and when is it voluntary? The separation of nuclear or extended families into distinct households really depends on the declaration of the individual members of the family. As such, and in many cases, it is often not possible to declare precisely when the condition of sharing is a problem and when it is not (ibid). In part, these reasons help to explain why sharing is less well understood than renting and consequently have been less systematically researched.

In most of the countries studied, it is difficult to find quality information about sharing. With the exception of Chile, where this type of tenancy is usually considered in formal surveys, official data document the situation of *allegados* (Observatorio Social, Ministerio de Desarrollo Social, Chile).

Case Studies - Economic Performance and General Statistics

We selected five countries in the LAC, to represent the region: Mexico, Jamaica, Ecuador, Brazil and Chile (see Figure 1.1). We consider these countries to be a fair representation of the range of economies and cultures in Latin America and the Caribbean. In this section we are presenting the economic performance and general statistics of urbanization and poverty rates of the selected countries. This information is useful to provide a general context of the region, and understanding similarities and differences among the experience of each country that will be presented in the next chapters.



Source: Group Elaboration

Figure 1.2. Selected Countries for this Study. Brazil, Chile, Ecuador, Jamaica and Mexico

We can see that the total GDP of the Latin American region has grown considerably, especially after the year 2000 (see Figure 1.3). However, if we observe the total GDP for each country for the year 2018, Chile, Ecuador and Jamaica remain very low compared to the whole region (see Table 1.3 and Figure 1.3). This is understandable if we consider the size and population of these

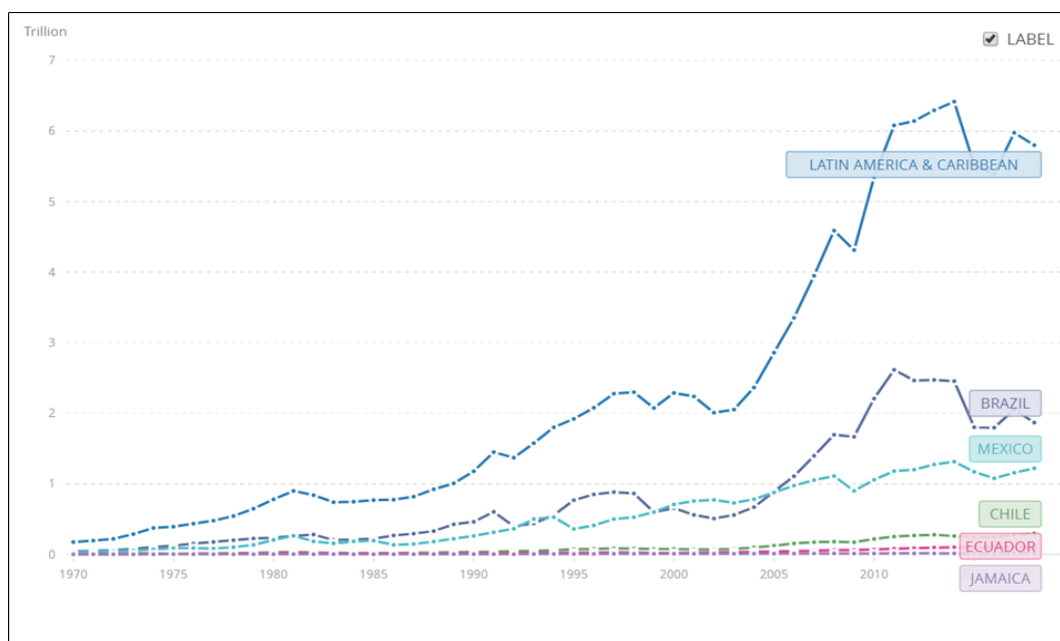
countries compared to the other two countries in the study. Brazil and Mexico together contribute to more than 50% of the GDP for the whole region.

Thus, if we observe the GDP per capita (Figure 1.4), we observe that Chile stands out as having a much higher per capita GDP than other countries in the region (US\$15,923) -- 76% above the average GDP for the whole region. At the other end is Jamaica with a GDP per capita of US\$5,354, which is 41% below the LAC regional GDP.

Table 1.3. GDP Total and GDP Per Capita, Selected Countries, 2018

Country / Region	GDP total		GDP per capita
	(Current US\$, billion)	% region	(Current US\$)
Brazil	\$ 1,869.00	32.2%	\$ 8,920.76
Chile	\$ 298.23	5.1%	\$ 15,923.36
Ecuador	\$ 108.40	1.9%	\$ 6,344.87
Jamaica	\$ 15.71	0.3%	\$ 5,354.24
Mexico	\$ 1,221.00	21%	\$ 9,673.44
Latin America & Caribbean	\$ 5,801.00	100.0%	\$ 9,044.22

Source: World Bank Data (See References)



Source: World Bank Open Data (See References)

Figure 1.3. GDP (Current US\$) - Latin America & Caribbean, Chile, Brazil, Ecuador, Mexico, Jamaica, 1970-2018



Source: World Bank Open Data (See References)

Figure 1.4. GDP per Capita (Current US\$) - Latin America & Caribbean, Chile, Brazil, Ecuador, Mexico, Jamaica, 1970-2018

Poverty rates also mirror these per capita GDP data: in Chile only 3.7% of the population live with less than US\$5.5 a day, and poverty rates are relatively low. That said, measured in terms of the distribution of inequality, Chile has a GINI (inequality) index similar to the other countries included in this study, with the exception of Brazil which has the highest inequality index (GINI index of 0.54 (see Table 1.4). In terms of employment, across the region, 57% of workers form part of the informal sector (Blanco et al. 2014).

Table 1.4. Poverty Rates and Inequality - Selected Countries

Country / Region	Poverty rate		Inequality	
	Poverty US\$5.5 (2011 PPP)	year	GINI Index	year
Brazil	19.9%	2018	0.54	2018
Chile	3.7%	2017	0.44	2017
Ecuador	24.2%	2018	0.45	2018
Jamaica	19.0%	2017	0.46	2005
Mexico	23.0%	2018	0.46	2016
Latin America & Caribbean	24.2%	2018		

Source: World Bank Open Data (See References)

Regarding the distribution of urban - rural population, we can see a sustained increase during the last 50 years. Brazil and Chile show a higher percentage of urban population, both around 87% and Jamaica is with a lower percentage, only 56% of the urban population (see Table 1.5).

Table 1.5. Urban Population (% of Total Population) - Latin America & Caribbean, Brazil, Chile, Ecuador, Jamaica, Mexico, 1970-2018

Country / Region	Urban Population (%)		
	1970	2018	Growth 1970-2018
Brazil	55.9%	86.6%	30.7%
Chile	75.2%	87.6%	12.3%
Ecuador	39.3%	63.8%	24.5%
Jamaica	41.3%	55.7%	14.4%
Mexico	59.0%	80.2%	21.1%
Latin America & Caribbean	57.3%	80.6%	23.3%

Source: World Bank Open Data (See References); Blanco et al., 2014

International Experience on Renting

Renting Traditions: Learning from Elsewhere

An understanding of renting and sharing traditions across the globe provides a key context and means of understanding why some regions have different traditions of renting as well as provides insights on potentially effective policy solutions for Latin American countries. We look, therefore, at comparisons of rental and shared housing between the Latin American countries with experiences from the United Kingdom, South Africa, Europe, the United States, and the Middle East and North Africa (MENA) region.

In the developed world, as in the developing countries, housing is treated primarily as a national issue. Even in the **European Union** (EU), where institutions like “Housing Europe” aim to bring together a common vision regarding housing policies among the member countries (www.housingeurope.eu), national governments develop their own housing policies. Most of the social and public housing in European States is for rent and depending on the country, is managed by the private sector, governmental institutions, or both. In countries like Germany and Austria, tenants represent close to half of the population of the housing market, and in Germany, the housing benefit program for tenants has existed for over 50 years (*Housing Benefit*, www.bmi.bund.de). However, during the last fifteen years, the general trend has been towards a reduction of social housing (housing for renting at a reduced price), and an increase in tenancies at market price amongst almost every EU country. Despite this trend, one of the key differences is the prevalence of public and social housing in Europe compared to Latin America. For many decades European countries have tended to implement social housing projects more than in Latin America.

In the **USA**, the general trend is not very different from LAC countries, prioritizing home ownership in general, even though tenants represent more than a third of the total households (36.6% in 2016 [Cilluffo, Geiger, & Fry, 2017]). However, the Department of Housing and Urban Development (HUD), since its creation in 1965, has promoted programs that provide assistance to tenants. And more recently (1990), special programs such as Section 811, funded to nonprofits, has provided housing for persons with disabilities (www.hud.gov).

Other regions of the developing world, such as the **Middle East and North Africa** (MENA) region, show a relatively large proportion of rental housing in most countries of the region. According to a 2009 study, the United Arab Emirates seemed to have the highest share of rental housing (45%) in the region (Beidas-Strom et al., 2009). However, a notable difference includes the variety of rental and sharing policies that have been implemented in MENA countries. Rent control policies in countries like Egypt, Jordan, and Israel have impacted the rental market negatively, disincentivizing landlords to promote housing for the rental market. The state and the public sector also provided social housing as a means to assist low-income households. These were initially grand centralized projects that provided affordable rental housing to poor segments of the population.

Similar to other developing countries, **South Africa** has a sizable informal housing market and homeownership is also the goal of the government to address their housing crisis. Informal renting occurs in two forms, settlements located at the edge of major urban centers and backyard shacks in locations closer to the city center (Gilbert et al., 1997). The existing policies relating to renting are focused only on regulating interactions between owners and tenants. South Africa's informal housing market is similar to that of Latin American countries, but understanding the few policies implemented to protect shack renters could be beneficial to informal renters in Latin America and the Caribbean.

From all the regions observed (outside LAC), only in Europe, we can find countries where renting is seriously considered as a long-term housing solution, with long existing institutions that provide social housing for rent and several policies to benefit tenants. International organizations, such as the UN-Habitat are concerned with the challenges that the housing problem presents in this rapidly urbanizing world. They provide policy advice, technical assistance and collaborative action to developing countries (UN-Habitat, 2020). It is very important for such countries in LAC to consider the advice of these institutions to develop new and better housing policies that consider the experience and successful examples in other regions of the world.

Research and Initiatives on Non-Ownership

As previously mentioned, much of the literature on tenancy in Latin America focuses on homeownership, and relatively few researchers have contributed substantially to an understanding of non-ownership. That said, scholars and international organizations began to argue for rental housing policies in Latin America beginning in the 2000s. Scholars such as Alan Gilbert, Peter Ward, Andres Blanco, René Coulomb and others have begun to write extensively on the issue. Their contributions have examined rental housing policies in practice throughout various Latin American cities (see for example Jiménez and Camargo, 2015). However, more research is needed to better understand these practices at the regional and country level. Developing knowledge on this topic can help guide policy on non-ownership housing options.

Opportunities and Challenges in Renting

In Latin America, as in other regions, renting and renters often carry a negative stigma, especially relative to homeowners who are seen to be better citizens who invest in the maintenance of property (Gilbert, 2016). In contrast, many studies identify renting as a factor that contributes to, or is associated with, high levels of violence and crime in a neighborhood. People are disincentivized to invest in rental housing because it is seen as troublesome and not profitable. Therefore, policy to incentivize renting will have to address these issues.

Renting provides an opportunity to diversify housing options and expand housing policy in Latin America. Expanding the rental market can address the housing deficit, increase accessibility to adequate housing, provide more urban mobility, and lessen urban inequalities. The current housing stock is qualitatively and quantitatively low (Bouillon, 2012). A more flexible housing stock can adapt easier to demographic and lifestyle dynamics. Moreover, the rental policy can be utilized to benefit a city's economy. Promoting renting can assist property owners to become small scale landlords, which can provide additional income (Gilbert, 2016). Greater rental opportunities can provide low-income individuals greater access to more jobs through their relative greater residential mobility (Bouillon, 2012).

Additionally, a healthy renting market is vital for a sustainable and well-functioning housing system (Bouillon, 2012). Policies that promote rental housing can be coupled with densification and infill development urbanization. Cities such as Mexico City have committed to more sustainable forms of urban development that incorporate these practices. Focusing on providing dense and central housing promotes growth in already serviced areas, and decreases infrastructure costs at the periphery. If rental housing policy is to proliferate through Latin America, these benefits must be highlighted and presented contextually.

Methodology and Organization of the Study

This study arises from a graduate seminar at the University of Texas at Austin in Spring 2020 and explores the issue of renting and sharing in different countries in Latin America and the Caribbean.² The aim was to systematically gather information on regional and country-wide experiences about non-ownership in order to contribute to an agenda for development of new practices and policies. Our five case studies allowed us to summarize the trends on renting in the last 20 to 30 years in the region, highlighting both the commonalities among these countries as well as differences in the patterns, practices and policies related to renting and sharing.

The main questions we asked focused on being able to provide the information needed to establish various policies that could promote rental housing and address current rental housing issues. Specifically, questions like: Who are the renters and landlords. Where are they living and investing: What are current and past rental policies that have sought to address renting? What are the physical and social characteristics of the various rental and sharing accommodation scenarios in each country?

Each case study chapter follows a common framework and seeks to provide specific information of the history of tenure and current housing policies in the five countries selected. These country profiles aim to develop a typology of rental accommodations and some renting housing policy recommendations for each country.

The organization of each chapter has the following sections:

- 1) An introductory section to the country. This section narrates the history of early urbanization and renting traditions. The objective is setting the cultural and socio-economic context for each country and showing the patterns of tenancy since the

² Latin American Housing Practices and Policies, PA 388, Spring 2020. This was one of a series of annual seminars to explore different aspects of Latin American Housing: "Housing Densification" "Informality in the USA – learning Latin America"; "Slumification – the downside of informal settlement?" Most of these studies are available on ResearchGate.

beginning of the 20th century. We are particularly interested in the past traditions of renting prior to the expansion of informal settlement in the 1950s and 1960s.

- 2) Next we provide demographic information on the country such as statistics about the urbanization processes and economic performances during the last 30-50 years. Here we introduce more recent patterns of renting versus ownership.
- 3) This section focuses on the principal housing policies adopted in the country. We explore the general reality of policies aimed at ownership, while renters and sharers remain as an ignored minority.
- 4) In this section, we explore in detail, the nature of sharing and renting in the country from the production of shared and rental housing, its rise, landlord and tenant profiles, and other housing actors. In each case, we create a table summarizing the principal housing typologies for the specific country.
- 5) We provide a section summarizing the policy options for renting and sharing for the country, considering its particular history and present context reviewed in the previous sections.
- 6) We conclude each chapter with a reflection on the situation of the country and the practices and policies to be adopted to improve the situation of millions of people whose only housing options are renting or sharing.

In the final chapter, we present the general conclusions of the study, summarizing the characteristics of tenants, landlords and housing typologies, and highlighting the recommendations for future renting policy development in the Latin American and Caribbean region.

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(These references are also included in the composite bibliography at the end of the Report)

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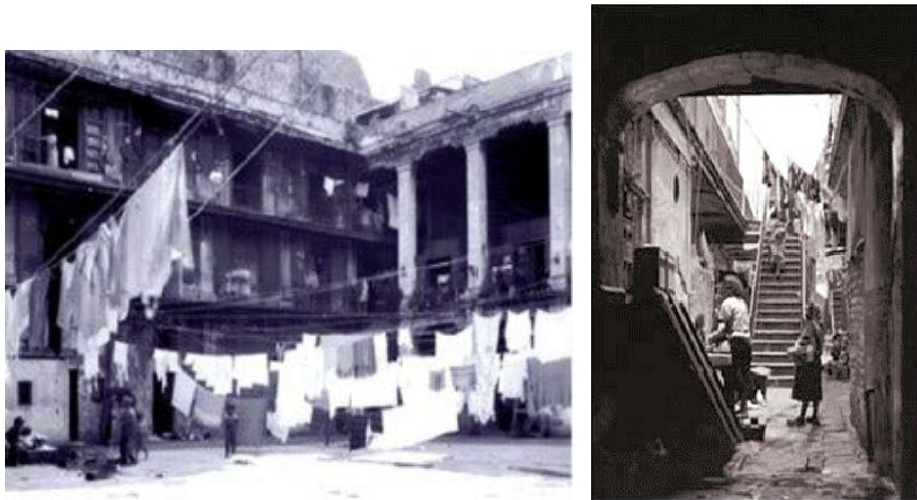
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Chapter 2. Renting & Non-Ownership Housing Practices and Policies in Mexico.

Jorge Losoya.

Introduction

Early urbanization and development efforts, after Mexico gained its independence, were led by Porfirio Diaz. The Mexican Revolution and the need for industrial workers led to an early rural to urban migration in the 1910s (Marte, 2002). Meanwhile, elites were leaving the city center, leaving spaces for low-income rental opportunities. Toward the mid-1900s, middle- and upper-class groups had begun leaving urban centers. For the poor, squatting and land invasions in the urban periphery became more frequent than inner-city rental options starting in the 1940s. The lack of housing options and political clientelism led governments to allow peripheral land invasions in most cases. In Mexico City, the lack of central low-income rental options was also a result of new planning initiatives. The *Ley de Planificacion y Zonificacion del DF y Territorios de Baja California* was implemented in 1949 (Mendoza, 2013). This modernist plan favored land-use zoning and major highways, removing a considerable amount of housing, including low-income rental housing (Gilbert & Varley, 2002).



Source: Rhoda & Burton (2010)

Figure 2.1. Shared Patio Spaces in *Vecindades*

At the beginning of the 20th century, renting was the only accessible form of living in the city for lower- and middle-income classes, while the wealthy could afford homeownership. Rental accommodations took on various forms. Initial rental accommodations included *vecindades*, *cuartos de azotea*, and *corrales jacales*, also known as *ciudades perdidas*. *Vecindades* were created from the palaces left in the urban center by wealthy families. These structures were subdivided into small rental units. Later *vecindades* were purposefully built for renting until the 1940s (Gilbert and Varley, 2002). *Cuartos de azotea* were small rooftop rooms where the maid or servant would live. Lastly, *ciudades perdidas* were mainly located in working-class neighborhoods and were small shacks built from precarious materials (Marte, 2002; Ward &

Melligan, 1985). Together, *ciudades peridas* and *vecindades* formed industrial working-class neighborhoods that housed the initial wave of urbanization (Ward 1998).

The *vecindades* of Mexico, made famous by Oscar Lewis's various volumes,³ were similar to other types of central city rental accommodation that appeared in other Latin American cities, such as *casas de patio*, *conventillos*, *cuarteles*, and *inquilinos*. *Vecindades* are known for their shared patio space and shared services (Figure 2.1). Rental units were typically one to two rooms and were built around a courtyard (Ward, 1998). Many *vecindades* received rent freezes that continue to this day (Gilbert & Varley 2002). Some estimates indicate that about 20% to 25% of Mexico city's population lived in *vecindades* in the early 1900s (Marte 2002).

Much of the rental stock was low quality and precarious. *Vecindades* were known to have poor sanitation and lack of services. Because of the small units, overcrowding and lack of privacy were common. Many tenants experienced high rents and poor relations with landlords. These conditions resulted in protests in various cities. In 1915, tenant protests occurred in Mexico City, Puebla, Merida, and Veracruz, calling for rent reductions and better living conditions (Gilbert & Varley 2002). These protests had mixed results that differed by city and state. In some cities, rent controls continue to this day. In some states, rent freezes were only temporary.

In the first half of the century urban renting continued to be the main pattern of tenure for the working and middle classes. Rent controls and regulations passed in the early 20th century began to slow investment in rental accommodation and led to deterioration. Through the 1950s and beyond, Mexico's urban population continued to rise, and with it, the need for affordable and accessible housing. Land invasions and informal land subdivisions and sales at the periphery would become the primary solution for many (Ward 1976). Mexico's early housing dynamics set the stage for how landlords would view housing policy and what housing solutions the poor would have access to.

Urbanization, Informality and Tenure Patterns

Between 1940 and 1980, the urban population rose from 17% to 39% (Gilbert & Varley 2002). After 1950, Mexico's urban population increased rapidly. Import substitution industrialization policies created a demand for jobs, attracting rural migrants. New migrants began settling in the outer rings of the city, no longer concentrating in the center (Conway and Brown 1980). As the urban population increased and housing became less accessible, informal housing solutions began to become a significant driver of urban development. Through the 1960s and into the '70s urban growth outside the main urban center developed rapidly. After the 1980s, urbanization outside the intermediate ring of cities began to develop (Ward et al. 2015). Currently, Mexico's urban population has surpassed 80% of the total population (UN Human Development Report, 2019). Contemporary patterns of urban development continue to support urban sprawl.

The self-help housing sector became evident in the 1940s (Blanco et al. 2014) and provided an alternative form of tenure and rental accommodations as dwellings consolidated. Lack of affordable housing and access to the formal housing stock were some of the main drivers of informal housing. Through squatting, land invasions, and illegal selling of *ejido* land (social property created after the Revolution), migrants were able to access land to build their own homes. Informal self-built neighborhoods formerly at the periphery and now, many years later, forming part of the intermediate ring of the city, have become among the most densely populated

³ *The Children of Sanchez* being, perhaps, the most famous.

areas of the cities. These homes typically are at various stages of consolidation as new rooms get built, as seen in Figure 2.2. In Mexico, these informal settlements are known as *colonias populares*. Pioneer settlements of the 1960s and 1970s became consolidated by the 1980s and 1990s (Ward et al. 2015). Homes in these neighborhoods are at various levels, going up to three floors. Additionally, there are also mix used spaces both at the home and neighborhood level. Lots are typically divided as family dynamics change or make space for a rental unit. Unlike the formal housing sector, there is little policy and regulation for the informal housing sector. Later, regularization and service provisions were provided by the government.



Source: Ward (2015) from *Housing Policy in Latin American Cities*

Figure 2.2. Consolidated Self-help Housing

Out of Mexico's current population, 60.7% is informally employed (UN Human Development Report 2019). According to the United Nations, 43.6% of the population is below the poverty line (2019). Mexico's GDP has been on the rise but is currently lower than in 2010 at 1.221 trillion US dollars (World Development Bank). The country has experienced economic growth, known as the Mexican Miracle, during the 1940s to 1980s (Gilbert 1991), reflected in the GDP per capita growth in figure 2.3. Yet immediately after, the country experienced a rough economic period in the 80s known as the Lost Decade. Although there has been economic growth and improved living conditions, Mexican cities continue to demonstrate considerable inequality. The World Development Bank reports a GINI score of 45.4 (see also Table 1.4).



Source: World Bank Data (See References)

Figure 2.3. GDP Per Capita, 1960-2018

The ownership majority we see today is an outcome of deliberate disinvestment in rental housing, lack of rental housing policy, and the rise of self-help housing. Failed government-financed rental housing projects have also contributed to the government's focus on homeownership. Additionally, different land uses have become more profitable to invest in, such as commercial and business (Gilbert & Varley 2002), especially in urban centers. Table 2.1 shows the slow rise in ownership, hitting its peak in the '90s. After the 1985 earthquake and periods of urban renewal, the low-quality rental accommodations in the city were destroyed. New *vecindades* have appeared in the now consolidated *colonias populares* using the same model of the traditional ones, but on a smaller scale (Gilbert & Ward 1985; Ward 1998).

Table 2.1. Percentage of Households by Tenure Type

Year	Owner	Tenant	Other*
1950 ^a	64%		36%
1960 ^a	54%		45.9%
1970 ^a	66%		34%
1980 ^a	68%	20.9%	
1990 ^a	78.4%	14.5%	
2000 ^b	74.6%	13.4%	10.7%
2010 ^b	69.6%	14.1%	14.2%
2018 ^b	68.3%	15%	16.7%

Source: a) Blanco et al. 2014 & b) Economic Commission for Latin America and the Caribbean (*includes non-ownership and sharing)

Changes in tenure also led to changes in types of rental accommodations available, where rental accommodation occurred, and who was investing in rental housing. Rental accommodations are more common in the intermediate and outer rings of the city, typically in more consolidated *colonias populares* (Gilbert 1991). Landlords are small-scale, some investing in purposefully built rental units and others renting out rooms in their self-built homes. Yet, the low quality of structures and poor access continue to characterize low-income rental accommodations. These new typologies are discussed in more detail below.

Principal Housing Policies Adopted: An ignored Minority?

Initial rental housing policy came from the tenant protests in the 1910s. Rental regulation included regional rent controls, maintenance requirements, and service provision requirements. These regulations were not widespread. Public housing programs began in the 1930s (Gilbert & Varley, 2002). In the 1950s, more extensive projects for rental houses financed by the government were constructed aimed at salary workers (Blanco et al. 2014). These projects failed due to maintenance costs and high rents. Additional homes were built by housing institutions directed at ownership for salary workers in the 1970s (Blanco et al. 2014).

The last 40 years of policy directions for housing is primarily centered on homeownership, either through incentivizing or financing. In the 1980s, an interventionist approach was adopted by the government (Blanco et al. 2014). Tax relief was given to companies to build rental housing, with a total of 43,000 units completed by 1988 (Gilbert & Varley 2002). Fovimi-Issfam provided rental units for military personnel (Reyes Ruiz del Cueto, 2018). There were some tenant organizations demanding rent controls, resulting in some change in Mexico City's Civil Code in 1985. These changes limited rent controls and tried to ameliorate tenant and landlord relations. In the informal housing sector, the Mexican government began regularization and service programs for *colonias populares* (Ward, 2012).

Mexico's neo-liberalization in the 1990s led to the deregulation of the housing sector and a market approach. To increase the private sector's participation, the government passed reforms to the *Ley de Instituto del Fondo Nacional de la Vivienda para Los Trabajadores* (INFONAVIT). This also included decreasing the financing of homes. Currently, the national housing commission, *Comisión Nacional de Vivienda* (CONAVI), is in charge of coordinating and implementing the national housing policy.

More recently, there has been a rise in private development of housing production at the urban edges, receiving government assistance (Ward et al. 2015). As with previous housing projects, these are typically for better off low to lower middle-income populations at the periphery. Regularization and serving for informal settlements also continue. In 2013, the President of Mexico called for a more sustainable approach to housing. These initiatives involve targeting housing development in existing urbanized areas, promoting density, smart growth practices, improving existing housing stock, and coordinating urban development and housing.

Overview of Renting Policies

Rental policies are sparse and limited. Lack of success in public rental housing projects led to disinterest and redirected focus on ownership. Rental accommodation financed by the government has been mainly for middle income and salary workers. There does seem to be an interest and acknowledgment of renting by the government, but no significant actions have been taken. There are instances of rent support given in exceptional cases where individuals are

displaced either due to hazards or redevelopment, but the government views this as temporary. For example, the 1985 earthquake collapsed and destroyed many *vecindades*. The government responded by providing short term rental assistance while they built new accommodations for them, but these were for ownership. Rent to own programs have also been established. In situations where homes were in hazard zones or destroyed, new homes have been provided in peripheral areas. Informal sector housing policy focuses on improvement, regularization, and services. The informal renting sector continues to be ignored by housing policymakers. Small scale landlords are not entering the formal market because formal renting policy disincentivizes them (McTarnaghan et al. 2016).

Non-Government Actors

Apart from the government, there are other actors involved in the housing market, although few participate in the rental housing sector. Major international aid organizations have shown little to no interest in rental housing. Housing-related aid organizations like Habitat for Humanity typically focus on providing houses for ownership. The *Asamblea de Barrios* fought for housing access for all, land access and regularization, rental housing regulations, and stopping evictions in the 80s (Reyes Ruiz del Cueto 2013). Private developers have not shown an interest in building rental housing for low-income dwellers. The rental housing provided by largescale developers is high rise apartments aimed at middle and upper income communities (Reyes Ruiz del Cueto 2013).

The Nature of Renting and Sharing

Renters and landlords generally lie within the same income levels and are heterogenous in many cases. Still, there is some generalizations that can be made for renters and landlords. Moreover, there are general characteristics that the majority of sharers have in common. These different types of renters, landlords, and sharers can also be placed in a general renting typology discussed below (Table 2).

Renters

Tenants are diverse and cut across class, gender, and age. Nevertheless, there are specific groups that are more likely to rent. People renting in the formal sector are mostly young couples, students, young professionals, single middle-aged men, and a small percentage are foreign professionals working in the city (Blanco et al. 2014). These include individuals who sublease. Low-income informal tenants share similar characteristics, such as being younger (less than 30 years old) and single.

Additionally, tenants of self-built housing are more likely to be female-headed households or single. Tenants are younger than landlords and typically family members (Ward et al. 2015). Lower-income renters frequently work in the tertiary sector (Blanco et al. 2014). Tenants rent as a way towards homeownership, to find affordable housing near workplaces, or to find accommodation near their social networks. There is usually a high turnover of tenants as they move from one tenancy to another (Ward 2012).

Table 2.2. Socioeconomic Characteristics of low and very low-class Households by Tenure, 2010

Características socioeconómicas	Características socioeconómicas de los jefes/jefas de estratos bajos y muy bajos, según tenencia de la vivienda, 2010 (porcentaje)			
	Vivienda propia		Vivienda alquilada	
	Estrato muy bajo	Estrato bajo	Estrato muy bajo	Estrato bajo
Analfabetismo	26,3	8,3	12,8	3,3
Años promedio de estudio	4,0	6,5	6,1	7,8
Con derecho a servicios de salud	16,9	38,2	20,0	36,7
Hablantes de lengua indígena	21,3	8,3	8,7	5,9
Ocupados	59,6	80,3	66,6	89,4
Desempleados	5,2	2,3	9,4	1,9
Asalariados	47,2	58,9	59,8	72,3
Cuenta propia	40,7	38,5	35,1	26,7

Source: Blanco et al. 2014

Landlords

The formal housing sector has three general types of landlords investing in rental housing. These are typically middle or upper income and have an extra home to rent or have the means to buy a home or build a house to rent (Blanco et al. 2014). They are often widows, older couples, or young investors (Blanco et al. 2014). The formal sector also includes individuals who sublease rooms to tenants.

Landlords for low-income rental housing are small scale or petty landlords. Typically, they have more space in their homes than renters (Blanco et al. 2014). Small scale landlords are usually older single men who build rental accommodation following a *vecindad* model but on a smaller scale. They tend to have extra rooms due to their children or wife leaving the home (Blanco et al. 2014). Renting provides an income for those who do not work. Landlords rent to have an additional income or to keep a home in their ownership that they are not currently occupying (Gilbert & Varley 2002). In these cases, they tend to rent to family or close friends.

There are cases of landlords who own property closer to the city center selling their properties due to rising inflation and land prices (Reyes Ruiz del Cueto, 2013). Difficulties in managing, maintaining, and making profit are also deterring landlords in keeping rental properties. Landlords seem to be more aware of the legal rights and obligations (Gilbert & Varley 2002). Landlords are rarely producing large scale rental housing (Blanco et al. 2014).

Sharing

Sharing and nonowners are common in informal housing settings. Table one indicates that there has been a rise in sharing. Sharers tend to be the children of the parent who owns the home, known as *allegados*. Many are single daughters who live with their parents (Gilbert, 2003). Sharing includes sharing a room, a home, or a lot (Ward, 2015). Individuals and young couples

prefer to share to save money to buy a house and rarely stay long term (Blanco et al. 2014). Sharers also include extended family members or the parents of the owner. Sharers will sometimes contribute a small amount financially or in the construction of the home (Blanco et al. 2014).

Typology

Table 2.3. Typology of Rental and Sharing Accommodation

Local Nomenclature / Type	Primary Producer	Typical Physical characteristics	Primary location	Typical Characteristics of Users	Approx % of Country: Approx % of city	Note
Renting						
Classical "vecindad" ⁴	Informal subdivisions by owner, some purposefully built, private	Many units around a central patio; shared services; single rooms; dilapidated and poorly maintained, some traditional colonial palaces, and others 'newly' constructed	Center, have been decreasing	Past: migrants and young couples Present: older and more stable		Oscar Lewis
"Vecindad nueva"	Informal, private, small scale	Single rooms, shared services, Shared patio space	Intermediate Ring	Young (30 years old or younger), single women, small families, students, female headed households with extended families, younger individuals typically are from the area		Peter Ward, 1998: 65 Blanco et al. 2014
Apartments	Formal, large scale, public, owners of apartment units		Intermediate ring and periphery	Middle upper income, Formal workers, government workers		Blanco et al. 2014
Homes	Formal, small-scale landlord, Subleasers, private	Higher quality, either single rooms or entire home, shared/private services, new and remodeled homes	Near universities or employment centers	Middle to upper income, Students, workers preferring to work near workplace, frequent turnover,		Blanco et al. 2014

⁴ See Ward 1998, p. 56.

<i>Cuartos/apartamentos</i> in Colonial Populares	Informal, private, small scale landlord, petty landlord	Subdivided home or separate dwelling, Self – built, single room	Intermediate ring and periphery	Young (< 30 years old), single women, small families, students, female headed households with extended families, younger individuals typically are from the area		Blanco et al. 2014
Sharing						
Sharing lot	Informal	Single room, shared services	Intermediate more consolidated, growing at the periphery	Children and/or grandchildren of homeowner, Family and friends, 3 years		Gilbert 1991; Ward et al 2015
Sharing dwelling	Informal	Single room	Intermediate more consolidated, growing in the periphery	Children and/or grandchildren of homeowner, family and friends, <i>Allegados</i> , 3 years		Gilbert 1991

Contemporary renting takes on different forms in Mexico. These include *vecindades*, *cuartos de azotea*, apartment buildings, homes, *vecindades nuevas*, sharing, and rooms or houses in *colonias populares*. The table above (2.3) characterizes these types of rental typologies, along with a description of sharing accommodations. Although central renting options have decreased over the years, contemporary *vecindades* and *cuartos de azotea*, rooftop rooms, still exist.

Formal sector housing is for middle and upper classes and of higher quality. Homes and apartments for rent are generally near universities or near job centers. Renting and sharing in *colonias populares* are farther from urban centers. These accommodations are usually found through social networks or word of mouth. Typically, the 2nd and 3rd floors are rented out. There are cases where public housing provided by government programs is rented out informally.

Housing Conditions

On a general level, housing conditions and access to services has increased for both the formal and informal sector. Regularization and servicing policies for *colonias populares* by the government or international organizations have helped to improve housing conditions. Based on many indicators, such as the wall, roof, and floor materials, rental units seem to be in better conditions compared to the owner-occupied accommodations (Blanco et al., 2014). Rental accommodation for the low-income population continues to be overcrowded, lack privacy, and have poor air quality (Ward et al., 2015). Rental housing generally does not have a dedicated room for a kitchen (Blanco et al., 2014). Buildings typically lack natural light and maintenance, causing cracks and leaks to form (Ward et al., 2015).

Although renting policy has been long ignored, various rental accommodations continue to develop in Mexico. In both the formal and informal sectors, multiple types of rental accommodations, landlord, and nonowners exist. Most rental housing occurs in the intermediate ring of the city (in what Ward et al., [2015] call the “innerburbs”. Landlords are mostly small scale

both in the formal and informal sectors and older than the renters. Tenants are mainly younger, single, small families, or students. Housing conditions, especially for low-income populations, continue to be of low quality. Future rental policy should consider these characteristics of tenants and rental accommodation.

Policy Options for Mexico

Renting provides an additional housing option that may be more affordable and adaptable to various lifestyles. It's a housing option that is important for all income levels in Mexico. A policy that promotes a more extensive rental stock can provide lower classes with various adequate and accessible housing options. The following policy options are based on the multiple typologies of housing previously identified.

In the case of **small-scale landlords** in *colonias populares*, policies should focus on providing landlords with incentives to build and maintain rental dwellings. This can take the form of subsidies to assist in maintenance that brings rental housing up to regulations. Policies that support self – help building can help in building extra rooms or smaller dwellings on the lot to provide the owner a space to rent. In order to successfully integrate irregular settlements into formal policy, landlords who lack legal rights to their properties should be given access to land titles. Doing so can limit landlords' apprehensions about losing their rental units to tenants. Similarly, tax reductions or immunity can reduce landlords' concerns about being able to pay taxes. Incorporation pro-renting regulations into rehabilitation policies, such as micro-financing or substantial grants, can help promote renting and provide adequate housing conditions (Ward et al. 2015).

For **larger scale landlords**, more incentives and reassurance that they will make a profit is needed. A public-private partnership can provide a way forward. Rental housing models similar to condominiums or housing cooperatives could be a new option. In this model, an NGO owns and manages the land and complex and provides affordable rent prices. This can also be merged with social programming, such as workshops. A stable and robust organization would be needed, possibly with government assistance.

Mexico's previous attempts at rental policy show that rent controls have not worked. Alternatively, the government can provide rent payment assistance as they have on certain occasions. Financial aid can be aimed at young couples and families to assist those who are in sharing situations. Similar to benefits that exist for first-time homeowners. Female-headed households should also be given priority for rental assistance.

Aligning rental policies with urban densification regulation may provide a path to solve the housing issue and increase access to services. Promoting a denser development at both the building and neighborhood scale can increase the land use mix in an area and provide additional rental housing. Investment should be focused on where services and infrastructure are already in place, such as consolidated *colonias populares* or in abandoned land or buildings. Increasing affordable housing and job opportunities by densifying could limit sprawling development and the cost of providing services at the periphery. A renting and owning mixed complex could provide an opportunity to have affordable housing.

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Chapter 3. Renting & Non-Ownership Housing Practices and Policies in Jamaica.

Aabiya Baqai

Introduction to Jamaica: Early Urbanization & Renting Traditions

The Beginnings of Housing Tenure in Jamaica in the 17th to 19th Century

The history of rent and land tenure of low-income communities in Jamaica goes back to the period of slavery in the 17th and 18th century under Spanish then British rule, when slaves had been imported to Jamaica to work for plantation factories headed by the Europeans. These plantations mainly produced cane sugar and bananas. During this time, African slaves resided in 'yards' that were usually self-built on plantation land under the supervision of the planters, known as African villages (Figure 3.1). The idea was for the planters (owners) of the estate to keep an eye on the slaves and manage their activities in the plantation. Initial spatial patterns showed more control of the villages by the planters. However, towards the 19th century, the slaves residing in African villages sought ways to individualize their homes to suit their family needs, practicing more autonomy in the housing process (Armstrong and Kelley, 2000).



Source: Slavery Images

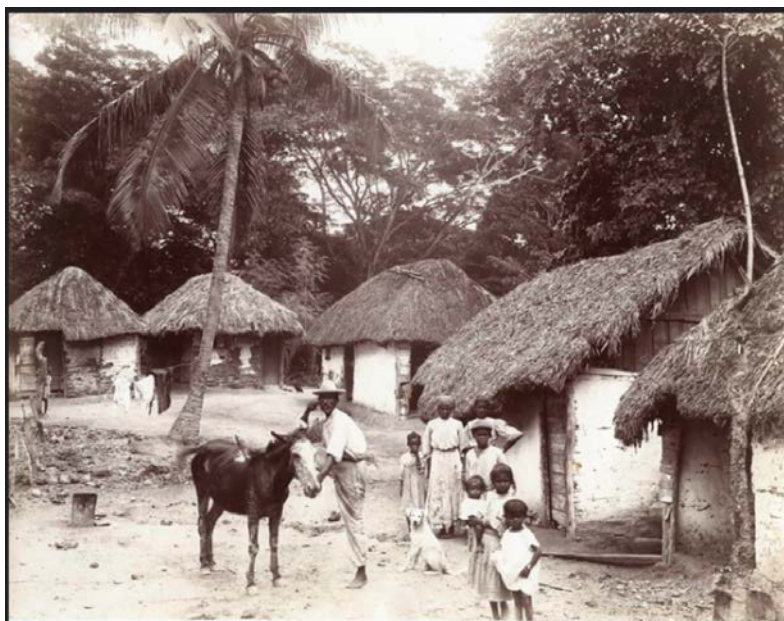
Figure 3.1. Plantation Village in Jamaica in 1843

Naturally, the rise of resistance and revolts by these enslaved communities led to the abolishment of slave trade and the eventual emancipation of slaves in British colonies in 1834 (Tortello, 2001). However, this emancipation met with some limitations. Initially, the slaves who were truly free were those who hadn't been born yet and those under the age of six. The rest had to enter into an apprenticeship at the plantations they were previously slaves for, required to work three quarters of the week in exchange for basic services and land spaces on which they would be able to cultivate their own food for the remainder of the week. They would have to buy their full freedom through the money made from crops. Their quality of life, therefore, saw little improvement. In

1838, this apprenticeship concept was finally removed, but ex-slaves still faced many barriers to upward social mobility (Tortello, 2001).

The emancipation process had uprooted both colonists and ex-slaves from their original social structures, leading to much mayhem and confusion. No efforts had been made by British authorities to thoroughly support more sustainable land use measures for the now freed slaves. The ex-slaves could be ejected from their previous homes without enough prior warning by the planters, or be charged high rents if they chose to stay back. This was to compel them to continue seeking low wage work in these plantations. Due to the attachment to these estates and lack of ability to smoothly transition to new labor mechanisms and home tenures, many ex-slaves continued to work in the planter estates and live in low quality quarters in the hopes of building their own provisions of lands to cultivate (Paget, 1949). However, these attempts were deemed inequitable, forcing these populations to leave the estates and build self-help housing on more secure free land they could rent or buy.

Several missionaries which were slave abolishment supporters motivated and aided ex-slave populations to settle in districts and villages called 'free villages' (Figure. 3.2), wherever free land was accessible - usually found in rural areas (Kenny, 2009). These areas of land were founded and purchased by missionaries and churches who then "subdivided it into smaller plots for sale to their members" (Frith-Kohler, 2012, p. 1). The ex-slaves were able to now "establish themselves as small peasant farmers on land obtained through lease, rent, purchase, or by simply squatting" (Kwesi, 2015, p. 1). This allowed for alternative crop cultivation (Figure 3.3) from the typical plantation agriculture of bananas and cane sugar (Kwesi, 2015). Land purchases were seen as a "civilizing mission" that would provide true freedom and upward mobility for ex-slaves (Kenny, 2009, p. 460). The aim of the church owners was to convert these populations into Christianity, and gain their support in Church activities. While driven by mission interests, these free villages still sought out to be a better option for emancipated populations than remaining in the bounded estates. The free villages went on to be around for much of the early 20th century (Kenny, 2009).



Source: Kwesi, 2015

Figure 3.2. Free Villages in Sligoville Village, Jamaica



Source: Kewsi, 2015

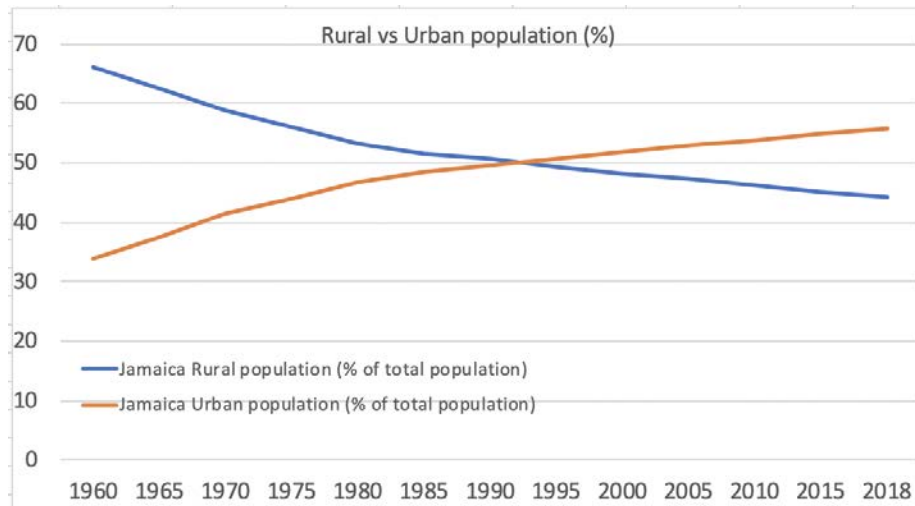
Figure 3.3. Crop Yielding in Sligoville Village, Jamaica

Urbanization and Squatting in the Early 20th Century

As seen in the previous section, Jamaica historically favored large-scale farming at the hands of white plantation owners, marginalizing small farming by other communities. Towards the end of the 19th century and early 20th century, the sugarcane plantation sector started seeing a decline because of competition from the European market. This led to the abandonment of the plantation estates and refusal to sell them to small farmers who were mostly ex slaves. This, combined with the underdevelopment and support for the rural sector and emphasis on urban development, forced rural-to-urban migration in search of better opportunities, especially by black communities (Tindigarukayo, 2014). These conditions of urbanization took place without adequate industrialization or formal employment that garnered secure wages, especially in East and West Kingston (Figure 3.5).

The combination of lack of government funds for home subsidies, inflated land prices as a result of housing shortages and speculation and real estate profit prioritization, all led to predominantly, black, low-income communities living in either dense tenement neighborhoods in East and West Kingston with declining conditions, or squatter settlements on the urban peripheries. In most literature, both are referred to as Shantytowns (Clarke, 1974). There weren't enough units being built under government schemes and ownership mortgage schemes mostly attracted middle-class dwellers. These strains of inadequate housing and employment for low-income urban communities was a starting point for much of the unplanned growth and resulting issues, still seen today (Clarke, 1974; Mullings et al., 2018). More on these settlements will be found in the following sections. The rural and urban population trajectories in Figure 3.4 signify these urbanization

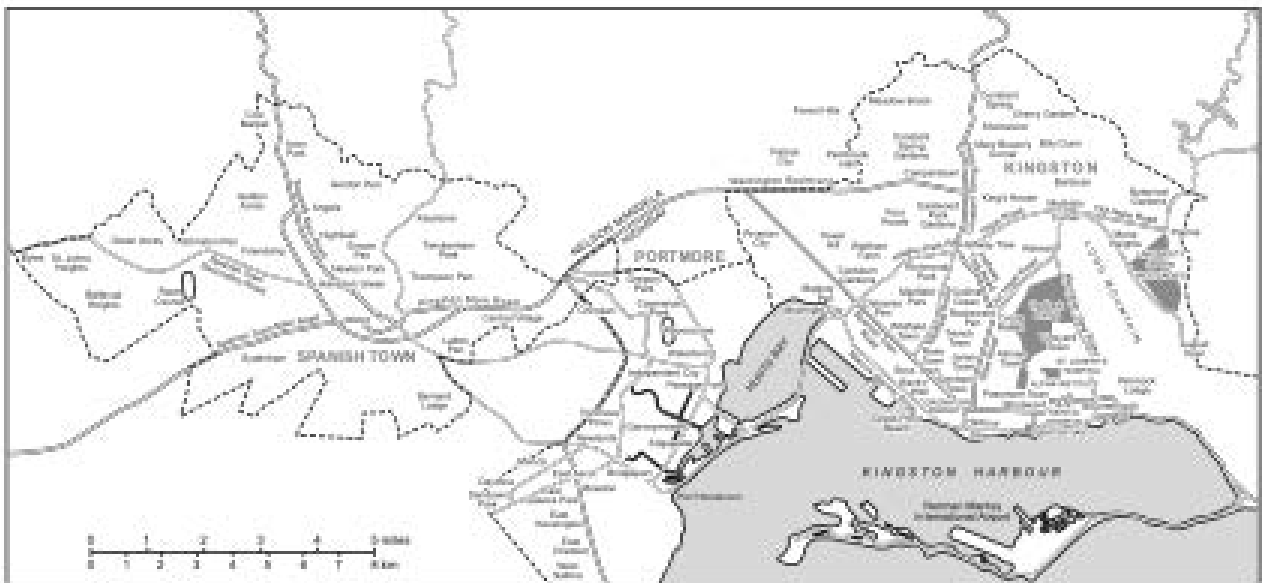
patterns over the last 60 years with more steadied urban population growth seen in the more recent years.



Source: World Bank Open Data

Figure 3.4. Rural vs. Urban Population, 1960 - 2018

The Road to Jamaica's Current Urban Landscape and Housing Policies



Source: Campbell and Clarke, 2017

Figure 3.5. A Map of Kingston Metropolitan Region including Spanish Town and Portmore

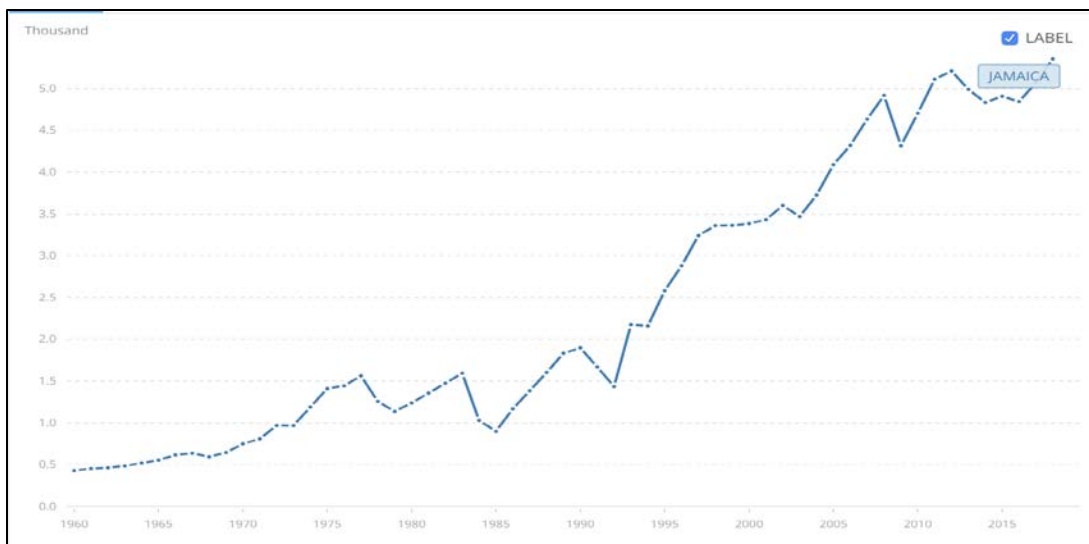
Failed Decolonization and Political Turmoil in the Late 20th Century

The history of slavery, colonialism and sugar plantations had huge impacts on the urban systems of Jamaica. As Clarke mentioned, “Slavery left a legacy of hierarchy, cultural pluralism, and social inequality” (1983, p. 227). The attempts at creating new terrains of governmental systems was not possible due to the heavy influences of British rule. The back and forth between two major political parties played a major role in both the development and exacerbation of issues in Jamaica, namely the Jamaican Labor Party (JLP), and the People’s National Party (PNP). Between the 1960s and ‘70s, the JLP was in power and held a more capitalist stance, using American support to relieve Jamaica of its degrading urban facilities by promoting bauxite mining, manufacturing, and tourism. However, this party influenced more capital-intensive work than labor-intensive work adding stress to the employment opportunities for low-income communities. On the other hand, The PNP under Michael Manley, in the mid- 1970s, opted for democratic socialism, resulting in the nationalization of hotels, banks and bauxite companies. This strained relationships with the US, resulted in declining tourism, and cooperative organizations failing to reach targets. The PNP then sought the help of the International Monetary Fund (IMF), only to reject their strict conditions of loans (Clarke, 1983). However, this rejection could not last long as the conditions were dire and immediate help was needed, and so the IMF started influencing much of the housing policies and structural adjustment policies, like found in most developing nations of the world (Mullings et al., 2018).

In the 1980s, a tribal war ensued where political parties sought neighborhood support for their campaigns and policies, while providing housing schemes in return to those neighborhoods who agreed to support their party (Eyre, 1986). This established the concept of garrisoning where one-party constituencies formed in inner city neighborhoods, leading to inter-community conflict and violence. This caused isolation and limited opportunities available for neighborhoods not supporting the dominant political party of the era. The support a political party garnered, influenced the site selection for their housing schemes. These divisions furthered the partition between party territories (Eyre, 1983), and led to further dilapidation and alienation of the communities from the rest of the city, exacerbating the inequalities faced by low-income Black communities in the region (Eyre, 1986; Anderson, 2007). This also affected local businesses and employment opportunities for many of those living in the region. As a result, several populations moved to suburbia as refugees, forming either unplanned or planned settlements (Eyre, 1983).

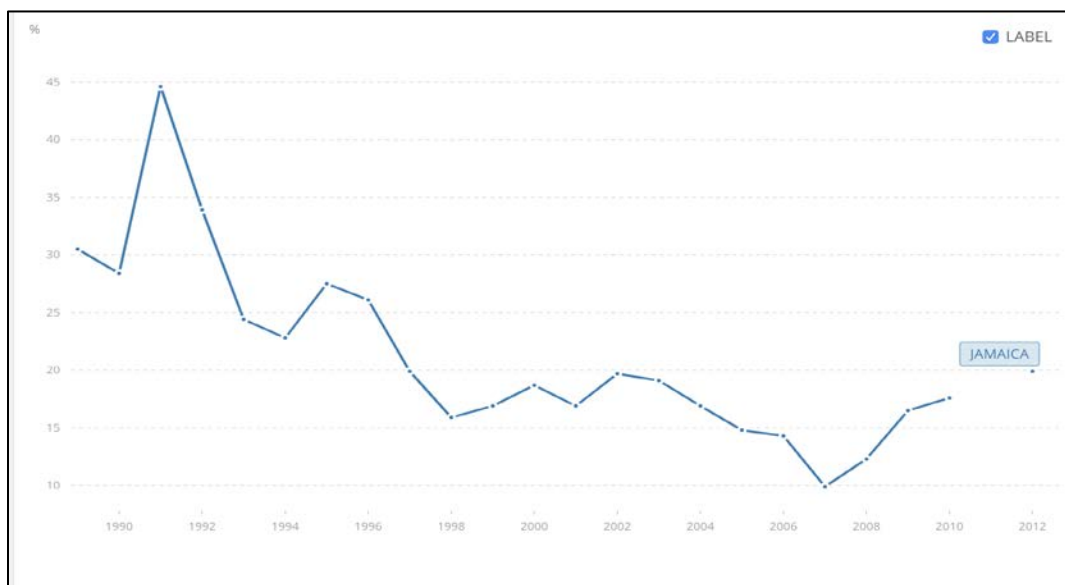
Impacts on Today’s Urban Landscape

The political turmoil faced by Jamaica, particularly Kingston in the 1980s influenced much of the neighborhood divisions even found today. The garrisoning today consists of area “Dons” who address resident needs in return for loyalty and support. It’s an alternative government system which can be hard to penetrate by formal governmental entities. This has created divided neighborhood areas, gun violence and rise in conflicts due to gang or political affiliations, making the inner-city neighborhoods alienated and subject to cyclic issues of declining quality, tenure security, and public safety. In addition, the long history of slavery, colonization, and political tensions has had impacts on Jamaica’s economic wellbeing. Figure 3.6 shows that Jamaica has experienced significant rises in GDP per capita levels in the past 50 years, but it has also gone through several dips in the late 20th century, as well as the early 2000s, which can be alluded to the rising instability. Figure 3.7 notes that over the last 50 years, Jamaica has experienced several ups and downs in the poverty headcount, again more-dire in the early 1990s. However, it’s important to note that poverty counts have been on the rise again since 2007 which affects the kind of housing provisions needed for communities in Jamaica.



Source: World Bank Open Data (See References)

Figure 3.6. GDP Per Capita in Current US Dollars



Source: World Bank Open Data (See References)

Figure 3.7. Poverty Headcount Ratios at National Poverty Lines - % of Population, 1989 - 2012

Major Policies and Actors in Jamaican Housing

There have been several housing schemes the government has taken on from the post-emancipation period, up until today. Some of these are as follows:

1950s: The Central Housing Authority (CHA), in collaboration with the Hurricane Housing Organization, formed a housing program with funds from the private sector to construct tenement housing to improve the former one-room units, in areas like Trench Town. These were double-

story blocks comprising 2 rooms with individual kitchens and latrines, and were rented out to low-income communities. Some of the schemes were also disaster relief shelters after the 1951 hurricane. In addition, they provided middle-class housing schemes with semi-detached housing and land titling facilities for owner-occupier squatters. The purpose was to provide both rental and hire-purchase schemes based on the households' ability to pay. Lower rental accommodation was found for those who couldn't afford these schemes. This era also saw a shift in rental to sale schemes for middle-class and lower-middle class, as rental was left for very low-income communities (The Caribbean Commission, 1958).

1960s-1980s: There was inadequate housing from both the private and public sector during this era, but provisions mostly focused on renting. Home ownership was common in the upper-middle class communities. Rental tenement and yard housing (single-story) had become common in the inner regions of cities including Kingston and Montego Bay. In Kingston, these were found in both East and West parts of the city. Those who couldn't afford rent, chose to squat in the peripheries. The government focused on both improvement and removal of squatter settlements. A lot of times, new housing was not allocated to old squatters even if they were promised these houses.

Provisions of homes became political and those backing the political party in power gained housing support and provisions. The PNP focused on upgrading squatter settlements, but failed to address the tenement issues in the inner cities which required more attention (Clarke, 1983). There were also cooperatives in the making, where the government supported development of housing for communities to own collectively, particularly for owner occupiers. However, maintenance became an issue, and so such housing schemes eventually saw a decline in quality (Anderson, 2007). This era also experienced an interest by international agencies to support self-help schemes and squatter upgrading. This included the IMF's structural adjustment policies that led to more neoliberal ideologies, more privatization and less government control. This led to more ownership-based policies, swaying away from rental accommodation, influencing much of today's housing policies (Clarke, 2006; Williams, 2006).

1990s, 2000s to Today: Urban renewal and re-housing became a major focus for this era, specifically for the National Housing Trust (NHT). There were more populations living rent-free in tenement yards than having ownership. This was to address the garrisoning of neighborhoods. The NHT built high-rise complexes as the main housing type with 2-3 bedroom-units. These were more owner-oriented than rental (Anderson, 2007). Some of the major urban renewal schemes spearheaded by the Jamaican government were started in collaboration with international agencies and financial institutions. These were aimed at poverty alleviation, infrastructure improvement, housing restoration, crime and violence reduction, social development, land tenure regularization, financial services, income generation, community empowerment, youth development etc. (Mullings et al., 2018).

Over the years, many actors have played a role in the housing and infrastructure provisions in Jamaica. These are summarized in the Table 3.1.

Table 3.1. Actors in the Jamaican Housing Market

Public Sector	Private Sector	Non-Governmental	International
The National Housing Development Corporation	West Indies Home Contractors	Food for the Poor, Jamaica	World Habitat
Rent Assessment Board	Ashtrom Building System	Habitat for Humanity	International Bank for Reconstruction and Development
National Housing Trust		Grassroots organizations like the Rose Town Foundation	The World Bank
Urban Development Corporation			European Commission
Kingston and St. Andre Corporation			Inter-American development Bank
Parish Councils			European Union
Town and County Planning Department			People's Republic of China
Office of the Contractor General			
National Contracts Commission			
National Land Agency			
The Bureau of Standards			
Government of Jamaica			

Source: Williams, 2006; Mullings et al., 2018; Howard, 2019

The Nature of Renting and Sharing in Jamaica

Squatter Settlements

Owing to early 1900s migration patterns, many low-income communities could not afford the high cost rentals of the city including West and East Kingston. This led to families squatting on idle land which was either publicly or privately owned. The nature of squatting was complex because it was found both in inner city areas and urban peripheries. Both cases were referred to as Shantytowns. In the inner urban areas, squatters had to pay ground rent to build their unit dwellings, which usually, eventually, were taken over by governmental entities to formalize the process. However, even the social housing structure did little to prevent further informal activity (Eyre, 1979). The peripheral urban areas usually became a last resort for urban migrants who could not afford to rent in the inner city, and had growing families. They then resorted to squatting on large pieces of land, which grew in population sizes and densities over time (Figure 3.8; 3.9). These peripheral communities would then be adopted into the urban fabric, if the government chose to incorporate formalizing schemes (Eyre, 1972; Hanson, 1975). The lands that the populations acquired were usually idle and had little marginal utility for real estate developers to

develop on due to being flood- and other natural disaster-prone. These practices go far back to the emancipation period (Eyre, 1972; Hanson, 1975).



Source: Gray, 2018

Figure 3.8. Squatter Housing in Kingston



Source: Garsmeur, 1983

Figure 3.9. Shanty Town Outside Kingston

Urban Tenements

As mentioned previously, squatter settlements were also found in the inner parts of the city where low-income communities either paid nominal rent to the government to construct single-room dwellings on allotted ground spots, or found idle land to build similar informal tenement dwellings using whatever materials were available. These were usually single-story and each lot contained several tenements. These tenements were sometimes sub-let further to other low-income dwellers, increasing the overall density of the yards. It can be assumed from the literature that self-help was a major tenet of tenement housing, much like in squatter Shanty towns. However, in the case of tenements, there were a variety of public-sector, private sector and informal actors providing land to build dwellings. Social housing tenements were constructed in areas where either upgrading mechanisms were incorporated, or temporary housing was provided to disaster victims, much of which is still seen today (Rhiney and Cruise, 2012; Jones, 2015).

A major example of tenement yard housing was in Trench Town (Figure 3.10) in West Kingston. Historically, the Trench Town area experienced squatting due to rural migrant influxes. These houses were built from whatever materials could be found. They were usually multi-family residential structures or 'yards' with a lack of sewage and other sanitation facilities. Around the mid 20th century, the Central Housing Authority took over the area to build residences for the urban poor (Whyrns-Stone, 2006). It was a social engineering exercise that provided low cost housing to Kingston's urban population. They were government-owned tenements rented out to low-income communities. They also provided basic infrastructure such as running water, electricity, flush toilets etc. Some of these settlements were also sold to civil servants of the government. They were a cluster of homes that were built of wood around courtyards and were usually multi-story, compared to the single story buildings the squatters self-built. These areas had communal bathrooms and kitchens. The ideal location was adjacent to the central business district and the areas were known as 'government yards' with blocks consisting of small living quarters that opened into shared courtyards with shared amenities. The combination of political turmoil in the area and shortage of state funding led increasingly dilapidated conditions over time, which can be seen even today in many tenement housing schemes around the country (Rhiney and Cruse, 2012). The renting, could therefore be divided into three categories (Clarke, 1983):

- Rooms in single-story tenements, mostly with several tenements per plot.
- Ground or land spots, on which individuals constructed single-room, wooden houses for their own occupation or to sublet.
- Rooms for rent or small apartments in government housing schemes.



Source: TripAdvisor

Figure 3.10. Trench Town Government Yard Tenement

Sharing and Non-Rental

Both in the case of inner urban tenements and peripheral squatting, there were sharing practices where abandoned buildings or land were occupied by households, living rent-free and sharing with their family members. This was more so the case in squatter settlements because of the space available and the desire for kinship and communal living. In urban tenements, there was a lot of subletting, which sometimes also led to sharing and rent-free accommodations where affordability was low. When political violence increased in the 1980s, significant populations abandoned their houses in fear of their safety, and so domestic workers in wealthier households would move into these buildings. This mechanism was usually rent-free or without any proper documentation. Once settled, the new households would sometimes sublet and rent out to friends and family (Howard, 2019).

Types of Housing Tenures

The following housing tenure types were predominantly found in Shanty Towns of Jamaica (Hanson, 1975, pp. 12-13), and can differ based on the stage the Shanty Town is in (as noted in the typology). As we go down the list, the tenure security decreases. Some of these complicated land tenures are still found today. Table 3.2 summarizes the kinds of rental and sharing accommodation found in Jamaica.

1. Private ownership with a title registered at the title office on surveyed and diagrammed land. Taxes would be paid on land by private owners.

2. Private ownership with a common law title which would not be registered. The land would be surveyed and diagrammed and such owners would hold insufficient evidence of tax and sale receipts for title registration.
3. Default private ownership that would have squatter rights. The owner would not possess any documents but would have implicit owner recognition granted by authorities through taxes. They would follow the legal precedents for “squatters rights”.
4. Lessee of land from the government with the ability to build a house which would include a written agreement determining the tenure period. The government policy of leasing would determine the security of the tenure.
5. Renting of housing from the government which would include a verbal agreement only between the two parties. Again, the government policy would determine the security of tenure.
6. Lessee from a private owner through a written agreement on the tenure period. The owner-lessee relationship would determine the level of security of tenure.
7. Renting from a private owner which would include a verbal agreement on the tenure period with security of tenure also determined by the owner-renter relationship.
8. Lessee of renter from another lessee where the tenant-tenant relationship would determine the tenure period and security.
9. Squatters who would possess no rights as owners or tenants.
10. Lessee or renter from a squatter whose squatter-tenant relationship would determine tenure security.

Table 3.2. Rental and Sharing Accommodation Typologies in Jamaica

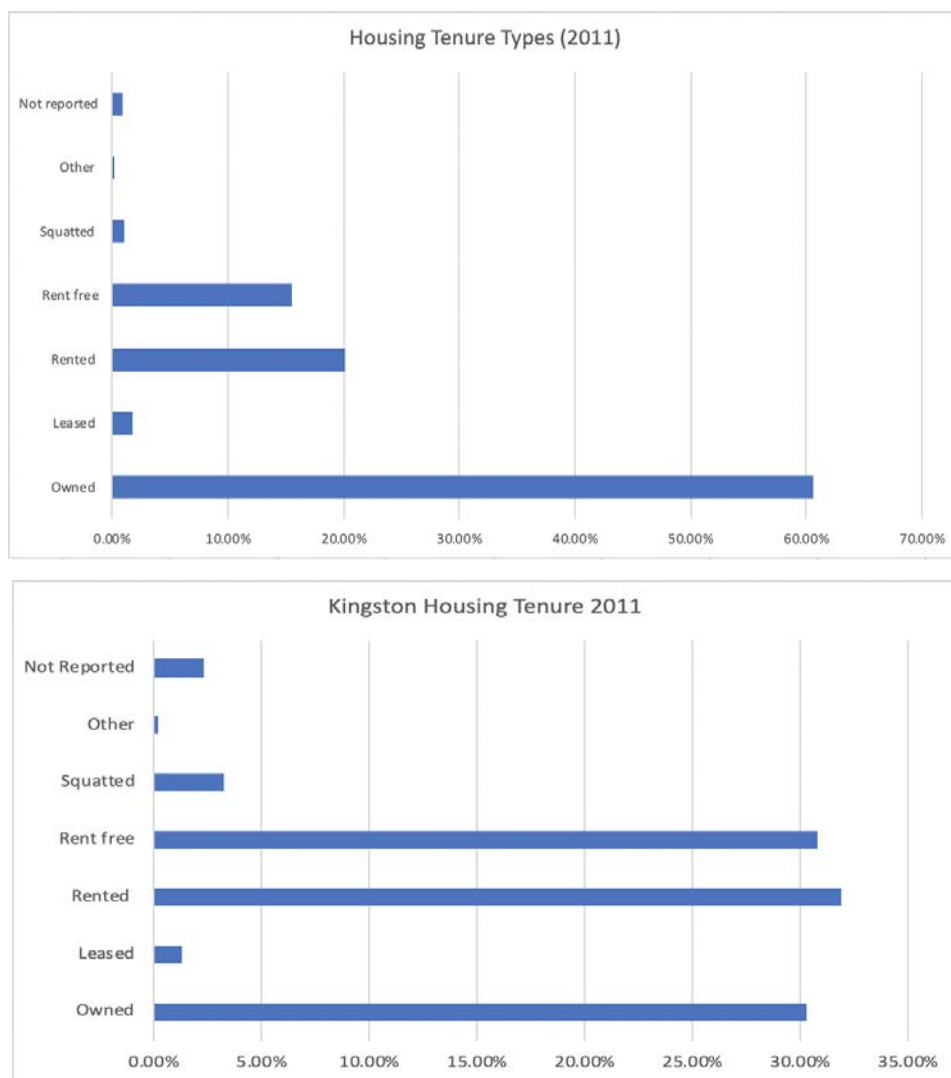
Local Nomenclature/ Type	Primary Producer	Typical Physical characteristics	Primary location in city/ies:	Typical Characteristics of Users	Approx % of Country: Approx % of city	Notes: Source info.
Renting						
Tenement Yards	Originally public, shifted into private and informal.	Usually single room units, highly dilapidated over time, wooden walls; shared facilities with public water piped into the yards.	Inner city neighborhoods	New migrants from rural areas; single or small family; female-headed, informal labor, craftsmen	15%	Clarke, 2006

Other Public Sector Renting Schemes	Governmental Agencies	1-3 bedroom units, wooden housing. Includes post-disaster relief, shacks, also dilapidated over time. Can have both shared and individual facilities depending in scheme.	West and East Kingston	City dwellers, labor market	20%	Eyre, 1979
Local Nomenclature/ Type	Primary Producer	Typical Physical characteristics	Primary location in city/ies:	Typical Characteristics of Users	Approx % of Country: Approx % of city	Notes: Source info.
Squatter Settlements⁵						
Initial Stage: Peri-Urban settlements spawned by necessity	Informal with little or no government/private input.	Rural features, vacant land, open area; limited water and electricity; individual cultivation; poor construction with temporary materials, low durability, low improvement levels; wired fencing.	Rural peripheral with low access to the center	Low and dispersed population, large families and kin		Eyre, 1972; Hanson, 1975.
Transitory Stage: Adolescent settlements in an urban area	Squatters and ownership of land, some government input	Removal of rural features, less vacancy, pre-settlement vegetation removed to make housing; poor quality dwelling with occasional durability, use of wood and metal sheet fencing with low improvement levels.	Better access to the center - more peripheral.	clustered with high population, still families and kin.		Eyre, 1972; Hanson, 1975).
Intermediate Stage: The Coming of Age	Government recognition and chances of redevelopment, more formalized ownership and tenancy.	Agricultural and residential use, many government services, highest quality housing and security tenure for owned housing; less durability and quality	More urban, less peripheral with bus routes to center	Clustered and crowded, moving to smaller families and singletons; includes owners, renters and		Eyre, 1972; Hanson, 1975).

⁵ It's important to note that these stages do not accurately account for the reality of consolidation processes of squatter settlements in Jamaica. Because of colonial influences on urban development, these settlements were not able to fully assimilate into the urban fabric at all times. However, today, much of the neighborhoods considered squatter areas are an inherent part of the inner cities of Jamaica. These are informal housing stocks that engage in both ownership and rental practices. The source of these settlements are not always informal like alluded to in this table and can include both public and private housing provisions. However, the descriptions mentioned in the final stage are a good representation of what these settlements look like. These are distinct from the less dense settlements found in the peripheries, described by the earlier stages. This is why, these stages are a relevant contribution around housing typologies in the country.

		in tenant housing; frequent improvements; concrete walls and fencing.		lessees. Not many squatters.		
Permanent Stage: Qualified acceptance into the urban area	Slow title acquisition process but government and private ownership. No imminent removal. Squatters creeping back in.	More permanence, denser cultural vegetation, better infrastructure and services. Best quality owner housing with largest improvements; grillwork on windows. Original occupants come next in quality then rental housing than squatters.	Full absorption into urban area; resemblance to other formal low-income dwellings. Highest density.	Owners who hold legal title - original occupants; post-pioneer occupants; tenants squatters in parks.		Eyre, 1972; Hanson, 1975).
Assimilation and Redevelopment	Government and private ownership with some informal squatters.	A lot of social amenities and infrastructure, uncontrolled growth. Squatters coming back, less tenancy, poor conditions; older structures; higher densities; infrequent maintenance.	Fully assimilated into urban area, highly urbanized.	Tenure security and owners. Susceptible to real estate take over. Squatters taking over abandoned housing; less rental housing.		Eyre, 1972; Hanson, 1975).
Sharing						
Tenement Yards and Peripheral Squatter Settlements	Informal households subletting/sharing with family and friends.	Usually single room units, highly dilapidated over time, wooden walls; shared facilities with public water piped into the yards - usually self-built.	Both inner-city neighborhoods and urban peripheries	Migrant workers; labor; kin; clustered	Part of the rent-free 15%	Hanson, 1975; Howard, 2019

Figure 3.11. outlines the percentage distribution of housing tenure in Jamaica and specifically in Kingston. These were also briefly noted in Table 3.2.



Source: Statistical Institute of Jamaica

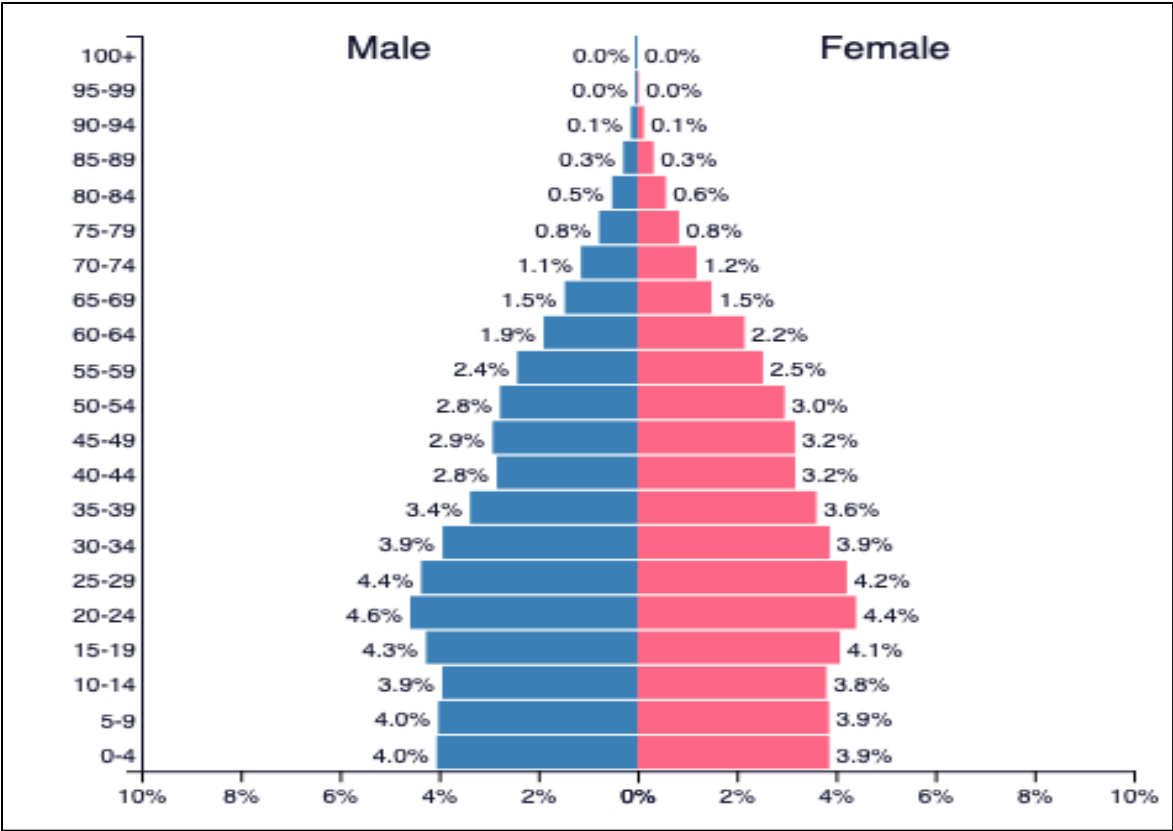
Figure 3.11. Recent Housing Tenure Distributions in Jamaica and Kingston

Figure 3.11 shows that more than 60% of housing is now owned in Jamaica, overall. However, the rent-free and rented numbers cannot be ignored as they account for a total of 35% of the housing market in the country. The numbers in Kingston show a different story with rental units being the highest at 32%, followed by rent-free and owned accommodation at around 30%. This means that Kingston, a major urban center of Jamaica is a predominantly rental housing market that needs major consideration. Despite the overall shift to ownership in the country, renting still plays a vital role in the housing market of Kingston. Both renting and rent-free proportions are significantly higher than squatter settlements in the country overall, and specifically in Kingston.

The Matriarchal Households

A distinguishing factor for settlements in Jamaica are the women-led households, found in particular in the tenement housing in inner cities. The Kingston Metropolitan Area showed female-led households to be more than 50% due to the alternative marital structures followed in the

country (Tindigarukayo, 2002; 2014). Despite efforts on part of the National Housing Trust to provide loan schemes to women and equalize housing provisions, employment opportunities are still gender biased towards males, adding another stress to such female-led households (Mullings et al., 2018). The expected nuclear family system is, therefore, not a dominant part of low-income Jamaican households. Also, it's important to note that today, many of the settlements in inner city Kingston are the second or third generations of squatters or urban residents. Yes, migration from rural areas is still happening, but many of the populations found in the urban centers were born there, alluding to an attachment and identity with the housing structures prevalent in these regions (Howard, 2019). Petty-labor and domestic work still seem to be a dominant form of employment for these communities which also include, craftsmen, clerics and salesmen, manual labor etc. (Clarke, 2006). Figure 3.12 shows the male to female population ratio across age groups found in Jamaica in 2019 with a total population of 2,948,276. Although the ratio of gender is almost equally distributed, females bear a higher brunt of inequity and inaccessibility.

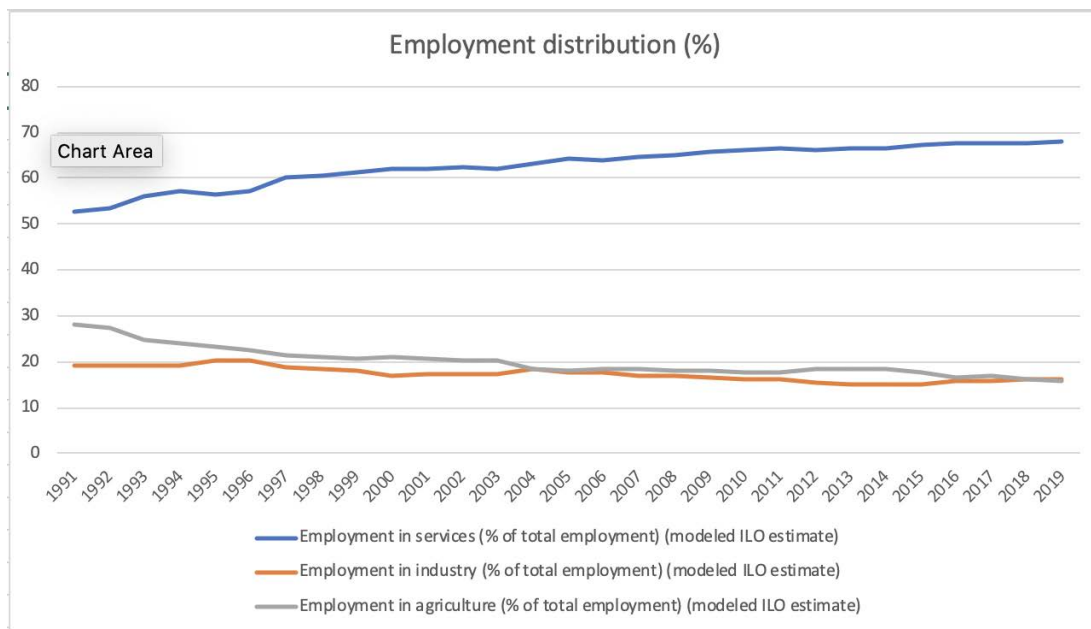


Source: Population Pyramid National Data (see References)

Figure 3.12. Male to Female Ratio and Distribution of Age Groups in 2019

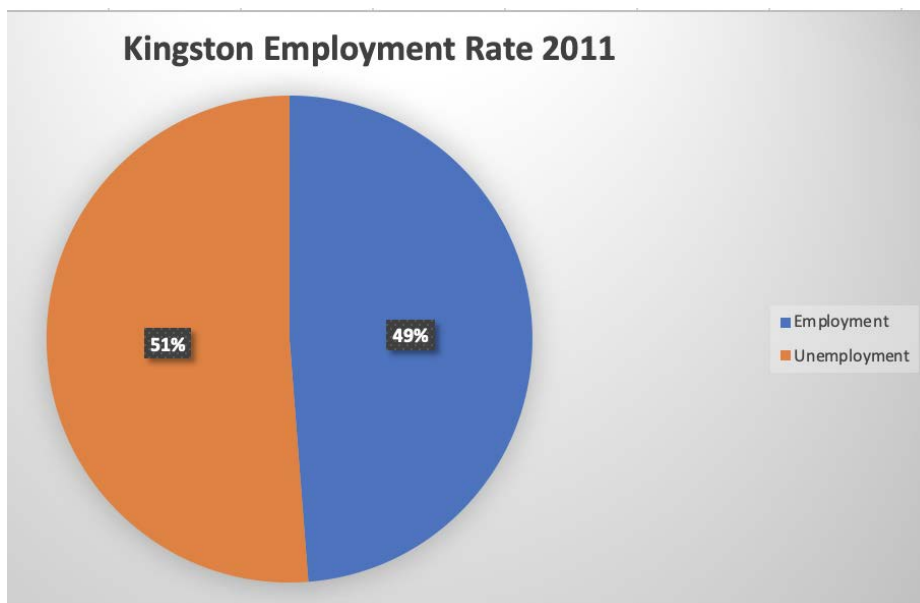
Figure 3.13 outlines the employment distributions in Jamaica. Employment in the service sector has steadily increased while industry jobs have experienced slow declines. Agricultural jobs have experienced steeper declines compared to industry jobs. However, agricultural and industry jobs are not completely gone. This alludes to a prevalent demand for housing in rural and peripheral, agriculture-based and industrial-based communities. Figure 3.14 shows that unemployment rates in Kingston are high at 51%. This means that half of the population in this urban region cannot afford market prices of housing and need alternative accommodation options, that perhaps the

rent-free, squatter and rental market provide for. This calls for more holistic policy thinking that takes employment accessibility and opportunities into account.



Source: World Bank Open Data

Figure 3.13. Employment Distribution in Jamaica



Source: Statistical Institute of Jamaica

Figure 3.14. Employment vs. Unemployment Levels in Kingston

Rural-to-Urban Emergence and The Complexity of Land Tenure

Historically and contemporarily, Shanty Towns point towards a long history of self-help housing in Jamaica. This can be alluded to the disenfranchised communities' willingness to fend for themselves due to a lack of proper provisions from state agencies, despite reaching emancipation and eventual independence from British colonies. However, in Jamaica's case, it can be concluded that migration patterns have mostly been from the outside to the central regions of cities because of squatter settlement trends in the rural areas. These patterns showcase a rural-to-urban emergence of land use in Jamaica, in comparison to other parts of Latin America where migration tended to be from the inside to the rural peripheries. In Jamaica, as Shanty Towns and squatter settlements started to gain more recognition, they would be gradually assimilated into the urban landscape of city centers, and almost considered to be valid, legal neighborhoods with multiple public utility services including police stations, clinics and educational institutions (Eyre, 1972). Therefore, government structures and interventions have played a strong role in the housing capacity of Jamaica, sometimes even limiting the full consolidation of settlements like found in many Latin American countries (Clarke and Ward, 1980).

Both the squatter settlements and urban tenements found in Kingston and Montego Bay allude to complicated land tenure and informal activity. Today, the lines between squatter and tenement housing are blurred, and both are referred to as squatter housing in need of attention and rehabilitation (Tindigarukayo, 2014). The dominant tenure of communities is hard to define conclusively because of the several forms of renting, rent-free and ownership schemes that are a result of government and international agency interventions, as well as unstable political divisions and exacerbating violence and crime in the cities. However, it can be noted that rental housing has historically played an important role for low-income communities in Jamaica and not deterred them from practicing autonomy in their household construction. Therefore, policies that cater to these needs and consider the importance of rental accommodation will be suggested in the next section.

Policy Options for Jamaica

The unique history of slavery, colonization and matriarchal households indicates a consideration of intersectionality between race, class and gender in the policy conversation in Jamaica. Therefore, the rental policy options for Jamaica need to be holistic that tie in employment, education and housing together. This is because marginalized Black communities have faced all these tenets of issues concurrently. Self-help has been an inherent component of the Jamaican urban fabric, and so we believe the following specific policy interventions might be useful for Jamaican agencies to consider:

Sites and Servicing Schemes

- As a precursor to both renting and ownership, provisions of sites-and-services opportunities for low-income communities to build their own housing in close proximity to key educational and employment hubs in urban centers are needed. This process should also involve formalized land titling processes and regulations from the government to ensure quality standards are met, all the while being flexible with the requirements of individual households. The land on which the settlements are being built can be rented out to these communities which will enforce a level of accountability not possible with complete ownership and autonomy. Assistance from the private sector can be used to consult and supply the materials needed for these constructions, again due to the expertise and quality control found in the sector.

- The households that have built their structures can then rent, lease and sublet their houses to family and friends, and families identified by governments as in immediate need of shelter. This process should also be highly monitored to avoid overcrowding and dilapidation.
- The subletting and rental process for kin and friends should be a temporary provision where limitations on number of years are determined beforehand. The purpose of these schemes would inherently be to provide a push for upward social mobility and allow for high turnover where low-income communities come and go.
- To allow for more flexibility between ownership and rental, cooperative sites and services can also be incorporated which propels communal ownership and collective accountability.

Permanent Renting Schemes

- The government should cater to lower-middle class and middle-class communities by constructing more rental accommodation for families not willing to commit to ownership schemes. These could be provided to long-term communities who have been living in the inner parts of Jamaican cities for several generations, yet have not been able to afford market-based prices. These schemes can assist second and third generations of inner-city female-led households that are unwilling to form new informal settlements in urban peripheries. The renting would ensure a level of accountability and regulation which could avoid overcrowding and autonomous building. Specific provisions on regularization and inheritance for current generations would be a key component of these policies.
- Public-private partnerships can also be adopted to ensure quality construction.
- These schemes would also be available for White and Brown communities looking for rental options.
- This would also cater to those communities who are ready to move out of temporary sites and services schemes. These areas need to be close to each other to allow for consistency in employment and educational opportunities. The mix of temporary and permanent rental schemes and housing tenures would allow the integration of communities from different walks of life.
- The main issue to avoid would be gentrification and displacement of Black communities, which can be prevented by the government allocating the houses and ensuring racially diverse communities.

In both cases, the key is to learn from the informal urban fabric of Jamaican cities, and convert it into a regularized, formal process that keeps the important tenets of squatter communities, yet allows for upward social mobility, and reduces marginality. In addition, special policies and provisions that cater to matriarchal households need to be made to allow historically marginalized female-led households to reap the same, if not more, benefits of urban livelihood.

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Chapter 4. Renting & Non-Ownership Housing Practices and Policies in Ecuador

Grace Einkauf

Ecuador is a country rich in biodiversity, natural resources, and cultural traditions. Slightly smaller than the state of Nevada, it has a population of nearly 17 million and a per-capita GDP of \$11,500 (CIA, 2020). Once a primarily agricultural nation, Ecuador experienced rapid urbanization in the late 1900s, and although agriculture remains important, the country is majorly urban (Hanratty, 1989). Urbanization has increased the need for housing, leading the government to initiate various housing policies and incentives, but these programs have prioritized home ownership. Nevertheless, rental housing is common in Ecuador (Cibils et al., 2014). This chapter examines the history of housing policy and renting in Ecuador in the formal and informal housing markets, reviews the available research, points to the lack of government support for diversified options, and suggests some policy directions for the future of renting and non-ownership options.

Housing Markets Especially for Workers Associated with Pre-1950s

As a primarily agrarian country until the late 1900s, Ecuador's history of rental housing is shorter than many countries in Latin America and the Caribbean (LAC). In 1950, Ecuador's urban centers only held 17.8% of its total population (Carrión & Velasco, 2019). With economic growth in that decade and afterwards, people flocked to urban centers for employment and renting became a common housing solution. Beginning in the 1950s, renting in city centers often took the form of tenement-type housing. Large buildings for multiple families, often with a central common area, and as elsewhere in Latin America, were called *conventillos* or *inquilinos*. Their physical form was altered over time by their owners or inhabitants. Often, a house that began with 2 stories would add a few more to accommodate more renters (Avilés et al., 2015).

History of Renting: Who produced rental housing for workers? / Typologies

Conventillos were originally large central urban houses, generally built and owned by wealthy families who moved further out from the city center as industry caused more urban growth. They usually sat directly on the street, touching the buildings on either side. Often, they were organized around a central courtyard. The following pictures are examples of *conventillos* in Cuenca, Ecuador's third-largest city (Figures 4.1, 4.2).



Source: Avilés et al., 2015

Figure 4.1. Conventillo in Quito, Ecuador, ~1980



Source: Avilés et al., 2015

Figure 4.2. Conventillo “Cuartel Chico” in Cuenca, Ecuador in 1973 and 2015

Issues associated with those housing markets: The subdivision of urban houses with multiple rooms around common areas often led to overcrowding. David Glasser (1988) writes, “in a building that originally housed a single family and dependents, 25 families with 128 persons are now sheltered, unprovided with any municipal services” (p. 150). He notes that these substandard conditions were often a “necessary intermediate step” for rural migrants as they established

themselves in Ecuadorian city centers before moving to one of the newly formed peripheral neighborhoods. This supports John Turner’s seminal hypothesis of downtown renting as a precursor to upward mobility (Turner, 1968).

Conventillos in the Modern Period

Conventillos continue as a form of renting in Ecuadorian cities, though the form is less prominent. As recently as 1990, overcrowding was a continual concern. Many *conventillos* were unregistered and uninspected, so their inhabitants are “invisible,” as it were (Avilés et al., 2015). Today, existing *conventillos* are seen by some as an ugly vestige of the past, and by others as a rare form of preserved affordable housing (ibid). Modern renting occurs across cities from the center to periphery, in the formal and informal housing sectors. Typologies include *conventillos*, apartments, condos, and houses (see Table 4.1).

Table 4.1. Common Rental Typologies in Ecuador

Local Nomenclature/ Type	Primary Producer	Typical Physical characteristics	Primary location in city/ies:	Typical Characteristics of Users	Notes: Source info.
Renting					
Conventillos	Private, usually wealthy landowners	Large building, usually single room units, highly dilapidated over time, shared facilities	Inner city neighborhoods	New migrants from rural areas; single or small families	Avilés et al., 2015
Apartments	Some government construction, some private	1-3 bedroom units, brick or steel construction. Can have shared or individual facilities depending in scheme.	Inner and first periphery neighborhoods	City dwellers, labor market	Donoso-Gomez, 2018

Condominiums	Private construction	1-3 bedroom units, similar to apartments but generally with individual access to facilities	Inner city neighborhoods	City dwellers, labor market, generally wealthier than apartment dwellers	Donoso-Gomez, 2018
Houses	Private construction; formal or informal	Formal: 2-5 bedrooms, multiple bathrooms, wood and brick construction, often multiple levels, access to all services Informal: 2-5 bedrooms or bedroom and loft, fewer bathrooms than formal, wood construction,	Formal: center and first periphery Informal: First and second peripheries	Wealthier individuals rent whole houses, less wealthy (students, individual workers) can rent rooms. US or European expats often rent houses as well.	"Ecuador Housing," n.d.

Demography: Urbanization and Tenorial Patterns and the Rise of Informality:

Ecuador was mostly agrarian until the late 1900s, but has since grown and urbanized rapidly, with the number of people living in urban areas nearly doubling between 1900 and 2014 (Urban Population, 2018). Urbanization rates began to increase in 1950 when the banana boom generated migration to coastal Guayaquil (Hanratty, 1989). In Quito, the 1970s oil boom catalyzed similar population growth (Hanratty, 1989). In 2018, the UN recorded Ecuador’s urbanization at 64% (Urban Population, 2018). Ecuador’s two largest cities, Guayaquil (2.9 million) and Quito (1.8 million) have received most of the urban influx, increasing by more than 4 times their respective sizes over the past 60 years (CIA, 2020; INEC, 2010). Urbanization has caused unprecedented housing demand in Ecuadorian cities, where 36% of people are estimated to live in poor-quality housing (IDB, 2012) with a 40.8% deficit of basic services in urban areas (INEC, 2010). Figure 4.3 shows urbanization increasing over time, while figure 4.4 shows Quito and Guayaquil towering over other cities in terms of population.

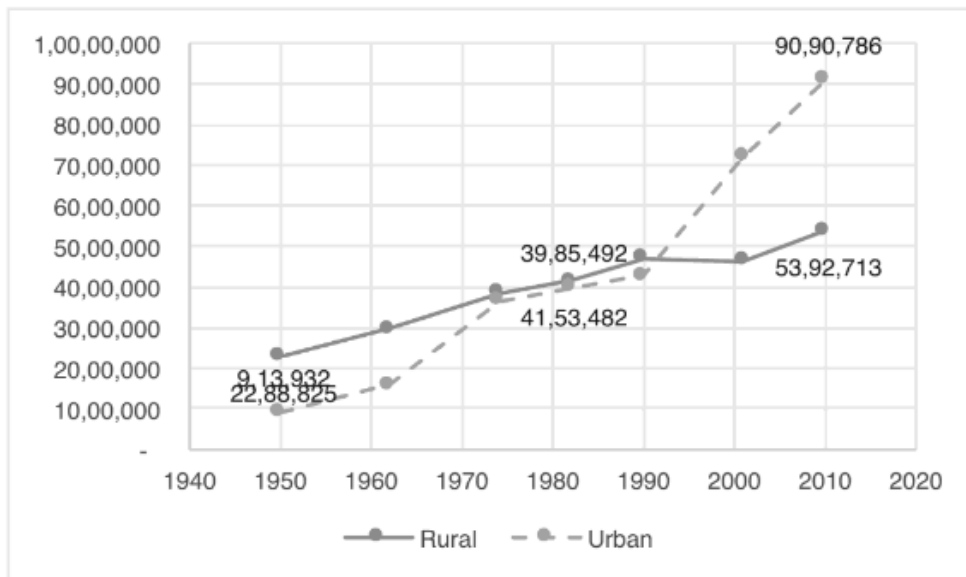
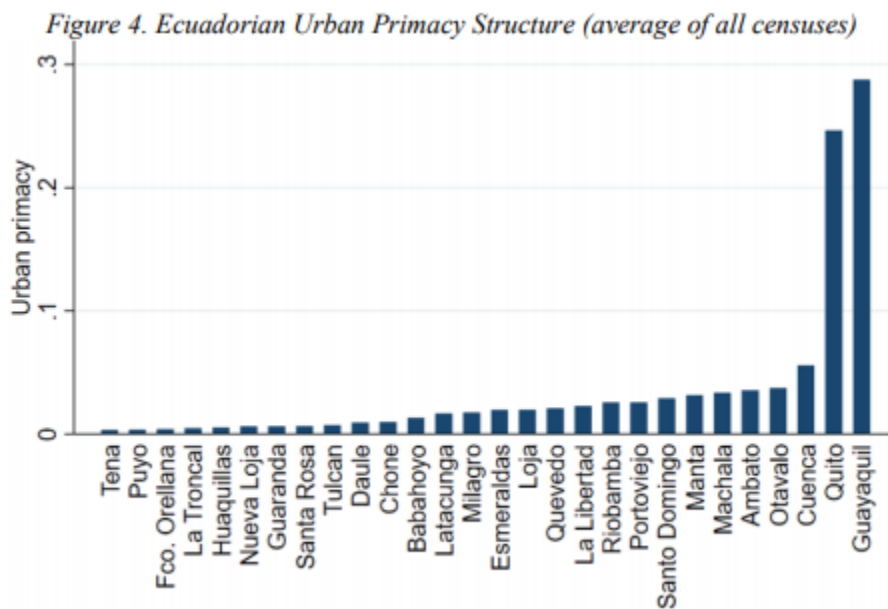


Figure 8.1 Evolution of urban and rural population (1950–2010)

Source: National Report Ecuador 2016, INEC Data, Population and Housing Censuses 1950, 1962, 1974, 1982, 1990, 2001, and 2010.

Source: Carrión & Velasco, 2019, p. 270

Figure 4.3. Urban and Rural Population Growth in Ecuador



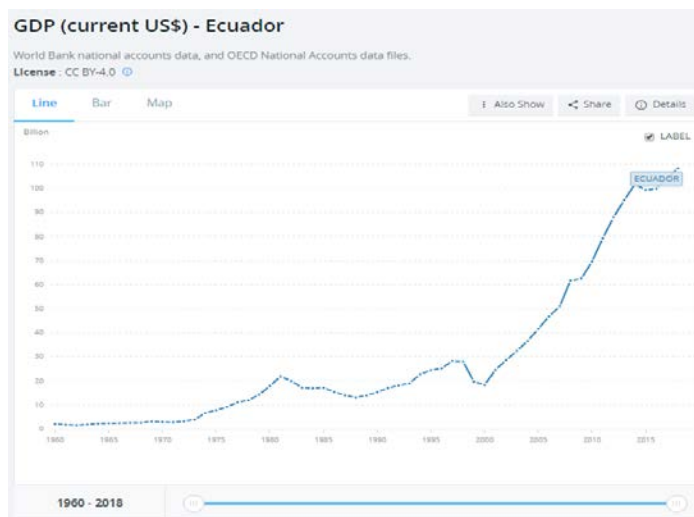
Source: INEC, Ecuador.

Elaboration: The authors.

Source: Obaco & Díaz-Sánchez, 2018

Figure 4.4. Quito and Guayaquil vs. other Ecuadorian Cities

Ecuador has a total GDP of \$108.4 billion (Figure 4.5) and a per-capita GDP of \$6,344 (“Ecuador,” n.d., see Figure 1.3 in Chapter 1) This puts it below most other countries in this study in wealth terms, and below the \$9,044 per capita GDP average for the LAC region. However, its wealth has risen substantially and the number of individuals below the poverty line has decreased fairly steadily since 2000 (Figure 4.6).



Source: World Bank Open Data (See Bibliography)

Figure 4.5. \$108.4 Billion total GDP



Source: d. Ecuador Poverty Rate 1987-2020. (n.d.).

Figure 4.6. Ecuador’s Poverty Line Charted over the last 30 Years

Income is not evenly distributed, with 50.1% held by the highest 20%, 9.4% held by the second 20%, 14.3% held by the third 20%, 21.5% held by the fourth 20%, and 4.7% held by the lowest 20% (“Ecuador Income Distribution,”n.d.).

Ownership, Renting & Non-Ownership

Most dwellings in Ecuador are owned. Ecuador’s predominantly agrarian roots combined with ownership-oriented government policies have achieved a home ownership rate of approximately 64% (Carrión & Velasco, 2019, p. 289, see also Table 4.2).

Table 4.2. Ecuadorian Tenure Rates in 2015

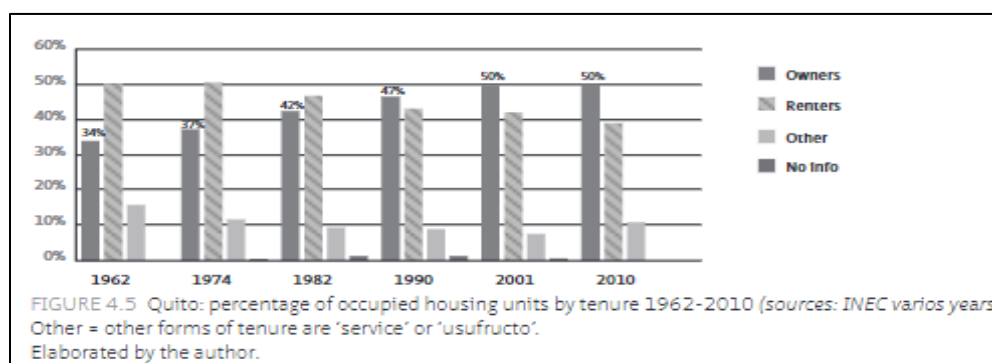
Table 8.5 Types of housing tenure by households

Housing Tenure Type	Households	%
Own and totally paid	1,786,005	47%
Leased	816,664	21%
Borrowed or assigned (not paid)	489,213	13%
Own (Donated, inherited or by possession)	409,281	10%
Own in process of payment	249,160	6.50%
By services	59,145	1.60%
Antichresis	7,470	0.90%
Total	3,810,548	100%

Source: MIDUVI, Ecuador’s National Report, 2015.

Source: Carrión & Velasco, 2019, p. 289

The rental rate is slightly above 20%-- higher than most LAC countries, but lower than it once was. Renting is more common in large cities. Data from Ecuador’s institute of statistics and census (INEC, n.d.) shows that in Quito, the country’s capital and second-largest city, the rental rate outpaced the ownership rate until the late 1980s, when government policies favoring ownership swayed the balance (Figure 4.7). Now, the ownership rate in Quito is about 50% (ibid). Single-family housing has also outnumbered apartments in the city since the advent of ownership-focused housing policy (Figure 4.8).



Source: Donoso-Gomez, 2018

Figure 4.7. Tenure in Quito, 1962-2010

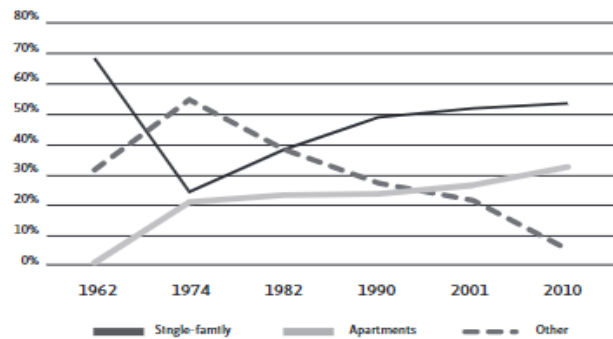


FIGURE 4.6 Quito: percentage of housing units by type (1962-2010)(source: Data from Census INEC (Censo de población y vivienda). Elaborated by the author.

Source: Donoso-Gomez, 2018

Figure 4.8. Housing Types in Quito, other = *conventillos*, jails, etc.

In Guayaquil, the country's largest city, the ownership rate is a bit higher, at approximately 64%. Guayaquil is on the coast, and its flat geography and more lenient policies allow for more land invasions, creating more informal settlements where families own their own home (Gilbert, 2014).

Local Description of Ownership & Principal Types of Informal Development

Informal housing in Ecuador is common on the outskirts of large cities, especially Quito (Cuvi & Salazar, 2016) and Guayaquil (Moser, 2009; Peek, Hordijk, & d'Auria, 2018). In those cities, informal housing is estimated to comprise more than 50% of the residential market (IDB, 2012). Commonly called *barrios periféricos*, or *suburbios*, these informal settlements have positive and negative characteristics. Their dense construction can increase risks of environmental hazards, and their unpoliced neighborhoods can experience violence (Cuvi & Salazar, 2016). However, they can also meet housing needs for people who are unable to own or rent within the formal sector, and can provide a chance to accumulate physical, social, and economic capital (Moser, 2009, Figure 4.9).



Source: UN-Habitat, 2003

Figure 4.9. Barrio Periférico in Quito

Principal Housing Policies Adopted: An Ignored Minority?

In broad terms, Ecuadorian housing policy began in the 1960s with the government constructing housing directly, but in the 1990s the country pivoted to subsidizing private sector construction. Policies have always prioritized housing for ownership rather than renting. In 1963, the Ecuadorian Housing Bank was launched as the nation's first successful government housing strategy (Alova & Burgess, 2017). Participating in the developing world's government-led housing paradigm of the pre-1970s, the Housing Bank assumed the roles of lender, developer, and contractor. In the 1970s, the international paradigm shifted toward more self-help subsidies (Turner & Fichter, 1972), but Ecuador lagged behind the trend and continued executing government-led housing construction strategies until the 1980s, when private banks began to take on some of the funding (Alova & Burgess, 2017).

Going into the 1990s, investment in Ecuadorian housing became further concentrated in the private sector. As the government cut spending and the Ecuadorian Housing Bank ran into financial difficulties, the country shifted toward an enablement approach (Alova & Burgess, 2017), encouraging private investment in housing. The government created the Ministry of Economic Development and Housing to facilitate and regulate housing construction (Angel, 2012). As the economy stabilized and housing demand continued to increase, the construction sector has seen consistent growth and its contribution to GDP has increased (BCE, 2014).

As housing policy approaches developed in Ecuador, their results scaled slowly. In the fifteen years after the Ecuadorian Housing Bank came into the scene, the government only built 5,800 housing units. That number increased ten-fold between 1979-1984, during which time Ecuador transitioned to a democratic government (Alova & Burgess, 2017). Nevertheless, the government did not make a significant dent in the housing deficit until 1998 when it launched its enablement-focused Housing Incentive System (Frank, 2004). Driven by the goal of home ownership, the system provides help for eligible Ecuadorians to purchase, build, or improve a home. The IDB estimates that the Housing Incentive System reduced the housing deficit to 45%, down from 65% (IDB, 2012). Despite the success of Ecuador's home ownership strategies, the country reports that significant housing deficits remain (IDB, 2012).

The Profile of Renting and Non-Ownership Policies

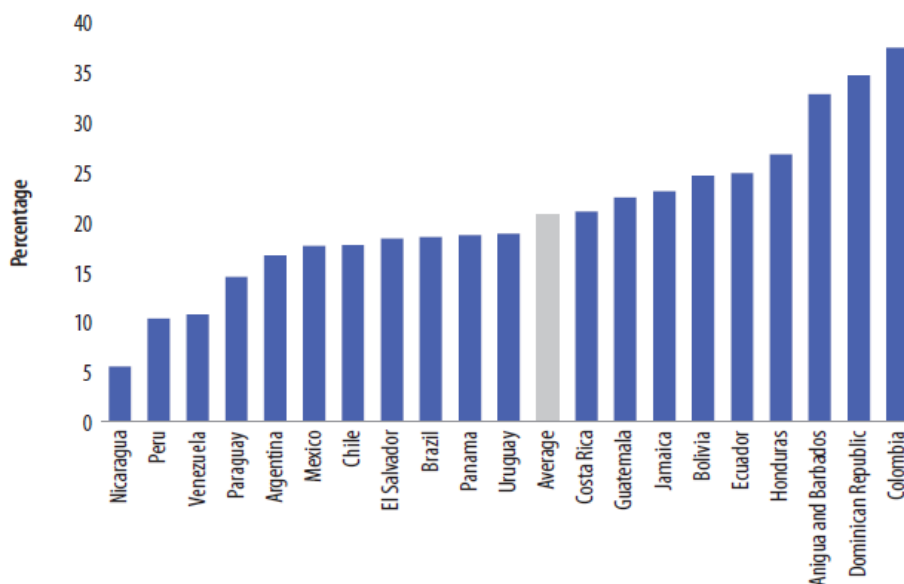
The Ecuadorian government has prioritized home ownership to the exclusion of renting. In Quito in the 1960s when housing policy came into play, only 35% of households owned their homes, while 50% rented (Donoso-Gomez, 2018). Ownership increased steadily since that time, and now the proportion of owners to renters has more than reversed itself. Even though contemporary Ecuadorian housing policy uses innovative forms of lending and partnership, it continues to focus on ownership ("PASO A PASO," 2007). Although Ecuador has tenancy legislation ("*Ley de Inquilinato*," 2013), renting is not officially recognized as an adequate form of housing. The Municipality of Quito defines a quantitative housing deficit as the percentage of people who do not own a home and live in rented accommodations (DMQ, 2011).

Other Stakeholders to Note

Compared to many countries, Ecuador has few domestic housing-focused nonprofits or non-governmental organizations (NGOs). Most of its housing efforts are channeled through government entities like EMUVI (2020) in Cuenca. However, some religious organizations are active in the housing field (“Hogar de Cristo,” 2019), and there are several multinational organizations that have chapters in the country, such as TECHO (n.d.), INBAR (n.d.), and Habitat for Humanity (“Habitat,” n.d.). Ecuadorian universities are also poised to be influential actors in the housing field.

The Nature of Renting and Sharing in Ecuador

Although the government has focused on home ownership policy and subsidies, renting remains a common solution in Ecuador. As previously stated, the overall home ownership rate in Ecuador is slightly over 60%, according to the Inter-American Development Bank (Cibils et al., 2014). The rental rate is almost 25%, higher than the regional average (Figure 4.10).



Source: Authors' elaboration.

Note: The information source is MECOVI (2006), except for the cases of Jamaica and Antigua and Barbuda, which comes from the United Nations and corresponds to 2001.

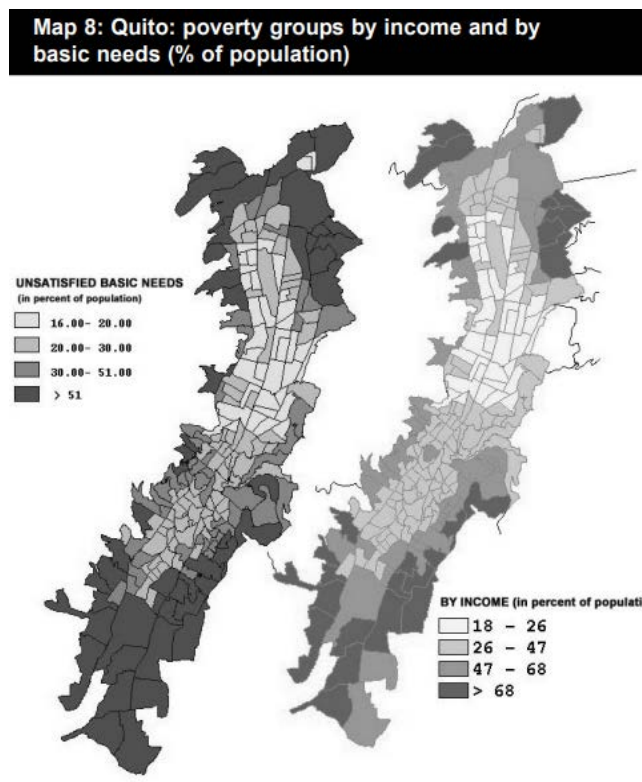
Source: Cibils et al., 2014, p. 37

Figure 4.10. Ecuador's above Average Rental Rate

It is more affordable to rent than to buy (Alova & Burgess, 2017), and therefore, renting is a common first step before ownership (Moser, 2009). Renting may become increasingly popular in Ecuador as housing demand continues to rise, driving prices up with it. The demand created by continual urbanization is exacerbated by the fact that many of Ecuador's mountain cities, like Quito, are greatly impacted by their physical constraints. According to the United Nations Environment Program (2011), 90% of Quito's total area is undeveloped land, but it is mountainous. 7.6% of the area is urbanized, but only 2.4% is available for further urbanization.

Even in Guayaquil, where urban sprawl is geographically more possible than in Quito, the city is constrained by the river Guayas and nearby tributaries (Moser, 2009). The demand for more housing and the difficulty developing far from downtown may result in increased density and renting in the urban core.

In Quito, rental housing exists across the city in various types of buildings, from old *conventillos* to low, middle, and high cost rented condominium apartments (Donoso, personal communication April 7 2020). In peripheral neighborhoods, rental houses are part of the informal sector. *Conventillos* and other rental units (like apartments and condos) in the urban core are generally part of the formal housing sector. Formal rental housing across Latin America and the Caribbean is often higher quality than privately owned homes as measured by material quality and access to infrastructure (Cibils et al., 2014). However, many Ecuadorians rent informal housing in the city periphery, and that housing is more difficult to track and assess (Klaufus & Pérez, 2014). *Casas renteras* in informal settlements or “past-periphery” neighborhoods (early suburbs) are often additional houses belonging to owners within a settlement and sometimes resemble miniature tenements (Donoso, personal communication 4.7.2020). Despite the difficulty acquiring data on informal rental housing, it is likely to comprise a significant portion of the country’s rental market. Much of Quito’s and Guayaquil’s formal rental housing is in the middle to upper price range, leaving the informal sector to serve the lowest income bracket (Alova & Burgess, 2017). City peripheries have evolved over time as cities expanded. As the following map of Quito shows, infrastructure provision and income levels are generally highest in the center, slightly lower in the first periphery, and progressively lower in outer rings (Figure 4.11).



Source: UN-Habitat, 2003

Figure 4.11. Quito by Need and Income Levels

In 2001, the municipality of Quito studied an informal settlement called Corazón de Jesús. Located in the northern part of Quito, the neighborhood is representative of informal settlements in the urban periphery. The study came from a perspective that favors ownership, and published that only about 10% of residents were tenants because most families own their own houses. “As rental takes up about 25% of the average income,” they reported, “house ownership is a real and important way to improve the family budget. Renting a detached house in the neighborhood can cost about US\$80 per month, which is a high price considering that a well-located and well-serviced house in the central part of the city can be rented for US\$150-200 per month” (UN-Habitat, 2003). In contrast to this ownership-focused viewpoint, Peek et al., study of informal settlements in Guayaquil maintains that renting is potentially beneficial to both tenants and landlords (Peek, Hordijk, & d'Auria, 2018).

There has not been much research on the experience or impact of renting in Ecuador, whether formal or informal. A few case studies have observed renting, including how rents are affected by nearby amenities or attractions (Zambrano-Monserrate, 2016). Global Property Guide tracks rental yields in the country, a sizable Anglo expat community shares information about renting in the country (International Living, n.d., Table 4.3), and some studies of Ecuador’s informal housing market touch on renting, pointing out that the existence of rental units can be due to owner abandonment (Peek et al., 2018) but can also be a source of financial capital for landlords trying to escape poverty (Moser, 2009).

Table 4.3. Global Property Guide Tracks Ecuador Rental Yields

Last Updated: Dec. 12, 2018						
Cumbaya - Apartments	COST (US\$)			YIELD (p.a.)	PRICE/SQ.M. (US\$)	
	TO BUY	MONTHLY RENT			TO BUY	MONTHLY RENT
150 sq. m.	199,050	819		4.94%	1,327	5.46
250 sq. m.	315,750	1,345		5.11%	1,263	5.38
450 sq. m.	604,350	2,579		5.12%	1,343	5.73
750 sq. m.	1,170,000	4,568		4.68%	1,560	6.09
Northern Quito - apartments						
75 sq. m.	121,575	590		5.82%	1,621	7.86
150 sq. m.	198,000	1,115		6.75%	1,320	7.43

All yields are gross - i.e., before taxes, repair costs, ground rents, estate agents fees, and any other costs. Net yields (what you'll really earn) are typically around 1.5% to 2% lower.
 Districts researched
 Northern Quito: Bellavista, Gonzalez Suarez, La Carolina and Quito Tennis
 Source: [Global Property Guide](#) Definitions: [Data FAQ](#) See also: [Update Schedule](#)

Source: *Global Property Guide*, 2018

As a potential source of capital accumulation and poverty alleviation, and as a solution to increased housing demand, renting is a promising area for future policy attention. Based on her research on housing in Guayaquil, Olga Peek (2018) expresses regret that Ecuadorian housing policy essentially focuses on constructing gated communities, writing that “a more diversified and affordable set of options, including rental and cooperative housing, is for the moment largely absent” (Peek, Hordijk, & d'Auria, p. 12). Home ownership remains the priority for policy makers in Ecuador despite alternatives, but with a higher rental rate than most countries in Latin America

and the Caribbean, the Ecuadorian government would do well to consider the impact of policies regarding renting.

The government should also consider other non-ownership options, such as sharing. Sharing is a common housing solution for many in Latin America, especially extended families. Academic research on this is limited, and this research did not uncover any Ecuador-specific data on sharing. In the LAC region, research suggests that sharing comprises a significant portion of the housing market, and can provide a valuable opportunity for shelter. Whether temporary or long-term, sharing is a promising area for future research.

Policy Options for Ecuador

There are many options for expanding policy approaches to encourage renting. Some are formal-sector opportunities, others affect informal settlements, and others are broad ideas that would impact both sectors.

Restore *Conventillos* (formal)

First, cities may consider renovating or reconstructing old *conventillos* in the city center. Many of these structures still exist and need repair. Several city governments in Ecuador have already worked to restore some *conventillos*, such as Casa Ponce in Quito, a *conventillo* built in the late 1800s and renovated in the 2000s with the goal to preserve its historical character and affordability for tenants. It has 22 rooms (Avilés et al., 2015, p 48-53, Figures 4.12 and 4.13).



Source: Avilés et al., 2015, p. 49

Figure 4.12. Casa Ponce Before Renovations



Source: Avilés et al., 2015, p. 50

Figure 4.13. Casa Ponce After Renovations

Create Incentives for Companies to Construct Employee Rental Housing (formal)

Companies that need a large workforce would benefit from a reliable source of rental housing. If those companies could be incentivized to construct and maintain their own employee housing, it could benefit them and the country as a whole. Ecuador has learned that the government cannot effectively serve as contractor, lender, and landlord, because the scale is overwhelming and unsustainable. However, many companies exist at a lower scale than governments while possessing the resources to impact the housing market. Incentives could include tax breaks or direct subsidies, and would be bolstered by companies' own inherent incentive to attract and maintain an adequate workforce.

Give Property Deeds to Informal Settlers (informal)

Those who live in informal settlements often obtain the land through invasion. Without possessing title to the property, rental arrangements can make settlers vulnerable to property takeover or an inability to enforce any standards on tenants. While the process of handing out titles to informal settlers can be complex, cities in Ecuador have used this strategy in the past to encourage settlements to consolidate more rapidly, giving owners a secure stake in their property (UN-Habitat, 2003). This security may also encourage renting, as owners are less vulnerable to potential property threats from tenants.

Publish Tenure-Neutral Material (both formal and informal)

Since the 1960s, when the Ecuadorian government began pushing housing policies, it has focused on promoting home ownership at the expense of renting. If the state were to stop publishing ownership-oriented material and treat renting as a legitimate form of housing, the changed narrative would likely lead to more people choosing renting as a long-term option. Renting is a better option for many people, but the exaggerated promotion of ownership may influence them to avoid it. In Ecuador, especially in Quito, Guayaquil, and Cuenca, renting happens already, but it's seen as a sub-par option. If the government ceases to promote rhetoric that disparages renting, it is likely to influence the culture of housing choice over time.

Encourage NGOs to Engage (both formal and informal)

Non-governmental organizations in Ecuador often focus on education, environmental protection, and food scarcity, but there are not many domestic NGOs that focus on housing. It could benefit the housing sphere if more actors entered the scene to share the responsibility of advocating for various tenure options. Churches, universities, and other existing NGOs may take on this challenge, and there is also space for new organizations to join the field.

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Chapter 5. Renting & Non-Ownership Housing Practices and Policies in Brazil.

Katherine Murdoch and Felipe Antequera

Introduction to Brazil: Early Urbanization & Renting Traditions

Early urbanization and renting traditions in Brazil are based around the development of industry in peripheral cities and urban areas (Tiwari et al. 2007). As Brazil began to industrialize in the late nineteenth and early twentieth centuries, laborers, particularly miners and factory workers, struggled to find affordable housing opportunities. Housing alternatives were practically non-existent, so a large part of that population was accommodated into the renting options provided by the private sector (Lonardoni, 2007). Some companies began to provide housing for some of their more valuable laborers (Kowarick 1994). These were typically dorm-style, single rooms with shared bathrooms and facilities, and were not built to house families. The buildings themselves were usually low-rise, two to three story buildings. Each typically housed around 100 laborers.

During the last decades of the 19th century, other industries started to occupy suburban areas, contributing to the expansion process of major cities like São Paulo. Thus, local authorities conceded permission to company owners for the construction of housing in suburban areas to house their workers and their families, these were called “*Vilas Operarias*” (see Figure 5.1).



Source: López et al., 2010, p. 24 (City of Cortiços)

Figure 5.1. Vila Operaria in São Paulo, Region of Bras (1938)

The *Vilas Operarias* represented a housing solution for the specialized working class, some of whom were specialized foreign workers. Industries were interested in attracting and retaining labor force to improve their production. Usually these *Vilas Operarias*, were built around a neighborhood with schools, pharmacies and other services for the workers and their families (Blay, 1985).

However, many laborers had very low wages and they did not have options to buy housing or even to rent a single-family room. Thus, despite the fact that *cortiços* were prohibited according to the Municipal laws of that time, they became one of the most common housing options for this part of the population (López et al., 2010)

The origins of *cortiços* stem from the dwellings provided for slaves who were forced to work on plantations during Brazil's colonial period (De Barras 2017). The main characteristics of *cortiços* were (López et al., 2010):

- 1) Poor physical quality of the construction.
- 2) Low capacity and poor distribution of the spaces, often lacking natural light and inadequate ventilation.
- 3) Lack of drainage and poor land conditions prior to construction.
- 4) Lack of basic hygienic conditions.

As a consequence, *cortiços* in industrial Brazil were not desirable living spaces often comprising unclean, overcrowded, and generally 'squalid' living conditions (Kowarick 1994). Figure 5.2 shows a typical Brazilian *cortiço*. Unhealthy living conditions led to the proliferation of diseases, which, in turn, provoked the beginning of governmental interventions in the housing arena. The first actions taken were the definition of norms based on the principles of health and sanitation designed to improve the conditions of the existing renting housing. However, given the cramped nature of the single rooms, laborers with families, or who were starting families, were left to find housing on their own, and during the first decade of the 20th century, rental housing consolidated as the main alternative for low-income populations (Lonardoni, 2007). In an effort to address the housing deficit, the State offered advantages to the private sector to invest in the construction of housing such that by 1920, 80% of new constructions corresponded to rental housing which at the time was the most profitable form of housing investment (whether for the poor or better-off groups).



Source: López et al., 2010: p. 22 (City of Cortiços)

Figure 5.2. Cortiço in São Paulo, late 19th century

Thus, during the first decade of the 20th century, rental housing consolidated as the main alternative for low-income populations (Lonardoni, 2007). In São Paulo, for example, the proportion of renting in 1920 was 78.6%, and remained high (67.7%) in 1940. (This dropped to 21.6% in 2000 for reasons explained below – predominantly due to the rise of informal settlements post 1950s and the strong bias ownership.)

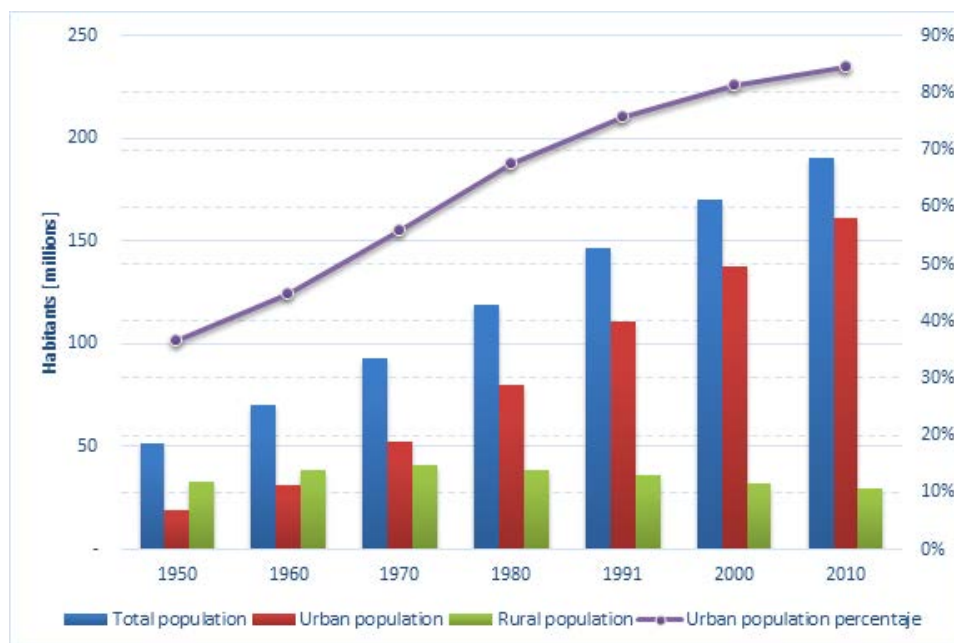
However, with the increase of renting, affordability issues around housing intensified in Brazil, exacerbated by the country's housing shortage during the 1940s which led to the adoption of national rent controls in 1942. Though the policies were intended to lower rents and enable low-income families to formally rent housing, as elsewhere, the result of rent control was the opposite (De Barras 2017), depressing the incentive for landlords to promote or produce the market for rental housing. As industrialization accelerated in the 1950s and 1960s, this generated a significant housing shortage in the country, which pushed more families into the self-help housing developments that were beginning to grow rapidly on the outskirts of Brazil's major cities.

Urbanization, Tenorial Patterns and the Rise of Informality

Urbanization

Brazil has experienced significant demographic changes which have impacted housing choice and policy, specifically with regard to renting and sharing, from the mid-twentieth century to the

present day. One notable change has been the rapid rate of urbanization from 1950 to 2010, as shown in Figure 5.3 (especially 1950-1990 with some slowing since then).



Source: CEPALSTAT Estadísticas e Indicadores

Figure 5.3. Urbanization in Brazil, 1950-2010

Brazil's percentage of population residing in urban areas went from 35% in 1950 to 84% in 2010, and by 2015 nearly 85% of Brazil's population lived in urban areas (BBVA 2017). In absolute terms, Brazil's total population has also grown rapidly since 1950, rising from 50 million to over 200 million in 2018 (CEIC Data).

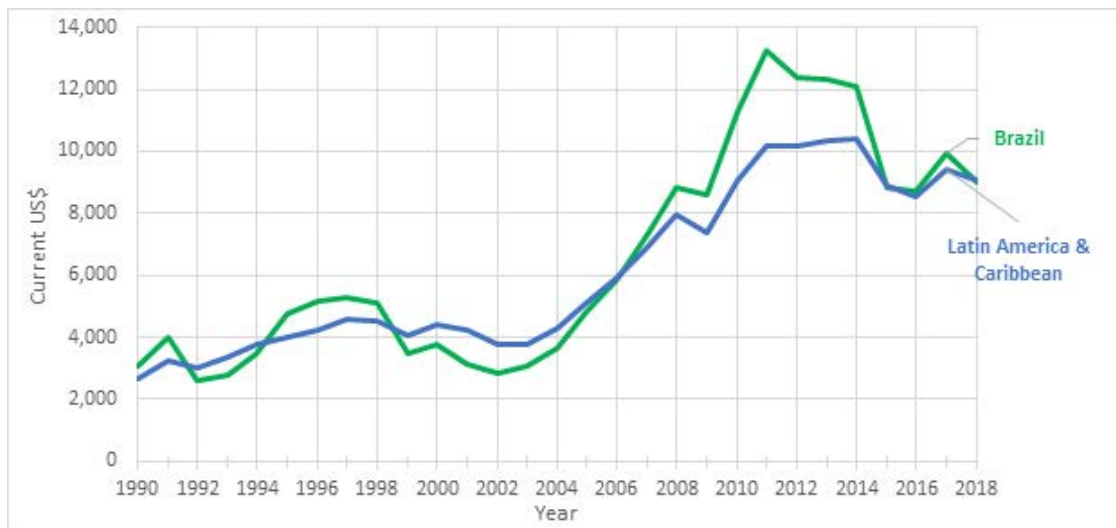
Tenure Patterns

Thus, since the 1950s and the expansion of informal self-help housing, ownership has grown to form the dominant housing tenure in Brazil albeit with a more recent trend towards an expansion of the rental and non-ownership housing alternatives. Much of the ownership rate can be attributed to the development and growth of *favelas* and other informal housing developments (e.g. *loteamientos*) in Brazil (Tiwari 2007). People, unable to find other affordable housing options have settled in these communities typically through squatting and other forms of low-income land acquisition, gradually building their own homes through self-help, and relying on local municipalities to (gradually) extend infrastructure and services into the community.

Other notable demographic trends show that Brazilians are starting to rent and share more. In 2018, 72.6% of Brazilians owned their home, which was down slightly from nearly 75% in 2015 (ECLAC, 2019). Though the rate of renting remained stable at around 18% over this relatively short time period, we suspect that the increase of "other tenures" from just over 7% to 9% may well flag a rise in sharing (ECLAC, 2019).

Economic Performance

As we observe in Figure 5.4, in the last 30 years, Brazil's GDP per capita presents three different periods: from 1990-2003, GDP per capita moved towards a range that is close to US\$ 4,000 and tracked more or less the LAC average. In the second period 2003-2011 there was an important growth rate reaching the highest value in Brazilian history (US\$ 13,200 in 2011). But in the last period from 2011-2018, GDP per capita dropped down to US\$ 9,000 in the year 2018 and returned to a level that tracks the LAC regional average (see Figure 5.4).

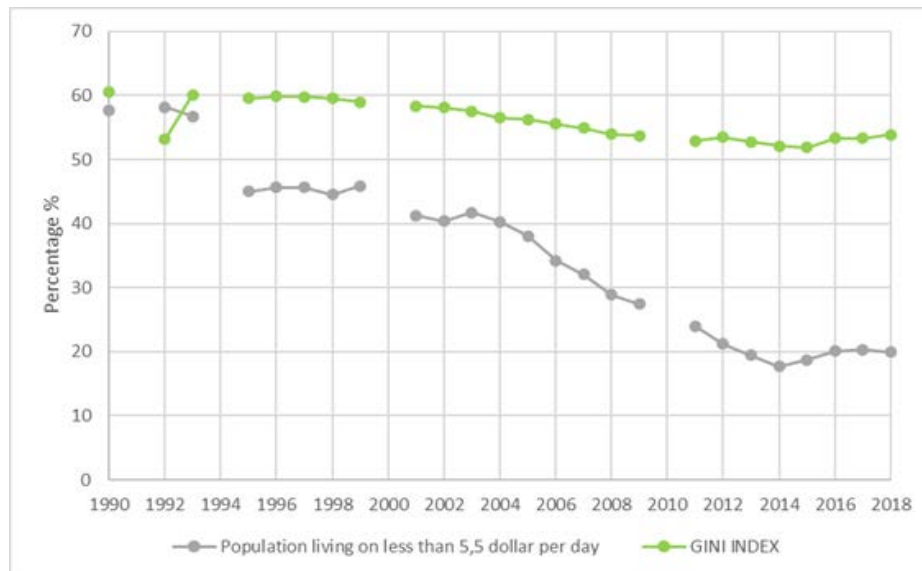


Source: World Bank Data (See References)

Figure 5.4. Brazilian GDP per Capita, current US\$

Poverty Levels

Poverty and inequality are a key issue in Brazil and even though in the last 30 years, poverty rates have dropped from 58% to around 20%, Figure 5.4 shows that around 40 million people live in extreme poverty with less than five dollars a day. Inequality remains high, and Brazil has the highest inequality index not only among the countries in our study, but among all the countries in the region (a GINI index of 53.9 in 2018 - see Figure 5.5).



Source: CEPALSTAT Estadísticas e Indicadores – World Bank Data (See References)

Figure 5.5. Brazilian Population Living on Less than 5.5 US\$ per Day, and the GINI Inequality Index (in green)

A consequence of the high poverty levels and inequality was the increasing of housing informality in urban areas, a phenomenon that can be observed in most of Brazilian cities, especially among low-income populations. By the end of the 20th century Brazil had more than 3,900 *favelas* (Taschner, 2003).



Source: sp-turismo.com <http://www.sp-turismo.com/sao-paulo/favelas.htm>

Figure 5.6. Favela Paraisópolis, and Adjacent High-Security Segregated Middle and Upper-Income High-Rise Neighborhoods, São Paulo

During the 20th century, the urban area followed the traditional model found in most Brazilian cities, with a central ring concentrated with businesses, wealthy neighborhoods and an abundance of services, with poverty belts and informal housing primarily in the periphery. Wealthier suburban neighborhoods also extend through the intermediate ring and into the periphery but are heavily segregated from favelas by high security walls and gated communities (see Figure 5.6).

Principal Housing Policies Adopted: An Ignored Minority?

Until the 1970s, Brazil largely avoided the provision of social or public housing units as an affordable housing solution and any housing for low income population was provided mainly by the private sector (as we observed earlier). Only after 1950, the State took a proactive role to fight the housing deficit, and some affordable housing was promoted in areas far from the city center, where the price of land was lower (Ribeiro, 1996). This action also led to a decrease in the rental market, further accentuating the ideal of housing ownership among Brazilians.

Housing Programs During the Second Half of the 20th Century

In 1946, the “*Fundação da Casa Popular*” (FCP Popular Housing Foundation,) was created and was the first national organization dedicated exclusively to provide affordable housing for the low-income population. Besides housing construction, the FCP had the mission of financing general infrastructure for new housing developments (water, sewage and electrical networks), as well as to support the construction industry’s production of building materials that would reduce the cost of housing construction. The ambitious plans of the FCP were unrealistic and failed in large part because the populist policies of the government of the day sought to fully subsidize the costs of housing production for the low-income population. Thus, the FCP collapsed, and in 1964, was replaced by the “*Sistema Financeiro de Habitação*” (Financial System of Housing, SFH) which did little address the housing deficit in the country (Lonardoni, 2007).

However, alongside the creation of the SFH Brazil established the “*Banco Nacional da Habitação*” (National Bank for Housing, or BNH), which until its demise after the 1987-89 reforms, became a model for state promoted worker housing (INFONAVIT’s creation in 1973 in Mexico was modelled on the BNH’s tripartite system of financing [state; employers, and worker contributions]). But the BNH also targeted home ownership rather than renting, strengthening the ideology of homeownership. For example, in Rio de Janeiro alone, between 1940 and 1980, the renting population dropped from 65% to 35%; while the percentage of home ownership went from 25% to 55%. This rise of “ownership” was largely due to the rise of informal settlements (*favelas*) described above. The 1980s also saw the zenith of housing production through the BNH with the construction of over three million new homes which, given that they focused upon lower income families earning higher than three minimum wages, effectively excluded the poorest segments of the population (Lonardoni, 2007).

During the 1990s, the Ministry of Social Welfare (*Ministerio do Bem Estar Social*) took primary responsibility for the housing programs with high participation of local governments. Since then, the responsibility of housing policies was transferred to states and mainly to the municipalities. Overall, and taking a long-term view of housing policies across the twentieth century, formal policies have largely by-passed the lowest income population, systematically excluding them from the programs to finance housing. These actions produced a dramatic increment of *favelas*, with the corresponding segregation of low-income populations to the peripheral areas.

However, in the last decades, the Brazilian government has adopted several policies aimed at improving the quality and availability of affordable and rental housing in the country. The government, under both right-leaning and left-leaning administrations, have implemented housing voucher programs (Stiphany, 2019). These programs have typically been intended to help move households out of dangerous and unsafe living conditions and *favelas* by providing families with a voucher to help lower the cost and burden of renting a higher quality unit, typically through a formal channel rather than informally. This policy, even though it promotes renting for low-income households, limits, or at least disincentivizes, turning to self-help and informal housing solutions (ibid).

Another housing program adopted by the Brazilian government is the *Minha Casa Minha Vida* program (“My House, My Life”). Like the mass social interest housing estates that have been promoted in several Latin American countries as part of the neoliberalism project, the program seeks to build new affordable homes for low-income households, and offers them with a variety of affordable financing options, but is typically funded through a lease to own scheme (Selvanayagam 2014). Though this program relies on leases and thus renting initially, it is a financing program that ultimately is designed to promote and encourage ownership in the long-term (see also Stiphany and Ward, 2019).

The Nature of Renting and Sharing in Brazil

Rental and shared housing practices take many forms in Brazil. The location, age, and occupants of the units all influence the type of housing that a household chooses to live in. Furthermore, Brazil’s housing policies, notably vouchers and renovation programs, have also shaped the varied landscape of rental and shared housing practices, along with a general lack of affordable housing options for low-income Brazilians (Stiphany 2019). These policies and practices have had significant influence over the current state of rental and shared housing in present-day Brazil.

History Revisited

The nature of sharing and renting in Brazil is based heavily in the traditions of the *cortiços*. As discussed in the earlier section of this report, *cortiços* were single occupancy rooms with shared facilities provided by industrial companies for their laborers. *Cortiços* were typically located on the peripheries of industrial towns where factories and industries had located, typically further out from the central areas such as Rio de Janeiro. However, given that *cortiços* were intended to house single individuals as opposed to families, larger households faced challenges in finding affordable housing options, especially as high-rise apartments grew in popularity but which were typically unaffordable to most laborers. These high-rise rentals were typically built by private developers targeting the middle and higher-income market with concomitant high rental costs (De Barras, 2017).

However, in the last few decades, we have observed that low-income populations have been increasingly seeking housing in the center and intermediate ring of the city, especially at the older (now quite consolidated) informal settlements established in the 1960s-1980s (Ward, Jiménez and Di Virgilio, 2015). In part, this is because they eschew the high costs of transportation (actual and social cost of time), and the relative lack of job opportunities at the periphery. Part of this new demand also comes from adult children (now in their 20s) of the original pioneer self-builders, for whom, the options (and preferences) are to remain in the same neighborhood in which they grew up, or at least close by (ibid). Faced with the impossibility of occupying land in more central (non-peripheral) areas, the social mechanisms for accessing the market in the center is the informal market of selling and renting (Abramo, 2019). Rio de Janeiro is a good example, and Abramo (2019) shows that in 2002, the share of informal rental market in consolidated settlements was at 15%, while in 2006 this increased to 29%. Because of the high cost of renting in these more central areas, the most demanded properties are single rooms. In 2006, the demand for single rooms in consolidated settlements near the city center represented almost 80%. This is a consequence of the reducing purchasing power of renters, but not only that, the demand for single rooms also fuels the informal rental market, encouraging poor households to increase their family income by subdividing their housing unit for renting out (ibid).

Current Policies

Despite the government's widespread use of housing vouchers, the lack of affordable private rental options has led many Brazilians to turn to self-help housing practices in the cities' *favelas*. These housing practices, though informal, encompass a number of renting and sharing patterns (Stiphany, 2019). However, renting is increasing, even in the self-help housing developments. Stiphany found that in one Sao Paulo *favela*, almost one half (47%) of the units had been converted from ownership to rental units from housing renovation and expansion projects from the government (ibid). These programs have expanded the availability of rental and sharing housing options for households.

Many Latin American countries have adapted upgrading policies aiming at the improvement of low-income settlements (namely *favelas* in the Brazilian context), instead of eradicating them. In the case of Brazil, in 2001, a landmark law was enacted to protect citizen participation in *favela* upgrading decision-making. In cities like São Paulo, urban development plans included citizen participation (data that is developed by citizens about change that happens in their own communities) and technological tools (geospatial technologies to make upgrading projects allocation and land regularization more transparent). As a consequence, the removal of residents from project sites was sometimes necessary. Municipalities provided displaced residents with one of two subsidies: a cash payment (for purchase of housing elsewhere) or a new housing unit to be constructed on the same site. Those who opted for the latter were to be provided with a rental voucher to cover the costs of rent until resettlement (Stiphany et al., 2020).

However, these various projects have all failed to produce a sufficient supply of affordable housing, such that the informal market continues to play a significant role, albeit with important changes. Specifically, higher levels of densification and overcrowding have been observed; subdivision of dwellings and lots to make secondary or tertiary units have occurred; expansion of renting (mentioned above) has also been observed. Rents continue to rise, and households that were removed from project sites have been evicted multiple times. The rental voucher system for displaced families was insufficient to rent in the formal market outside of the *favelas*, increasing the demand and the rental costs within the home neighborhood. Thus, there is the question about whether upgrading projects have actually helped at all, or have just created new modes of

informality. Data from the IBGE (Brazilian Institute of Geography and Statistics) showed that in the year 2010, 26% of households in peripheral areas were renters (ibid).

Typologies of Renting and Sharing

The following table outlines some of the new typologies that have been observed in Brazil.

Table 5.2. Typology of Rental and Sharing Accommodation in Brazil

Local Nomenclature/ Type (Conventillo; cortiço; apartment etc.)	Primary Producer (Public/Private) Formal/ Informal	Typical Physical characteristics (single room; shared services etc.) Quality of Unit	Primary location in city/ies: (Center; Intermediate Ring; Periphery)	Typical Characteristics of Users (age; single/couples; income levels; short term rentals /longer term; frequent turnover/more stable, etc..	Notes: Source info.
Renting					
Cortiço	Private, Formal. Typically produced by companies or employers for their employees.	Single room accommodations. Shared bathrooms and facilities. Often 2-3 stories and would house about 100 laborers. Typically low-quality and poorly maintained.	Located on the periphery of industrial cities.	Single laborers. Low-income. Typically shorter-term until they choose to start a family or leave their job.	Kowarick 1997.
Family plus Rent	Private. Informal and formal.	Family adds to their initial building, rental units are typically on the second level, whilst owners reside on the first floor. Typically done by long-term owners. Runs about \$550 per month (rent).	Periphery.	Nuclear families and grandparents or in-laws. Low to middle income. Long term. Renters are young singles.	Stiphany 2019.

Absentee mixed-use	Private. Informal and formal.	Multiple owners (sometimes family members) will pool money and resources to build. The owners do not live in the building though. Each owner manages a level. Often a mix of rental housing and commercial uses. Runs about \$550 per month	Periphery.	Renters are business owners and young singles. The renting for shelter tends to be shorter term. Businesses may be longer term.	Stiphany 2019.
Slumlord	Private. Informal.	Absentee owner. Similar to <i>cortiços</i> (single rooms with shared kitchen/bathroom facilities). Rental and additions done ad hoc. Runs about \$400 per month	Periphery.	Typically rented to young single workers. Short term. Lower income workers.	Stiphany 2019.
Duress Flip	Private. Formal.	“Micro developer trades one second story unit for development rights to commercial and residential rental. Structural regularity of Sites and Services “core” house facilitates replication (ten have been observed in Heliopolis)” (Stiphany 2019). Runs about \$700 per month	Periphery.	Due to higher quality dwellings, rents are higher. These are rented to small families or couples with higher incomes. Longer term.	Stiphany 2019.
Sharing					
Family plus rent (same as for renting, it can be both rented and/or shared)	Private. Informal	Family adds to their initial building, rental unit are typically on the second level, whilst owners reside on the first floor. Typically done by long-term owners.	Periphery.	Nuclear families and grandparents or in-laws. Low to middle income. Long term. Renters are young singles.	Stiphany 2019.

		Runs about \$550 per month (rent).			
Family mixed use	Private. Informal and formal.	Typically after the addition, family will move to the upper levels, and convert the first floor to commercial use. Sometimes rental units will be added to on the upper floors too. Runs about \$600 per month.	Periphery.	Families. Low to middle income. Long term residences. Any residential tenants tend to be young, single, short term.	Stiphany 2019.

Key Actors

A number of other actors play a role in the housing market in Brazil. Policies that were centralized in the past, now have been transferred to local governments (i.e. municipalities). Within this context, institutions such as the World Bank, the International Monetary Fund, and the UN, play an important role helping developing countries to define housing policies, especially those at the local level. In the Brazilian context, the idea of improving (upgrading) *favelas*, instead of replacing them, has long been an important policy approach. But NGOs also remain important: a good example of which is Habitat for Humanity that is active in Brazil, particularly in the *favelas*, helping residents to improve their homes. Habitat for Humanity actively works with Brazil's housing improvement programs, namely *Minha Casa Minha Vida* to assist residents with building and expanding their homes at low-cost. The program, assisted by Habitat for Humanity, helps to alleviate some of the housing cost burdens that low-income families and provides them safe, quality housing. However, the program has faced scrutiny in recent years for not adequately addressing issues of national housing inequality largely centered around the program's exclusion of the poorest households (Selvanayagam 2014).

One the main critiques of Brazil's *Minha Casa Minha Vida* program is that it has not alleviated, and in some cases, has actually exacerbated the country's spatial inequality with regard to affordable housing (Gatti 2019). The majority of the homes built as part of the program are located on the peripheries of cities, areas that have traditionally been home to many low-income households due to the lower land costs outside of city center (Gatti 2019). In addition, while the program added significantly to the supply of housing post 2008, by 2018 it was largely defunct (Stiphany and Ward, 2019).

The current state of renting and sharing in Brazil is mostly characterized through mixed housing types, ranging from shared family units, to renting a room, or a separate floor of the home to

another resident or for commercial uses (the latter usually at street level), to shared ownership of a rental property by several family members. The current patterns and location of these types of housing follow trends that have been influencing housing in Brazil since the industrial age and the *cortiços* in which workers resided. Indeed, while the *vilas operarias* functioned largely as family housing for workers employed in industry, other more recent migrants and more casual workers depended on the *cortiços* for foothold and sometimes long-term residence. And, as we have pointed out above, we are seeing a re-emergence of *cortiço*-type residence in established low income neighborhoods of the city.

Policy Options for Brazil

Moving forward, there are a number of viable policies that Brazil might choose to implement to encourage and promote renting and sharing. Firstly, the Brazilian government should continue to fund the housing voucher program. Housing affordability is clearly a significant challenge in Brazil, and the vouchers make rentals more affordable, whilst also reducing some of the spatial inequality issues that arose from *Minha Casa Minha Vida* program, providing more choice about where people might reside. However, an important consideration is to balance increasing vouchers that will stimulate an expansion of renting opportunities without offering a windfall of higher rents charged by landlords. Also, it appears that the actual voucher amount (value) is often insufficient to leverage adequate equivalent housing which the family previously enjoyed.

The continuation of the voucher program should also be combined with increased funding for self-help improvement projects which will help to increase the quality of housing and also continue to maintain affordability of renting (and sharing) which is still a prominent issue across the country. This will help to ensure that safe and adequate housing is available to households that would prefer to remain in their current dwellings. Any improvement policy should be implemented as a way to address the equity issues, particularly exclusion of the lowest income households from the *Minha Casa Minha Vida* program.

As outlined in the case of Ecuador, rehabilitation of some of the traditional *cortiços* which have become severely dilapidated, merits consideration (see Figures 5.7). However, as in Quito, the issue is often one of avoiding gentrification. Also, especially with single story *cortiços* shown here and in earlier figures, it is invariably more profitable to tear down and rebuild.



Source: López et al., 2010: pp. 30 & 33 (*City of Cortiços*)

Figure 5.7: Cortiços “Before and After”. (Left = Rua Carneiro Leão, 1942; right = Rua Serra Jairé, 2010, after remodelling)

Finally, Brazil could usefully take advantage of the decentralization of responsibility in housing policies from central to local governments. This action allows municipalities to address housing problems from different perspectives depending on the local context, with support not only from state governments but also from international organizations.

Final Thoughts

Further research is required to better understand renting and sharing practices in Brazil. The affordability issue prevents many households from easily accessing and affording formally rented or owned housing. Though the government has regularly implemented housing voucher programs, it is unclear how effective these are at addressing the affordability crisis, given that so many Brazilians still reside in self-help informal sector housing. What is clear is that renting and sharing takes a variety of forms, including both residential and commercial renting and sharing.

Furthermore, most of these practices that affect the poor occur in *favelas* and on the peripheries of urban areas in Brazil. These buildings vary in quality, from newly renovated to older, less safe structures in urgent need of repair. Government programs, like *Minha Casa Minha Vida*, are intended to help improve the supply and quality of low-income housing, but remain inequitable, leaving the poorest households, on the furthest outskirts of Brazilian cities, out of the picture, and in unsafe living conditions.

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Chapter 6. Renting & Non-Ownership Housing Practices and Policies in Chile

Felipe Antequera

Introduction to Chile: Early Urbanization & Renting Traditions

By the end of the 19th Century and beginning of 20th century, Chilean cities experienced an increase in population, mainly because of big waves of migrants from rural areas. Proper housing was not enough to cover the demand of housing for new dwellers. Most of these communities consisted of poor people looking for job opportunities in the city, so they could not afford buying a house. “*Conventillos*” became the “solution” to deal with the housing demand (see Figure 6.1). This is described as the renting period, the first phase in the history of public housing in Chile (Blanco et al., 2014). The “*Conventillos*”⁶ were properties designed to be rented out in sections to the working class.



Source: Archivo Memoria Chilena, Biblioteca Nacional de Chile

Figure 6.1. Common Patio in a *Conventillo* in Santiago 1900s

Despite poor living conditions, the demand for this rental accommodation was considerable (Gilbert, 1991). Most of the *conventillos* did not have a proper sewer system, and very soon the agglomerations produced a health problem among the dwellers that had to share basic services. There was no regulation regarding the conditions of these properties, the services the owner should provide to the residents, or any contract or renting documents.

⁶ As described by Gilbert (1991) *Conventillos* were created in the former homes of higher-income groups, the houses being cheaply partitioned and sublet to poorer families.

In 1906 the “*Ley de Habitaciones para Obreros*” (Law for working class housing) was enacted. This was the first Chilean attempt towards a housing policy. The spirit of this law was to control health issues and renovation of the construction when needed. The first article of the law established the creation of the “Working class housing councils.” These councils had the responsibility to support the construction of hygienic and low-cost housing for the working class.

In the mid-1920s, as an improvement upon the *conventillos*, the *Cité* was developed as a collective form of housing constructed around a central corridor but, in compliance with the new legislation, was much more solidly built and was provided with better services and communal facilities (Gilbert, 1991). They were designed and built with the intention of selling or leasing, and providing better housing to workers and middle-income families. However, this was never a viable alternative for the poorest families, so *conventillos* continued existing.⁷

In 1935 the “Caja de Habitación Popular” (Popular Housing Bank) was established. The objective of this institution was the construction of social housing, with cooperation of private companies to provide housing for their workers. But the housing provided by this public-private partnership could not satisfy the increasing demand for housing. As a consequence of the lack of housing opportunities, the first informal settlements began to appear at the periphery of the city (Correa, 2015).

In 1953, social housing was conceived as a basic need, and CORVI (*Corporación de la Vivienda*) was created to coordinate the construction of social housing in partnership with the private sector (Ibid). Home ownership started to gradually increase during the 1950s, establishing the beginning of the property access phase (Blanco et al., 2014).

Demography: Urbanization and Tenorial Patterns and the Rise of Informality

Demographic Change & Growth Rates

For the last 50 years. the Chilean population has grown at an average rate of 1.3% a year, going from 8,884,768 to 17,574,003 habitants. The distribution amongst women and men is 51.1% and 48.9% respectively. The projection for the year 2019 was 19,107,216 people. Table 6.1 shows the distribution of urban-rural population for the last 50 years.

Table 6.1. Urban-Rural Population

	1970	1982	1992	2002	2017
Urban (%)	6,675,137	9,316,127	11,140,405	13,090,113	15,424,263
	75.1%	82.2%	83.5%	86.6%	87.8%
Rural (%)	2,209,631	2,013,609	2,207,996	2,026,322	2,149,740
	24.9%	17.8%	16.5%	13.4%	12.2%
Total	8,884,768	11,329,736	13,348,401	15,116,435	17,574,003

Source: INE-Chile (National Institute of Statistics)

⁷ In present years, *Conventillos* can still be found in Santiago and other Chilean cities. Some of them provide housing for immigrants that cannot afford renting in the regular market (Blanco et al., 2014).

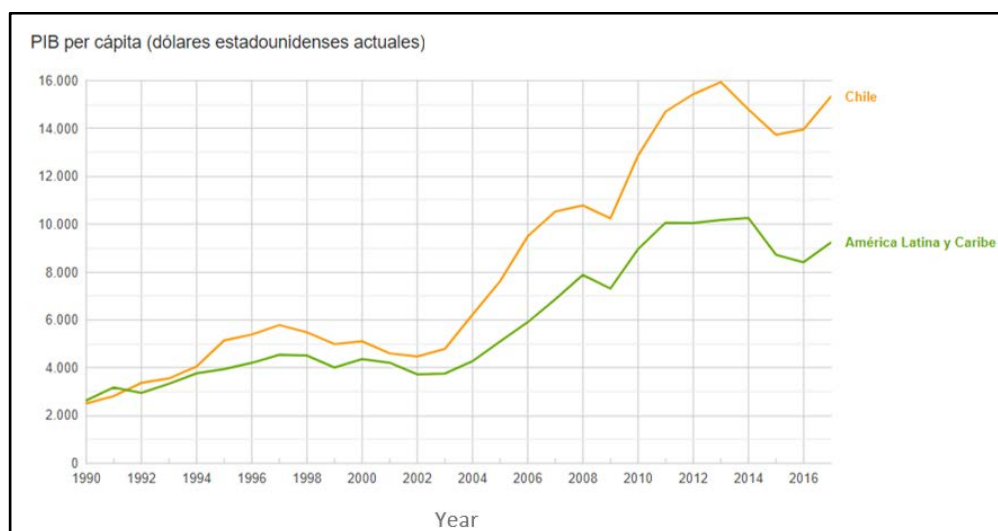
The metropolitan region is the most populated by far, concentrating 7,112,808 habitants which represents 40.5% of the country's total population. And the distribution between urban and rural population in this region is 96.3% and 3.7% respectively (INE-Chile, Census 2017).

GDP Levels, Poverty Levels & Income Distribution

For the year 2017, the Chilean GDP was USD\$277,7 billion. And the GDP per capita for the same year was USD\$15,346. Chilean GDP per capita is at the top compared to other countries in the region (see Figure 6.2).

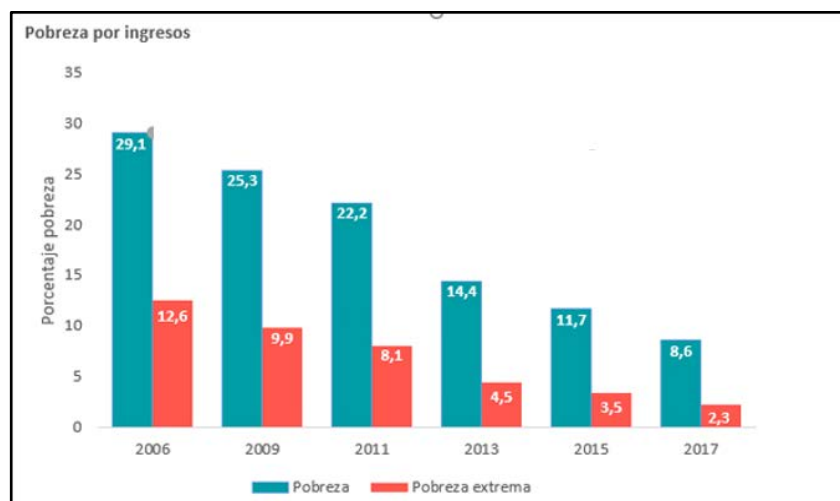
Poverty rates in Chile have decreased steadily over the last 30 years. In the year 1990, the poverty was 39%, while in the year 2017 it was only 8,6% and people living in extreme poverty were only 2.3% for the same year (see Figure 6.3). However, poverty is not only related to low income and economic status, but also to the level of satisfaction of basic needs in health, education, job opportunities, access to decent housing, and many other social factors.

According OECD data, the GINI index has remained similar over the years, with Chile being one of the countries with a higher index of inequality in the region, 44.4 for the year 2017.



Source: World bank Data (See References)

Figure 6.2. Chilean GDP per Capita



Source: Ministerio de Desarrollo Social, Chile, 2018

Figure 6.3. Poverty Rates in Chile, 2006-2017

Economic Performance in Chile

According to the National Institute of Economy (INE), in Chile, the labor force represents 60.1% of the population, with a rate of unemployment of a 6.4% (see Table 6.2).

Table 6.2. Workforce Distribution and Unemployment, 2017

OND 2017	Nacional	Masculina	Femenina	Jóvenes (15-29)
PET	14.947,7	7.358,9	7.588,7	4.025,4
Fuerza de Trabajo	8.977,6	5.233,5	3.744,1	1.937,5
Ocupados	8.406,5	4.918,7	3.487,8	1.672,4
Desocupados	571,1	314,8	256,3	265,0
Tasa de desocupación	6,4%	6,0%	6,8%	13,7%
Tasa de participación	60,1%	71,1%	49,3%	48,1%
Tasa de ocupación	56,2%	66,8%	46,0%	41,5%

Source: Ministerio del Trabajo y Previsión Social, Chile

Table 6.3. Workforce Distribution by Sector of Activity

Sector de Actividad	Ocupados 2017	
	Miles	%
Primario	995.6	11.9
Secundario	1668.4	19.8
Terciario	5742.4	68.2

Source: Self-elaboration, in Base of Data Ministerio del Trabajo Chile, 2017

Table 6.3 shows the distribution by sector of activity. Most of the working force is in commerce (18,6%) in the tertiary sector. Then follows industry (10,5%), the primary sector (agriculture, forestry and fishery, 9.5%), education (8.9%) and construction (8.2%). Altogether, these activities provide employment to the 55.7% of the Chilean population in the workforce.

If we observe the employment by category, 69% of the workforce are wage dependent workers (*asalariados*) whether in the formal or informal sectors. The distribution is presented in Table 6.4.

Table 6.4. Workforce Distribution by Occupational Category

Categoría Ocupacional	Ocupados OND 2017	
	Miles	%
Empleador	374,5	4,5%
Cuenta propia	1.831,0	21,8%
Asalariados	5.803,0	69,0%
Personal de servicio doméstico	297,6	3,5%
Familiar o personal no remunerado	100,4	1,2%
Total Ocupados	8.406,5	100,0%

Source: Ministerio del Trabajo y Previsión Social, Chile

Local Description of Ownership & Informal Housing Development

Table 6.5. Tenure Distribution in Chile, 2017

	Owned		Rented		"Usufructuary"		Other		Total
Total (thousands)	3477	60%	1270	22%	867	15%	180	3%	5794

Source: Centro de Estudios Inmobiliarios ESE Business School – Universidad de los Andes, Chile, 2018

The ownership, non-ownership distribution among households is presented in Table 6.5. Since the beginning of construction of social housing in Chile, about 80 years ago, the main objective of housing policies has been geared towards home ownership. Since the late 1960s and during the military government, thanks to the subsidized housing programs, a significant proportion of households began to acquire homes built by the Ministry of Housing and Urbanism (Ward et al., 2015). However, given the increasing level of poverty of lower-income families, few could afford such homes even with the generous subsidies (Gilbert, 1991). Consequences of the lack of housing opportunities were the formation of informal settlements in the periphery of the city since the 1960s, and also the appearance of so-called *allegado*⁸ families. Those who could not obtain social housing or afford renting in the city moved to the settlements first known as "*Poblaciones Callampa*"; and in the present day as "*Campamentos*". These settlements can be found in every major city in Chile, and in 2017 over 40,000 families were living in *campamentos* (Morris, 2017).

⁸ *Allegados* are poor families unable to afford housing and are forced to share accommodation with a host family. Either in the same house or in separate shelter on the same plot of land (Gilbert, 1991).

Local Typology of Renting

Table 6.6 presents a summary of the different types of rental and sharing accommodations that have been discussed in the preceding sections of this chapter.

Table 6.6. Typology of Rental and Sharing Accommodation in Chile

Local Nomenclature/Type (Conventillo; cortiço; apartment etc.)	Primary Producer (Public/Private) Formal/Informal	Typical Physical characteristics (single room; shared services etc.) Quality of Unit	Primary location in city/ies: (Center; Intermediate Ring; Periphery)	Typical Characteristics of Users (age; single/couples; income levels; short term rentals /longer term; frequent turnover/more stable, etc..)	Approx % of Country: Approx % of city	Notes: Source info.
Renting						
Type 1. <i>Conventillo</i>	Private houses being cheaply partitioned. Mostly informal.	Property designed for renting by rooms or sections. Common area with lavatories, kitchen and access to water. Usually lack of a proper sewage system.	City Centre	Working class and low-income families. Migrants from rural areas to the city. In the Present, <i>Conventillos</i> provide housing for many international immigrants.		Bonomo and Mondragon, 2013, <i>Del Conventillo a la vivienda higiénica</i> . Gilbert, 1991: <i>In Search of a Home</i> .
Type 2. <i>Cité</i>	Collective form of housing with Architectural design. Private developers in compliance with the new legislation to regulate the old <i>Conventillos</i> .	A continuous series of housing. One or two stories. Constructed around a central corridor. It was much more solidly built than the <i>Conventillos</i> and it was provided with better services	City Centre	Renters were middle income families during the in earlier decades. In the present, the <i>Cités</i> that still remain in the center of many Chilean cities house mainly low-income families.	40.000 inhabitants, 10.000 households in Santiago.	Consejo Nacional de la Cultura y Las Artes, <i>La ruta del Cite</i> , Chile. Gilbert, 1991: <i>In Search of a Home</i> .

		and communal facilities.				
Type 3. Apartments – Villas de Blocks	Large complexes of social housing. Private developers with public subsidies. Formal market.	Apartments with 2-3 bedrooms. 40-80 square meters. In many cases poor quality of construction.	Periphery of the city.	Mid and long-term renters. Renters are mostly families and young couples. Typically older residents in these apartments are owners, not renters.		Correa, 2015, Crecimiento Desigual: Viviendas sociales en la periferia.
Sharing						
Allegados	Informal housing.	Shared house, or shanty built in the backyard of an already occupied site, on a temporary basis.	Suburban arc around the city center.	Additional household, i.e. different families sharing the same house or plot. Typically, relatives e.g. adult children are forced to remain with their parents for lack of alternatives.	In 1987, around 152.000 families in Santiago. In 2015, approx. 400.000 households.	Centro de Investigación social (CIS) de Techo – Chile 2017. Énfasis #9: Campamentos y déficit habitacional. Ward et al. 2015, Housing policies in Latin American Cities. Gilbert, 1991: In Search of a Home.
Other						
<i>Campamento/Mediagua</i>	Formal and informal housing, depending on the property of the land. <i>Mediaguas</i> were originally a temporary solution for families living in settlements. After the 2010 earthquake in central Chile, the government	<i>Mediagua</i> is a single room of 18 square meters (6x3 mt). Prefabricated wooden panels.	Periphery of the city.	Multiple. Families, old and young couples and singles.	In 2015, more than 40.000 households still lived in <i>Campamentos</i> .	Centro de Investigación social (CIS) de Techo – Chile 2017. Énfasis #9: Campamentos y déficit habitacional. Centro de Investigación social (CIS) de Techo – Chile 2015. Énfasis #5: Análisis multidimensional de la Pobreza en campamentos de Chile

	promoted a massive campaign of <i>mediagua</i> construction.					
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Principal Housing Policies Adopted: Renters and Sharers - An Ignored Minority?

As we already mentioned, all the housing policies during the 20th century were focused on ownership. Ward et al. in the chapter on social housing in Santiago (2015), identified six periods of housing policy in Chile.

- 1) The legislative period (1906-1939), described in the previous section.

- 2) The period of institutionalized development strategy (1939-1964). During this period, the *Caja de la Habitación Popular* and the *CORVI* continued providing loans and promoting social housing construction until 1965, when the MINVU (Ministerio de Vivienda y Urbanismo) was created.

- 3) The period of formal and informal “popular” participation in housing production (1964–1973). An important consideration by the government of the president Frei Montalva (1965-1970) during this period, was the incorporation of schools, primary health care facilities, and recreational areas to every new program for housing development, as one of the goals of the new Ministry. And during the administration of the president Allende (1970-1973), more than 52,000 houses were constructed, the majority of which were constructed until 1990 (Gilbert, 1991).

- 4) The military government (1973–1990). During the dictatorship, the government stopped its participation in housing construction and drastically suppressed land invasions. Renting was not an option, given the economic crisis and high rates of unemployment. As a consequence, overcrowding and *allegados* grew drastically. The housing policy was shaped to subsidize the demand, leaving the housing construction to the private market (Blanco et al., 2014). This help was formalized with the creation of the “Subsidio habitacional” (housing subsidy⁹), in the year 1981.

- 5) This period that spans the 1990s and the post-dictatorship *Concertación* governments. During this time, the housing subsidy model was consolidated with the construction of a large number of social housing, mainly buildings of 4-5 stories, in the periphery of the cities, where the cost was lower. These buildings are known as “villas de blocks” (Correa, 2015).

⁹ The State provides a subsidy, so the families can buy their housing directly from the market, compensating the gap between the savings and the mortgage credit needed (Blanco et al., 2014).

6) The current new housing policies that have emerged since 2000 under the most recent *Concertación* governments. A major element in this latter period has been the development of large-scale mass social housing estates in the peri-urban areas to the east and northeast of the metropolitan area (Ward et al., 2015).

Until the first decade of the 21st century, it appears that renting was never conceived as a public policy issue. Indeed, the first renting policy was created in 2013 under the name “Chao suegra”¹⁰. This is a rental subsidy which initially focused on young couples who wanted to break away and live independently from their parents. Even though the coverage of the program has been expanded over the years, the program is limited to a maximum of 8 years, and is conceived as a transition (period) to moving into ownership.

An important actor in housing policy’s history in Chile is “*Un Techo para Chile*”. This institution was created in the late 1990s as a non-profit focused on providing basic housing to families living in extreme poverty (mainly in the *campamentos*), with the intention of offering them a final housing solution – but again as owners.

The Nature of Renting and Sharing in Chile

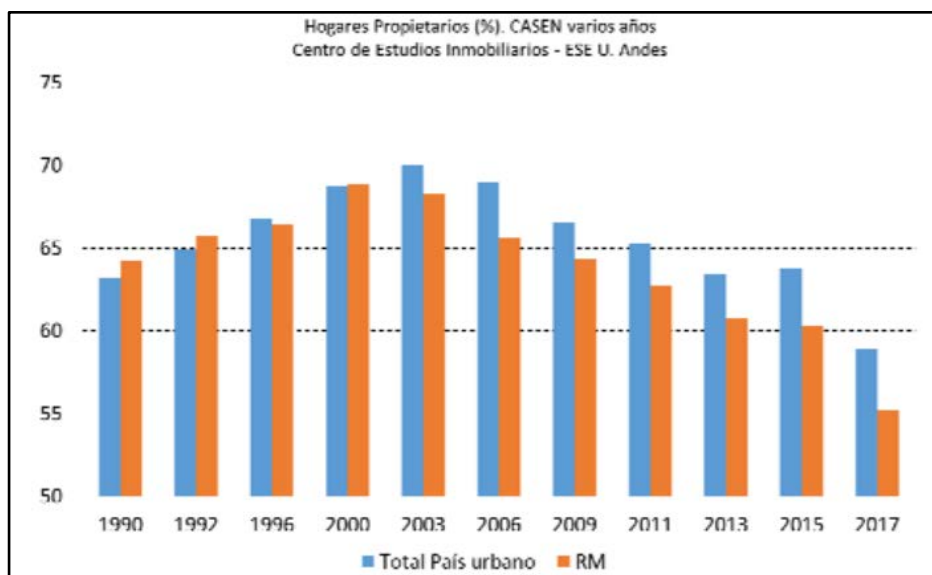
The Dynamics of Change

In Chile for over the last 50 years, renting has been provided by the market with almost every housing policy focused solely on ownership, at least until 2013. Figure 6.4 shows the proportion of ownership during the last 30 years in Chile and the Metropolitan region. In 2003, housing ownership reached 70%, indicating of the relative success of housing policies during the 1990s. However, after 2003, the proportion of ownership decreased to less than a 60% in 2017.

If we compare the absolute numbers of owners and renters, the numbers are clear. The number of owners has increased but the rate of growth is decreasing every year. In 1990, there were about 2 million families that owned their house, reaching close to 3.5 million in 2017. This represents an increase of 77.5%. The opposite occurred with the number of tenants that increased from 0.55 million in 1990 to 1.27 million in 2017, representing an increase of 130.9% (see Figure 6.5).

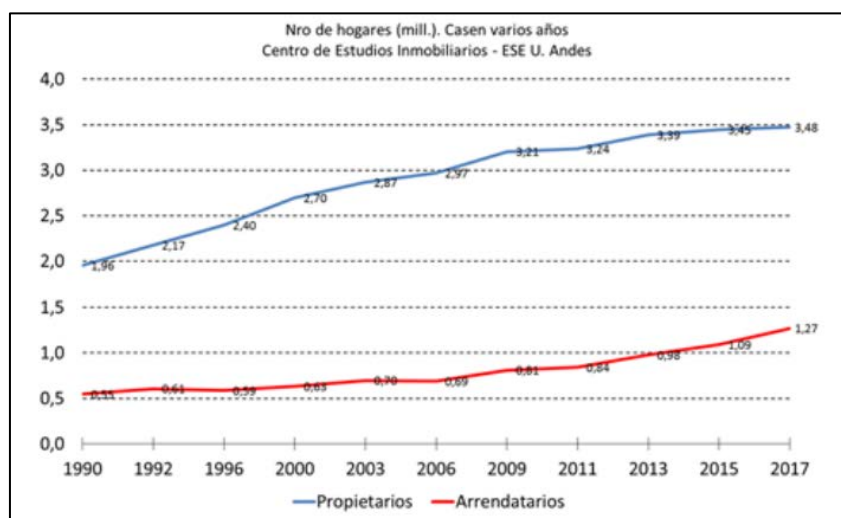
According to the national survey for the socioeconomic characterization (CASEN), tenants are younger families with head of households average 41 years of age, versus owner families where the head of the household averages 58 years of age. 42% of the tenants are under 35 years old, and 65% are under 45 years old.

¹⁰ “Chao suegra” means “goodbye mother in law”. Original name of the rental subsidy. <https://www.youtube.com/watch?v=aCxKUB4Tlxs>.



Source: Centro de Estudios Inmobiliarios ESE Business School – Universidad de los Andes, Chile, 2018

Figure 6.4. Housing Ownership in Chile



Source: Centro de Estudios Inmobiliarios ESE Business School – Universidad de los Andes, Chile, 2018

Figure 6.5. Evolution of Housing Ownership and Renting in Chile (owners in blue; renters in red)

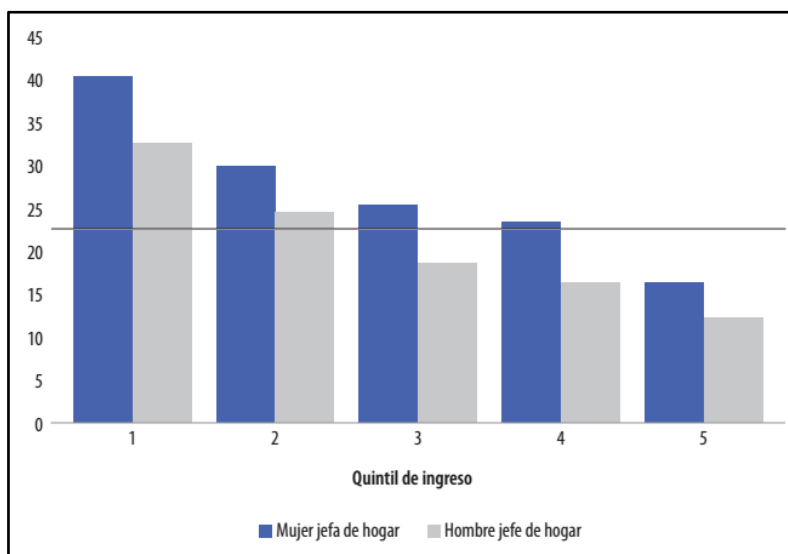
If we see the income level of tenants, more than half of them are in the upper income level (IV and V quintile), and 18% is in the third quintile. These are the middle and upper-income families renting in the formal sector. Table 6.7 shows the income distribution of tenants and the average income of households for the year 2017.

Table 6.7. Tenant Distribution According to Income Quintile, Income in Chilean Pesos (\$1USD=\$637CLP, Dic 2007, SII Chile)

Edad		Quintil autónomo nacional					
		I	II	III	IV	V	
< 35	42%	12%	15%	17%	24%	33%	100%
		\$ 253.848	\$ 452.371	\$ 628.367	\$ 855.747	\$ 1.866.590	
35 a 45	23%	13%	18%	19%	22%	29%	100%
		\$ 304.295	\$ 545.584	\$ 761.594	\$ 1.023.177	\$ 2.187.249	
>45	34%	11%	17%	20%	25%	27%	100%
		\$ 266.476	\$ 500.928	\$ 702.534	\$ 911.123	\$ 2.205.025	
Total		12%	16%	18%	24%	30%	100%

Source: Centro de Estudios Inmobiliarios ESE Business School – Universidad de los Andes, Chile, 2018

The proportion that represents renting with respect to the income corresponds to 20.7%, if we consider all the tenants of the country. But this proportion is twice as much for lower income homes (Figure 6.6). Significantly, female headed households spend a larger proportion of their income on renting (Figure 6.6).

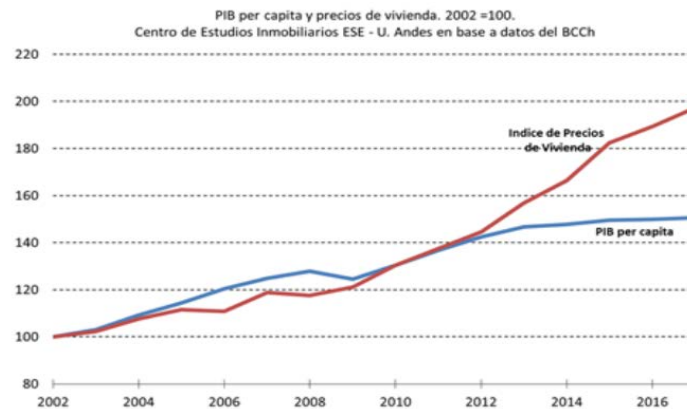


Source: Blanco et al., 2014

Figure 6.6. Proportion of Renting with Respect to the Household Monthly Income by Quintile, 2009

Three main reasons that appear to best explain the increase in renting compared to ownership are:

- 1) The fact that the price of housing has experienced a higher level of increase compared to the increase of renting costs during the last 15 years.
- 2) The supply of housing for rent has increased considerably.
- 3) Changes in lifestyles of young families has led to the postponement of buying.

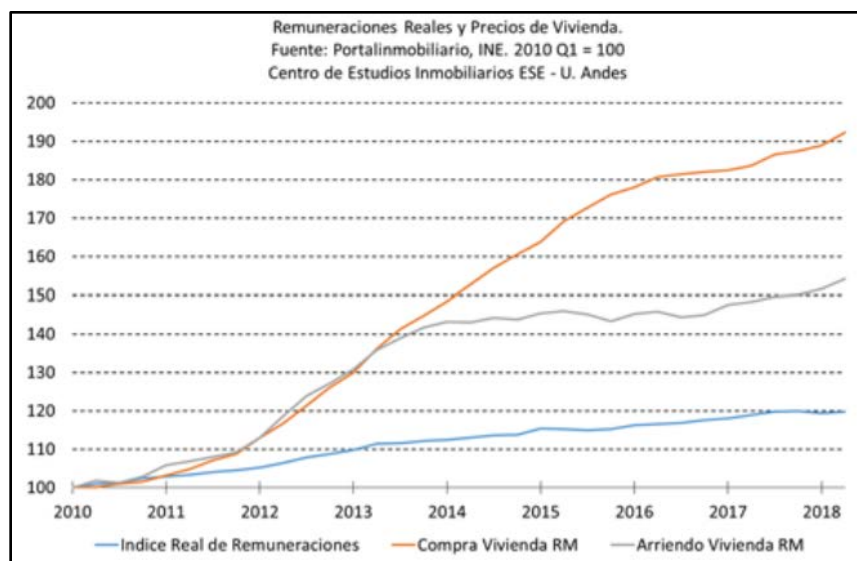


Source: Centro de Estudios Inmobiliarios ESE Business School – Universidad de los Andes, Chile, 2018

Figure 6.7. Evolution of IPV and PIB per Capita, 2002-2017

Figure 6.7 compares the evolution of the housing price index (IPV, *indice de precios de vivienda*) and the PIB per capita in Chile from year 2002 to 2017, with both being normalized to 100 in year 2002. The difference is clear: both have grown somewhat equally together until 2012, after which the IPV outgrows the PIB per capita, almost doubling its value compared to year 2002, while the increase of the PIB per capita for the same period was only 50%.

If we compare the costs of renting and buying and the average income in the metropolitan region, we can see the same pattern. In Figure 6.8 we present these values normalized to 100 for the year 2010. The differences are evident: the option of buying (yellow curve) has increased by almost 100% and renting 50% (in gray), while value of wages has only gone up by 20% (in blue).



Source: Centro de Estudios Inmobiliarios ESE Business School – Universidad de los Andes, Chile, 2018

Figure 6.8. Evolution of Income, Housing Price and Renting, 2010-2017

The increase in the supply of rental housing has been generated mainly by private investors. This increase led to a new generation of households entering the rental market, many of them young couples and singles that moved away from their parents. As a consequence, there was a concomitant reduction of the average size of the household from 3.2 to 3, in the period 2015-2017. The number of single households increased 10%, while two-person households rose by 7% in the same period.

The increase in the rental market, as we already saw, has been mainly in the middle- and upper-class/income sectors, with marked differences for the lower-income population. Since, the investment on the rental market has not been focused in the poorer sector, the expansion of housing availability for low-income renting has usually comprised houses or rooms in highly deteriorated conditions rather than in apartments or new housing developments (Blanco et al., 2014). Among the renters, we can also find many immigrants, most of whom come from lower-income families who can rarely afford to purchase housing. Immigration has contributed to increasing the housing deficit of the country (Ibid).

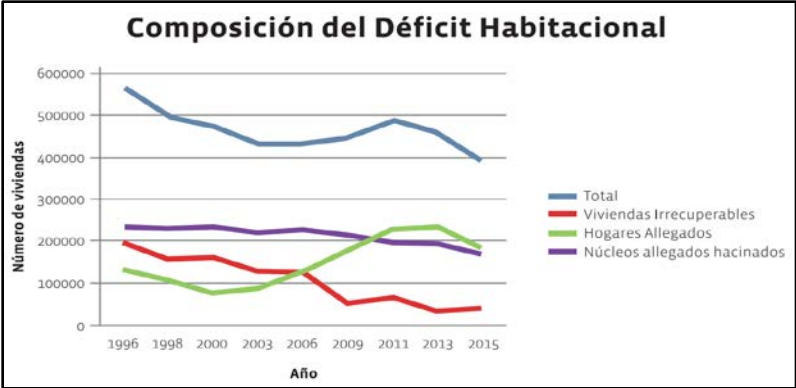
Production of Shared Housing - Housing Deficit and Settlements

Many families cannot afford renting or housing in the formal market, thereby adding to the housing deficit and to the population living in informal settlements (*campamentos*). We have two categories to classify this housing deficit:

- Irrecoverable dwellings where housing conditions are so precarious, and the materials are so deteriorated, that the construction cannot be repaired.

- *Allegados* where additional households that share the same house or plot with kinsmen, and who are looking to move out and live independently.

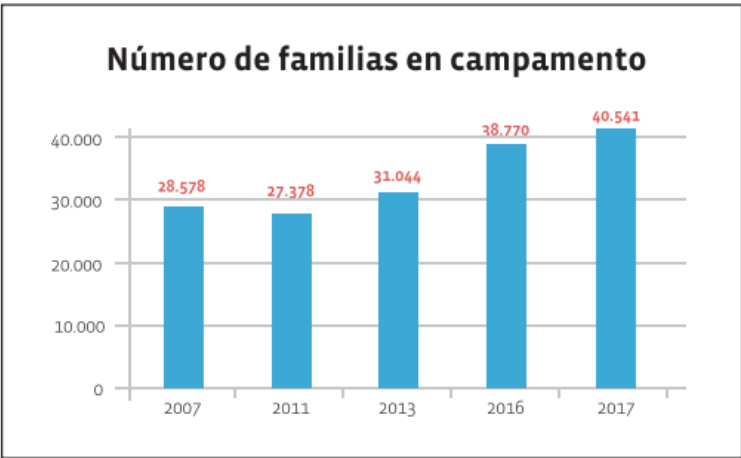
In Figure 6.9 we can see the composition of the national housing deficit for the period 1996-2015, and even though we can see a reduction of the overall housing deficit, this is mainly a result of the decrease of “irrecoverable” dwelling units and households; the number of households living as *allegados* (in green) remains high (although it has dipped slightly 2013-15). The number of households that lived as *allegados* in 2015 were almost 400,000.



Source: Centro Investigación Social Techo, Chile. Énfasis #9 Campamentos y Déficit Habitacional, 2017

Figure 6.9. Housing Deficit (national level), 1996-2015

It is important to mention that according to Chile’s definitions, people living in *campamentos*, are not included as part of the housing deficit, even though they are also among the most vulnerable group, many of whom cannot afford formal housing. Figure 6.10 shows an evolution of the number of families living in *campamentos* in Chile, for the period 2007-2017.



Source: Centro Investigación Social Techo, Chile. Énfasis #9 Campamentos y Déficit Habitacional, 2017

Figure 6.10. Number of Families in Campamentos in Chile, 2007-2017

Renting Policies in Chile

Subsidies to Rent

As we already mentioned, the first subsidy for renting was not created until 2013, but even then it was not a solution in itself, but more of a transition to ownership. This policy is still very new and in order to garner success, should be modified according to Blanco et al. (2014), in the following ways:

- Recognize that location is an important component in shaping rental demand.
- Realize that the creation of decent and affordable housing is not necessarily the transition to ownership.
- Focus on vulnerable populations: specifically, the young, old and migrants.
- Take advantage of the housing stock that already exists and consider direct action of the government in the construction of new housing stock for renting.

This subsidy program does attend, at least in part, to one of the primary housing challenges for the Chilean people which has four important restrictions:

- 1) the maximum amount of the subsidy is 170UF total (USD\$5610),
- 2) the maximum amount that can be used monthly is only 4.2UF (USD\$139),
- 3) the subsidy only applies to a maximum of 8 years, and
- 4) the monthly rent must not be higher than 11UF (USD\$363).

However, rising prices in the renting market, and the fact that not every landlord is willing to accept tenants with a renting subsidy, often makes it difficult for tenants to actually make use of the subsidy. While this subsidy is intended as a transition to ownership, even with this assistance, many families living under the poverty line cannot afford rent, let alone aspire to ownership.

Other Housing Actors

Un Techo para Chile: This is a non-profit that was created at the end of the 1990s to address the housing problem presented by *campamentos*. The main objective of this institution is to improve the quality of life of the families living in extreme poverty, and to help them access a housing solution combined with the benefits of being part of a community where they have access to basic services, health care, education, and transportation. While the program began by working with families in *campamentos*, in recent years, their focus has expanded to communities in the so-called *villas de blocks*, *conventillos* and other communities that also present significant citywide housing needs. They coordinate with residents, volunteers, authorities and professionals to address solutions to the different problems of each community.

Future Policy Options for Chile

The Chilean economy presents a favorable scenario to develop new housing policies that combine the focus on subsidies and demand, but also for public housing development (supply side). In this process, the active participation of the government in collaboration with the private sector is very important. Examples of developed countries might usefully be taken in account to design new policies that consider renting as a long-term (and ongoing) solution to the housing demand with greater flexibility, and not just as an interim stage to ownership. Other options to consider for new renting policies are:

- Follow international examples of involvement of the government in the planning and provision of resources for affordable housing. Consider public-private partnerships to manage the housing communities, e.g. the HLM program in France mentioned briefly in Chapter 1, which comprises a form of public/private renting housing that today constitutes 16% of all housing in that country.¹¹
- Generate higher participation of the government in regulating the housing market by imposing some limitations on the increase of housing prices and renting costs according to the rise in household incomes.
- Consider housing as a basic right that should be in the Constitution (as the case of Greece [Potsiou & Voss, 2013]). This will commit the government to a more consistent and ongoing effort to improve housing policies.

Final Thoughts

As we have observed in this chapter, prices in the housing market have been increasing at a considerably high rate over the last few years, creating trends that have changed the dynamics and tenure patterns leading to some reduction in ownership, and increases in the rental market. However, the income per household has not increased at the same rate, leaving many families to seek options outside of the formal housing market. Households that cannot afford renting must live in informal settlements, or as *allegados* under overcrowded conditions. The government has not proven capable of providing a formal solution for families living under these conditions, and institutions such as *Un Techo para Chile* have failed in their fight to reduce the social exclusion and to provide solutions to the housing problem of these marginalized families.

In Chile, it is very important to not only to increase and widen housing opportunities, whether with subsidies for acquiring or renting, but also consider the location of these opportunities within cities as part of a goal to reduce existing urban social (residential) segregation. Even though we have seen an improvement in renting policies during the last few years, renting still fails to be perceived as a definitive option, and continue to be seen as a transition to ownership: the implicit priority for home ownership that we have sought to address in this volume lives on – at least in Chile.

¹¹ HLM, France. *Habitation à Loyer Modéré* ("rent-controlled housing")
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Chapter 7. Conclusions: So Whither Renting, Sharing and Public Policy?

While each country in the Latin American and Caribbean (LAC) region is different, findings in this paper show that in general, after roughly 50 years of state policies explicitly or implicitly encouraging home ownership, renting is on the rise once again, with sharing in its wake. In Brazil, Chile, Ecuador, Jamaica, and Mexico, governments should consider policies that account for and encourage renting in more robust ways, as a means toward housing their populations.

The Status of Renting as We Know It

In each country of study, several common denominators present themselves. Governments have been pushing home ownership for at least half a decade, which has constrained and discouraged the rental market. However, rental opportunities continue to be in demand, especially in large urban centers. There are formal and informal housing markets, with the informal market often serving the lowest income renters. In Brazil, Jamaica, and Mexico, the informal market is especially large (Chile is the exception in this respect).

Ongoing urbanization and population growth in every country contribute to the rise of renting. Each country is majority urban, with Brazil at 87%, Chile at 88%, Mexico at 80%, Ecuador at 64%, and Jamaica at 56% (<https://www.statista.com/markets/422/international/>). Urbanization, while slowing in recent decades, decreases the availability of land in cities, and housing and land markets tighten as new migrants continue to move to cities, and as the adult children of earlier migrant generations seek housing in both formal and informal markets.

The factors that encourage tenants to seek rental units also help motivate owners to become landlords. Most landlords in Latin America operate on a small scale and individually. They are both male and female (especially in the informal sector), and are considerably older than their tenants. Their business practices vary: some live onsite (in Bogotá for example), while others are “absentee” landlords living off-site (as in Mexico generally, [Ward, 2011]). Some are more aggressive in promoting their landlordism roles. Generally, they prefer informal arrangements with tenants because they are reluctant to expose themselves to potential legal trouble. They undertake limited maintenance and improvements on the property, which, especially in older inner-city tenements, is often inherited (Gilbert, 2003). Sometimes, landlords only rent their property because they are unable to sell, and thus it is an alternative to abandonment.

As another form of tenure, sharing is clearly “messier” than renting. It usually occurs within family units, on a very informal basis. Often, it is tied to the immobility of informal settlement owners who allow kin, and especially close kin such as adult children, to occupy space in the dwelling or on the lot. Creating policies around sharing is more complex than renting, but this form of housing is an unmistakable (albeit relatively little studied) part of Latin American housing markets.

Characteristics and commonalities of landlords, renters, and sharers are important to consider as they inform potential policies. As one can observe in Table 7.1, renters are likely to be individuals or couples, younger than owners, and likely to stay in one unit for 1-3 years. In the formal market, better-off renters generally enjoy higher quality accommodations and access to services, while informal renting does not tend to provide viable access. Sharers also tend to be young, and they are usually the children or family members of owners. Their youth makes them more likely to be considerably better educated than their parents, but contrary to the tendency among renters,

sharers are less mobile and, although they may come and go and become renters nearby, those that remain on the lot (or return to it), are likely to stay longer than 3 years.

Table 7.1. Tenant Characteristics

Tenant characteristics	Renters	Sharers
Age	Young (20s-30s)	Young
Household type	Couples or singles	Couples with children or singles (generally related to owners)
Average tenure	1-3 years	Shares and often siblings (on or off site) have varying aspirations to inherit, acquire their own home, become renters when they marry/set up home, etc. Often unwilling to move to periphery and self-build (as parents did).
Income level	Formal renters: moderate Informal renters: low Worse off economically than "owners"/consolidators. Informal renters often have poor employment prospects, informal economy, low wages. Those with secure incomes and better off will rent small apartments with contracts (formal sector), etc.	Varies; but much better educated than parents. Poor long-term prospects of socio-economic mobility.
Legal protection	Relatively low, many without contracts	None
How they hear about units	Word of mouth or external advertising ("se renta")	Very barrio related (lived there all their lives); especially daughters
Maintenance of units?	Rarely engage in self building or serious in house improvements	Non-rent paying but shared contributions for lot services etc. – contributions to parents
Previous home	Urban migrants in past; 2nd & 3rd generation city dwellers born today	Kinsmen of owners: past would be follow-on migrants; today usually 2nd generation adult children
Unit quality	Formal renters: high (access to services) Informal renters: low (less access)	Associated with high levels of overcrowding (because secondary housing units with expanding households) Sharers often in poorer housing conditions than parents (on site)
Other	Possibly a rising number of elderly (especially old men)	

Source: Table Adapted from Class Notes Provided by Prof Ward "Everything you Wanted to Know..."

The types and location of rental housing are also key variables in the discussion of rental and sharing policy. Units in the urban core (central city) are often older and part of the formal market,

with better access to services. Older self-help settlements, now in the intermediate ring and close to the core, have good access to infrastructure and transportation. At the periphery, self-built units have less access and are often made of lower quality materials. The following tables indicate various attributes of tenants and their dwellings.

Table 7.2. Dwelling Characteristics

Dwelling characteristics	Rental units	Sharer units
Local names	Vecindades (Mexico) Cortiços (Brazil) Conventillos (Ecuador/Chile) Cités (Chile) Some small apartments for better off & speculative pocket gentrification in older consolidated settlements (2+ bedroom plus integrated private services)	Allegados (Chile) Arrimados (Mexico)
Location	<ul style="list-style-type: none"> • City center – traditional rooming houses, converted C18 & C19 mansions; C20 constructed • Intermediate ring and sometimes periphery also (older consolidated informal settlements) • Periphery and peri-urban (rentals of vacant housing social interest housing estates) 	Varies In separate own home/dwelling on lot (Mexico) or upper floor (Lima) or with on-site petty landlord (Bogotá)
Size	Small one or two roomed & cramped, but not necessarily overcrowded individually (because of small families). But variations here – overcrowding does occur.	Small; associated with high levels of overcrowding (because secondary housing units with expanding households)
Services	<ul style="list-style-type: none"> • Services (bathrooms, laundry, etc.) shared between units and located in patio • Sometimes rental housing has modest services (individual shower/toilet) – usually where landlords develop as mini apartment • Access to services & infrastructure generally better for renters 	Depends on owner situation
Quality	Often heavily dilapidated & distressed and less good building materials	Varies

Source: Table adapted from class notes provided by Prof Ward “Everything you Wanted to Know...”

The Creation of Renting and Sharing Opportunities

As we have observed, the characteristics of landlords and tenants varies widely, as does the location and dwelling arrangements of renting and sharing in individual cities. While there is no single way in which renting and sharing opportunities are created, some research has pointed to common features of non-ownership production – often small scale and informal. In each of the chapters, we have pointed towards a traditional production system of widespread renting in the earlier phases of urbanization (i.e. pre-1950s), and these are not repeated here, except to indicate that they were either conversions of the older elite housing stock, or purpose-built tenements in the inner city (Gilbert 2003; Ward 1998). In this conclusion, our focus is that of the more recent growth of renting and sharing, usually in the older consolidated informal settlements of the past 30 plus years, as well as their more modest emergence in recently formed self-built neighborhoods.

Renting to Live; Rental for Work

Several common trajectories may be identified:

- 1) Where the landlord enters into a petty-landlord tenant relationship in her own dwelling or on his lot. Countries vary in the propensity to which a landlord allows someone to rent in his own housing space. In Bogotá, for example, it is quite common; while in Mexico City it is relatively rare (Ward 2012).
- 2) In these latter cases, a landlord will develop petty-landlord-tenant arrangements in a separate location from the owner's home site: in a second lot or dwelling that she has acquired. Where it is a vacant dwelling (sometimes a single dwelling unit that the landlord no longer uses), the owner sub-lets usually to a better-off working-class family who can afford the higher rent (Gough 2018). Alternatively, the landlord develops a small tenement type arrangement of anything between five to ten single or very small units, often with common shared services (showers, w.c., etc.). These rentals target the very low-income populations (Jiménez and Camargo, 2015). Several hybrid arrangements of dwelling extension and subdivision scenarios have been closely documented in São Paulo's cortiços (Stiphany, 2019; Stiphany and Ward, 2020).
- 3) Alongside scenarios 1 and 2 above, rental opportunities may also be created for commerce or for workshops. Small commercial rentals are especially likely to be created on street corners, or on close to main thoroughfares. They vary from small single room stores, to small (one-two) room café/restaurants, to single room lockups (*tortilla* or bread production, to larger space workshops (*talleres*).
- 4) Recently, we have observed some renting in the large-scale mass social interest housing estates in peri-urban areas of many cities. Although not intended as rental, renting has emerged as a workaround for home buyers who can no longer live in the homes they are buying, but who are reluctant to walk away and abandon their properties.

Sharing

As mentioned above, sharing arrangements are “messier”, tending to grow more organically around close familial and household arrangements.

- 1) They are sometimes short- and medium-term arrangements where more recently arrived kinsmen live close-up (arrimados), or as allegados. Occupying a single room, they may share costs but are not strictly renting since there is social/cultural commitment to help a kinsman as she seeks work; studies at college; undertakes work training etc. Thus, these are temporary arrangements. In many other respects, they may resemble renters (young, singletons, etc.).
- 2) Adult children of the original pioneer self-builders are the more common form of sharers, especially within households of the 1960s parent generation, where families were often large with several siblings. While the parents are invariably settled in their homes for life (Gilbert 1999; Ward 2012), the adult children who grew up in the family home are often quite mobile: leaving the family nest as they seek work; get married, have families of their own, etc. Some also return to the family home (often daughters with their own children after divorce or desertion, cases of domestic violence etc.) This “churn” provides the fuel (supply) for many of the renting opportunities noted above.
- 3) Other adult children share long-term occupying rooms or a floor of the dwelling, or a separate room(s) on the lot, either because it is more convenient and low cost (saves money), or because they harbor expectations that, ultimately, they will become owners through inheritance, even if as a part share with their siblings. In these cases, they often live in one or two rooms set apart from their parents in the lot; or occupy space in the main dwelling unit and share a kitchen. Such sharing has major challenges of lack of privacy and data suggest that the quality of the second or third housing units on the lot are of poorer quality than the main dwellings (Ward, Jiménez and Di Virgilio, 2015).
- 4) Sharing may also evolve as a deliberate strategy, where the parents/owners construct a single floor for one or more of their adult children. This is notable in Lima where there is a tradition of thinking about who owns “*los aires*” (the vertical development rights), (see Rojas et al. 2015).

Lack of Rental Policy Traction by LAC Governments

Despite the several attempts by researchers (Gilbert, 2003; Blanco et al., 2013; 2014; Jiménez and Camargo, 2014) in advocating for rental housing, and considering it a viable policy direction for low-income communities, the traction that non-ownership policies considered in this Working Paper across LAC nations has been palpably low. We can speculate about the reasons:

Dominance of Homeownership

Homeownership is still a dominant component of housing discourse in the region despite the rising demand in rental housing as mentioned earlier in this chapter. The 50 years of homeownership policies have become an ingrained neoliberal agenda, which is hard to suddenly stem away from. This is because homeownership is still equated with upward social mobility and financial institutions are usually inclined towards homeownership assistance rather than renting. The supposed prestige around homeownership that Gilbert (2003) pointed to in the UN-HABITAT report in 2003 are still very much prevalent. LAC governments believe that ownership offers better

opportunities, enforces vested accountability and societal stability, and assumes that most, if not all, populations prefer owning over renting.

Stigmatization of Renting

Gilbert's accounts of stigmatization around renting in 2003 are also prevalent today. Although both the formal and informal sector participate in rental housing in LAC countries, the assumption that both the public and private sectors are uninterested in investing in such stocks is still a driving force for most governments. Despite the government's efforts in prioritizing homeownership, low-income communities have engaged in creative rental and sharing practices that have proven to be communally-driven, successful options. However, these practices, because they are largely informal, have created a messy tenure system that has furthered its stigmatization and marginalized the communities engaged in it. It's almost like 'renting' has become a negative concept that is equated with dense, dilapidated neighborhoods, that are still stereotyped as 'slums' (Mayne, 2017).

Complexities of Renting

The complexities found in the rental tenure system in LAC countries has proven that no one policy has been able to fix the problem. Whether it be rent control, sites and services schemes, more NGO participation, or even the voucher system that is prevalent in the United States, there is usually some sort of negative externality that becomes an outcome of these policies. For this reason, governments perhaps find it difficult to holistically tackle the demand and avoid unfavorable aftereffects.

Lack of Research Interest

While going through the literature for this study, it became quite clear that there are relatively few researchers and academics that have shown a strong interest in rental housing. This means that informal renting is poorly understood, and that research which is published is not being picked up by governments. Also, most renting literature hasn't been able to thoroughly encapsulate the depth of rental practices in the region.

Despite these difficulties, we believe that government prioritization of rental policies combined with research efforts to produce material that is accessible for different actors in the rental market, can lift some of the issues faced by low-income communities.

The Role of Various Actors in Rental Discourse and Policies

To overcome the complexities and negative stigmatization associated with rental housing, it is important to delineate the role various actors can play in this process.

Supply-side Actors

Clearly, there is an increased demand for rental housing but a lack of viable provisions from different sectors. This is where the following actors come into play.

1. *Public Sector*

- The starting point for rental market prioritization needs to be from LAC governments both at the central and local level. The **central government** has the ability to set the tone for future housing policies, and so renting needs to become a vital focus point.
- **Local governments** in cities and towns can play a role by providing various incentives such as tax breaks and financial subsidies to the private sector and non-governmental actors to build more rental housing.
- The aim for these governments needs to be to strike a balance between landlord and renter needs. **Regulation and monitoring** needs to play an inherent role throughout these processes to overcome the negative outcomes historically associated with renting. This is to ensure that landlords are not taking advantage of tenants and vice versa.
- There's a lot to be **learnt from the informal sector** on renting tenures and types. Governments need to capitalize on these practices and regularize such processes to attain the quality standards found in the formal sector.

The government also needs to **differentiate** between both short-term and long-term, and low-income and middle-class rental markets to cater to the different needs, as noted in the Demand-side section.

2. *Private Sector*

- The private sector has an important role to play, both at the larger and smaller scale. Both large-scale and small-scale landlords need to be **incentivized** to provide more rental housing options.
- **Public-private partnerships** can be formed to ensure high-quality dwellings and consultation to self-builders. The combination of private sector expertise and funding, and public sector regulation and policy can create more interest in the rental market.

3. *Financial Agencies*

- Financial agencies and banks have historically been more inclined to providing financial schemes for homeownership. Public-private partnerships need to incorporate the role of these agencies and promote financial assistance for renters. This can be done by offering more **security in renting** loans and providing more **incentives** to the financial sector to also accommodate renters and sharers.

4. *NGOs*

- Local nonprofits and **NGOs** are generally more in tune with local needs. The public and private sector need to incorporate this **expertise** into the housing development processes.
- NGOs also play a vital role in **advocating** for rental housing, which can positively contribute to shifting the negative narrative on rental and shared housing.
- NGOs can also **provide alternative practices** such as cooperatives that encourage collective ownership and renting, allowing for more flexibility and autonomy for low-income communities.

5. *International Agencies*

- Much related to the role of NGOs, international agencies play a vital role in the global discourse around renting and can help in **advocating** for it as a viable housing option.
- Agencies like the International Monetary Fund, the World Bank or the United Nations can incentivize LAC governments to **promote rental housing** production in their countries.
- They also need to encourage more localized **research** in the region to thoroughly understand the tenets of the rental housing market.

Demand-side Actors

To ensure that there is a holistic understanding of the demand for rental housing in the LAC region, it is important to note the different demand-side actors engaged in renting practices.

1) *Short-term Renters*

These are generally small families and young couples who are not ready to enter into the ownership market. This can include both low-income and middle-class migrant workers who have migrated into urban centers more recently for better economic opportunities, or students who have temporarily moved into the city for educational opportunities. The rental housing provides a temporary housing option before the family grows and thinks about owning a home.

2) *Longer-term Renters*

These are generally low- and lower-middle income neighborhoods where renters have settled into renting or sharing and whose dwelling environment is generally of better quality. Often, too, they do not have strong financial aspirations or the financial wherewithal to commit to ownership options. This group is largely under researched and their aspirations and trajectories are less well understood. They have larger families, multiple age groups and are generally okay with rental housing, as long as it caters to their needs. It can include both elderly and younger couples, both of whom are renting long-term for different reasons. Middle-class dwellers can also be long-term renters not willing to commit to ownership because of the nature of their work or not being sure when they will need to move out. Mobility is considered an important factor for such tenants.

3) *Second and Third Generations*

One major consideration in the LAC region is the second and third generation of low-income communities whose grandparents and parents migrated to urban centers for better opportunities but were not able to move up the socioeconomic ladder. These are usually younger demographics that are not interested in settling in urban peripheries and were born in the informal urban settlements. They are attracted to urban centers that enhance their accessibility to various socioeconomic amenities.

4) *Sharers*

There are typically two categories of sharers. There are those who are in a similar socioeconomic demographic as renters and choose to share due the flexibility of such arrangements and a means to achieve the best deal. This option allows for communal or kin living where grandparents can assist financially and domestically with kids, cooking, house care etc. They (sharers) may also aspire to inherit the property as their aging parents pass away. It is also attractive for new migrants – usually kin related to the owners -- who aim to save money to eventually own a home. The second category includes those who share by virtues of financial or social constraints. These households are usually lower in the economic chain than renters.

5) *Matriarchal/Matrifocal Households*

Many informal, low-income households in the LAC region, specifically in the Caribbean are female-headed. This is due to the disparate housing and economic opportunities available for women. This puts a burden on such households as the females are working, taking care of the house, and raising their children all at once, without substantive help from male family members. A key component of such arrangements is the role of grandmothers in these domestic responsibilities while the mother focuses on being the breadwinner. These households, therefore, tend to be multi-generational.

6) *Rural Communities:*

One set of population that has not been a significant part of the discussion in this study' are communities residing in rural regions. However, it's important to consider the housing needs of such population as many of these communities are still involved in agricultural and industrial-based employment located in rural or peri-urban areas which don't sustain informal settlements and housing opportunities. For this reason, flexible renting opportunities need to be offered in these areas as well.

Policies to Consider

Now that we have a better understanding of the various actors in the rental and sharing market, it is important to delineate policy options for these different stakeholders. Before we go into more regional policy recommendations, it is important to recap the country-specific suggestions noted in the previous sections. These are found below in Table 7.3.

Table 7.3. Policy Options for Specific Countries

Country	Rental and Sharing Policy Recommendation
Mexico	<p>Small-scale Landlords:</p> <ul style="list-style-type: none"> -Incentivizing in colonias to build and maintain rental dwellings through maintenance subsidies and regulations. -Self-help options to allow the construction of extra rooms and small dwellings to rent out. -Land titling processes -Tax reductions and immunities for low-income households <p>Large-scale Landlords:</p> <ul style="list-style-type: none"> -Incentivizing profitability in rental housing -Public-private partnerships -Condominium and cooperative housing options through partnerships with NGOs and government assistance with social programming. -Rent payment assistance with prioritization of female-headed households. -Financial assistance for young couples and families sharing with kin. <p>Urban Densification:</p> <ul style="list-style-type: none"> -Promoting denser development at both the building and neighborhood level. -Mix use in land and tenure options -Focusing investment on existing infrastructure such as consolidated colonias and/or abandoned buildings/land. -Limiting sprawl development -Mixing between ownership and rental options
Brazil	<ul style="list-style-type: none"> -Continuation of funding for the housing voucher program. -Increased funding for self-help improvement projects - Research on renting and dynamics of <i>cortiços</i>
Chile	<ul style="list-style-type: none"> -Encourage public sector participation on affordable rental housing provisions and regulation of housing prices -Follow international examples to consider the renting policies as a long-term solution for housing -Public-private partnerships for developing social housing options that include renting -The current situation of Chile presents an opportunity to consider the right of housing as a basic right included in the constitution
Jamaica	<p>Sites and Services Schemes:</p> <ul style="list-style-type: none"> -Regularizing self-help rental housing -Government regulations to ensure quality and maintenance -Autonomy of households in construction process -Assistance from private sector on materials and building process -Allowance for temporary subletting and further rental options to most vulnerable populations until needed with thorough monitoring. -Cooperative options with communal ownership <p>Permanent Renting Schemes:</p> <ul style="list-style-type: none"> -Catering to lower-middle class and middle-class families not willing to commit to ownership schemes with regulations and specific provisions for second and third generational female-led households. -Public-private partnerships -Next step after moving out from sites and services schemes. -Integration of temporary and permanent housing options for diversity and more equitable accessibility. -Government allocation and regulation to prevent gentrification and displacement.

Ecuador	<ul style="list-style-type: none">-Renovating and reconstructing <i>conventillos</i> in the city center.-Incentivizing companies to construct employee rental housing through tax breaks or direct subsidies-Providing property deeds to informal settlers to decrease threats from tenants.-Publishing tenure-neutral material that promotes renting as a viable option.-Encourage NGOs to advocate for and participate in rental housing provisions.
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Regional Policy Considerations

Based on the individual country policy recommendations, the following are some regional policies that LAC governments can consider to create a more viable rental, sharing and non-ownership housing market.

Promoting and Incentivizing Renting as an Inherent Part of Urban Development

- 1) The main objective of policies should be to gain traction in the rental housing market. The starting point is for government policies to move away from owner occupation as a universal goal (Gilbert, 2003). Incorporating rental housing into the urban development fabric at the macro level would be a viable solution. Current planning practices around the world are focused on urban renewal and 'New Urbanism' which promotes dense, diverse, mixed-use land development. There are limited resources that LAC governments can utilize, and so there needs to be a focus on community and housing rehabilitation which is not achievable without the consideration of renting as an inherent part of this process. This would be a natural next step, specifically considering the various tenure demands found in urban centers. The aim would be to have a healthy mix of owned, rented and shared housing units within one neighborhood that prevents gentrification and displacement. This will foster community integration and reduce the marginalization of low-income, usually informal neighborhoods.
- 2) The incentivizing process should cater to the different actors on the demand side of this process. This includes incentivizing both large-scale and small-scale landlords with tax incentives, financial assistance and insurance policies that reduce the burden of rental production on developers and individual households. The aim would be to ensure that the return on investment is equally or more attractive compared to other investments. In addition, relaxing building standards and red tape should be incorporated into such attraction schemes, while ensuring a healthy balance between regulation and autonomy. For more informal, petty landowners, the regularization process should be combined with tax breaks and subsidies to encourage the conversion from informal to formal tenure (Gilbert, 2003; Blanco, 2013).
- 3) The public sector can also encourage more alternative partnerships between NGOs, private sector, and financial agencies to create more options for cooperatives and communal ownership and renting. This allows for petty landlords to come together and share the burden of building new units or upgrading older units, more of which will be covered in the next section. The public sector also needs to consider going back to providing affordable social rental housing to low-income communities which would be easier to monitor. To avoid the dilapidation of such neighborhoods, it is important to incorporate partnerships with the private sector and environmental advocates that can ensure more high-quality and sustainable development, which again serves the global agendas surrounding contemporary urban planning.

Encouraging Self-Building Processes Renting and Sharing

- 1) There is a lot to learn from informal settlements about creating and supporting rental and sharing options for low-income communities. Self-building and communal living has been an inherent part of the urban fabric of most LAC countries. This allows a level of autonomy that more formalized processes cannot offer. Under this umbrella, LAC governments should incentivize formalized self-building and sites-and-services practices that are regulated and follow land and housing standards, all the while allowing petty landlords to construct dwellings that cater to their individual needs both on and off site. Such households can also be incentivized to rent and sublet to other low-income communities as a form of return on investment and support for communal living. This helps informal settlements to maintain their communal identities, and have the agency to formally own, rent or share their dwellings to family, friends and similar demographics in need. Again, the public sector needs to consistently monitor and regulate these processes to avoid degradation. The schemes can be both rented out and sold to former informal settlements. Abandoned vacant lots and dwellings should also be tied into these schemes.
- 2) Distinctions between long-term and short-term dwellers can be made where petty landlord and self-building tenants would be considered to have a more vested, long-term interest in keeping their property. Subletting and renting to other community members could be a short-term provision where tenants and sharers can come and go based on their accommodation needs. LAC governments need to encourage upward social mobility throughout these processes, while also allowing for permanent options to those unwilling to compromise their attachments to their childhood neighborhoods.

Balancing Tenant and Landlord Needs

- 1) Historically, rent control policies and political instability has contributed to poor tenant-landlord relationships. Tenants have been able to take possession of rented dwellings from the owners, and landlords have evicted tenants for silly reasons. Therefore, a balanced approach to tenure and landlord security needs to be in place where all roles and responsibilities are put into written contracts. Insurance schemes need to be incorporated into housing contracts to ensure security for both parties (Blanco, 2013). Again, the emphasis of the public sector should be to monitor these processes consistently to avoid any party taking advantage of the other. Renting price subsidies should be provided to low-income dwellers, while implementing periodic rent increases that assist the landlords. Such balanced structures will encourage more owners to rent out their dwellings and provide the security needed for low-income communities, preventing them from settling informally elsewhere.
- 2) Rent-to-own schemes should also be offered as an option to those tenants who are renting from landlords that are planning to move out or change their homes. Again, a balanced policy that allows flexibility, autonomy and regulation should be included in this process.

Responding to Different Segments of Populations

- 1) An important part of the policy discourse is to recognize the different needs of various demographics found in the rental market of LAC countries. As mentioned previously, there is a distinction between long-term and short-term renters that the supply-side actors need to cater to. Renting should not be limited to a short-term option when there is a clear demand by both low-income and middle-class communities who are unwilling to commit to ownership options. Yes, there are still populations such as migrant workers, young families, and students who tend to be new arrivals into the cities, and are usually looking

for temporary accommodation, but these segments are not the only kinds of populations opting for rental accommodation.

- 2) There are now second and third generations living in inner city neighborhoods that were informally captured by their parents and grandparents some 30-40 years earlier. These populations have grown up with such accommodation and seen firsthand the creative housing practices their families have been engaged in. However, they themselves are unwilling to settle informally in new peripheries as they identify most with the neighborhoods they grew up in. Therefore, specific facilitations of inheritance and transferring provisions should be incorporated into the regularization process. They have resided in these communities the longest, and so deserve both financial and social assistance that grants more permanence and security for their tenures.
- 3) As noted earlier, many of the households most vulnerable to degraded or deteriorated housing conditions and informal options are female-led. The public sector, therefore, needs to cater to these needs and offer more financial and building assistance to such households. Subsidies, tax breaks and construction assistance should be prioritized for such households with financial agencies offering equal, if not more, options for women to access loans and both rental and ownership opportunities. Also, centralized sanitation systems and more privacy in dwellings should be arranged for such neighborhoods.
- 4) Communities still involved in agricultural or industrial-based work are found to be residing in rural parts of the country. Although a smaller and declining percentage of overall populations, these communities require housing opportunities that are also flexible and allow for easy mobility, which renting can provide. Therefore, rental opportunities through company housing schemes that are provided by corporations where industry workers are employed could be a viable option. In addition, those communities that engage in small farming practices should be provided rental accommodation opportunities through social housing or public-private partnerships, again, to fulfil flexible housing requirements.

Policies Specific to Sharing

Sharing has also been an important, yet neglected part of the informal housing market. Therefore, policies that cater to sharers and alternative housing options should also be considered. These include the regularization and promotion of wills and legacy arrangements where family members can share and inherit dwelling units under written contracts (Jiménez, 2020; Ward, Jiménez and Di Virgilio, 2015). These documents can ensure the security of sharers and avoid any potential disputes on who owns what part of the unit. These agreements should also allow for future improvement and building of structures for further renting or sharing. Financial assistance in forms of subsidies, tax breaks or credit options should also be offered to households building additional units to cater to sharers (Jiménez and Camargo, 2014). LAC governments should again distinguish between long-term and short-term sharers, where the former are inclined towards kinship living arrangements, and the latter are looking for temporary options. The key should be to ensure maintenance of quality and prevention of dilapidation and extremely high densities. These processes, should therefore, be carefully monitored and regulated.

It's also important to tie these policies to educational opportunities, transportation, employment location and opportunities, health facilities etc. There needs to be a holistic approach that realizes the intersectionality between class, race and gender and the vulnerabilities associated with these constructs. Therefore, LAC governments need to ensure that low-income renters become an

inherent part of the urban fabric with equitable opportunities that encourage upward social mobility, all the while tackling the structural biases faced by certain populations.

Issues and Challenges for Further Research

There are a number of issues and questions that have been raised in the course of researching renting and sharing in Latin America and the Caribbean, that warrant further exploration and research. Firstly, despite the research and studies that have been done on renting in LAC, it is still an under-explored topic with many questions left to be answered. One of these topics is understanding why the policies that have been researched and recommended in Latin America have consistently failed to take hold or be implemented there. Researchers and housing experts have suggested a number of policies to encourage and protect renting in Latin American countries, but these policies have yet to be implemented; why is this? Understanding why these policies are not being implemented will help to identify and implement more effective rental policies that will better meet the needs of households in Latin America going forward.

Second, while the past twenty years have seen a surge in mass social interest housing estates on peri-urban lands for ownership, much research has been done into why the widespread provision of public and social housing provision for rental is not common in the LAC region. Social housing has been a common solution in Europe but not LAC, research into why this is the case, and what the limitations are around this policy, will establish a clearer understanding as to why public housing provision is unfeasible will also help to outline and identify other policies that may more effectively address the rental housing needs of people in the region.

Third, sharing in LAC countries is severely under-researched. Therefore, research on how shared units and land plots are subdivided and the different sharing models which are common in different countries and regions of LAC need to be done. Furthermore, having an understanding that overcrowding is common in shared residences will help to develop policies that governments could introduce to promote and protect sharers from dilapidated living situations.

In short, there is an urgent need for further research on renting and sharing in the LAC region. Further exploration of the questions mentioned previously will help to establish a clearer understanding of the state of rental and especially shared housing in the region, which will enable experts to better recommend solutions to the problems and challenges faced by these communities in LAC countries. But such research will fall short unless LAC governments and city administrations provide greater political and economic support for non-ownership policies, especially those targeting the lower-income migrant and city-born second and third generation households.

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