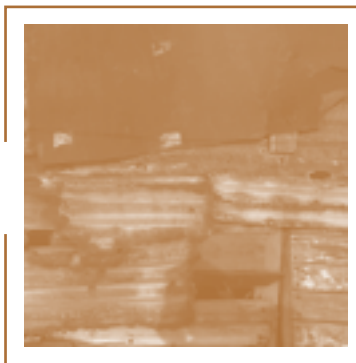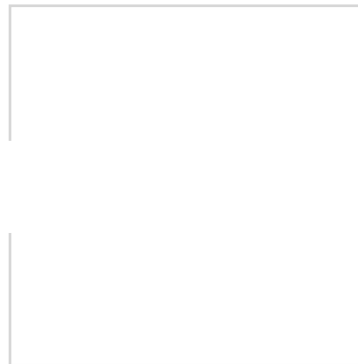Causes of
Inadequate Housing
in Latin America and the Caribbean

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Introduction

Habitat for Humanity volunteers around the world have discovered that wielding a hammer or mixing concrete can make a tangible difference in their own, and somebody else's life. Through the efforts of those volunteers and supporters, thousands of families have discovered an opportunity at a new life, free of the shacks that once bound them to poverty. As the Habitat for Humanity movement grows throughout Latin America and the Caribbean, we've seen the dream of a better life reach an ever-growing number of people.

During nearly three decades of helping low-income families move into their own simple, decent homes, we've frequently asked ourselves if we're doing enough. At times it seems that trying to eliminate poverty housing by simply building houses is a bit like trying to cure a disease with a box of bandages.

Each family living in sub-standard housing can tell a unique story about the circumstances that brought it there. Wars or natural disasters; under-employment or the lack of adequate education; sky-rocketing land costs or migration to urban areas in search of a better life – each story is different. But as we listen to each family's story, we begin to recognize patterns.

And upon recognizing those patterns we realize that we need to examine the causes of poverty housing to truly address the problem.

This study is a step toward understanding the underlying causes of poverty housing in Latin America and the Caribbean. We invite you to read the information, and to share it with others who might find it useful. But most of all, we invite you to help us change the reality that this information represents.

Steve Little
Director of Communications
Habitat for Humanity Latin America & the Caribbean

This report contains four sections. **The first describes the nature of inadequate housing in Latin America and the Caribbean and its effects on the lives of the poor.** This section begins with an introduction to poverty, low-income levels and unemployment in LA/C countries, touches on the trend toward urbanization of poverty, and then summarizes both the extent and effects of inadequate housing in Latin America and the Caribbean. **The second section discusses the causes of inadequate housing including** (A) poverty, low-income levels and unemployment, (B) lack of access to land, (C) housing supply constraints, (D) urbanization, (E) insecure property rights for land and housing, (F) poor government policies and regulatory frameworks, (G) displacement of people through planned evictions, natural disasters and war, and (H) lack of access to financing. **The third section summarizes what is currently being done to address inadequate housing** by multinational organizations and foreign governments, international nongovernmental organizations, national and local governments, and the private sector. **The fourth section contains conclusions.**

The nature and effects of inadequate housing in Latin America and the Caribbean

The status of low-income housing differs among the countries and regions of Latin America and the Caribbean, making it difficult to generalize. However, some trends appear to apply to the entire area.

A. Poverty, low household income and unemployment

The context of inadequate shelter in Latin America and the Caribbean cannot easily be extracted from a backdrop of increasing poverty. While 136 million poor people lived in LA/C countries in 1980, this number rose to 204 million in 1997 (www. aciamericas. coop). One third of all people in LA/C live in poverty, and 15 percent (90 million people) live in extreme poverty. Poverty is exacerbated in rural areas: in 2002, 64 percent of people in rural areas in LA/C lived below the poverty line, a number that has increased in both absolute and relative terms since 1980 (International Fund for Agricultural Development 2002: 2). Between 1971 and 1998, 17 out of 18 LA/C countries showed a net decrease in real household income or employment or both (www. aciamericas. coop). According to the International Labor Organization, the unemployment rate in LA/C in 1999 was at 9. 5 percent, higher than it was even at the height of the foreign debt crisis in the 1980s.

B. Urbanization of poverty

One of the most important trends in Latin America and the Caribbean over the past 40 years has been the movement of the poor from rural to urban areas, and the ensuing growth of informal housing settlements in cities. Seventy-five percent of the total population of Latin America currently lives in urban areas, compared with less than 50 percent forty years ago (Salazar Cruz 2002: 4, Center for Urban Development Studies 2000: 91). Mexico City provides a stark example of this trend: in the 1950s approximately 330,000 people lived on the city's outskirts, a number that by the early 1990s reached

approximately 9.5 million (Salazar Cruz 2002: 4). In Bogotá, the population rose from 1.7 million in 1964 to 6 million in the late 1990s (Gilbert 1998: 2). Factors contributing to the massive movement toward the cities in Latin America have included development of transportation networks, a growing disparity in the standard of living between rural and urban areas, and dramatic economic swings (Center for Urban Development Studies 2000: 91). In the past decade, migration in many LA/C countries has shifted from the largest cities to fast-growing intermediate cities (Ward 2001: 2).

C. Extent of inadequate housing

The Inter-American Development Bank reports that 10 to 15 million households in Latin America live in substandard housing. The deficit in adequate housing continues to grow. While the annual increase in demand is 2.5 million dwellings, only 1.5 million dwellings are added to the housing stock each year. This is the case despite government housing programs in each LA/C country that contribute between 2 to 8 percent of their GDP to housing programs for the poor (Rojas 1995: 2). One reflection of the severely inadequate housing supply for the poor in the formal sector has been the growth of self-help housing in informal settlements, which house up to 60 percent of the urban population in some Latin American cities (Habitat II summary 1996) and the majority of poor families. [1]

D. Effects of inadequate housing

Mirroring the trend in poverty, inadequate housing in Latin America and the Caribbean affects far more people in urban areas, but is more acute in rural areas.[2] In urban areas, the effects of poverty housing are realized both in rental housing (often more centrally located) and in informal settlements (often located on the periphery).

While the existence of informal settlements may hold some advantage for the poor by offering an af-

fordable land and housing supply (see discussion under II(E) below), a range of problems accompanies life in these settlements. In addition to a lack of infrastructure and basic services (including water, sewer and garbage), people living in informal settlements often endure high crime rates, drug trafficking and organized crime activities, the threat of eviction, disease, long commutes to work, and sometimes death (Coit 2001: 2, Salazar Cruz 2002: 5-6, Rojas 1995: 2). Researchers have found that the cost of purchasing services such as water and electricity outside of the formal sector is significantly higher than in the formal sector, and so further increases poverty in settlement areas (Coit 2001: 7). In order to meet the rising costs of basic goods and housing improvements, the poor have resorted to survival strategies that lead to overcrowding, such as sharing their home with relatives, subletting to tenants, and selling off portions of their lot (Ward 2001: 5). The hidden downsides to self-help housing include little standardization and virtually no compliance with safety codes, floor plans that are inefficient and outdated for current needs, rooms unfinished and poorly equipped, and over-intensive use of housing lots through subdivision, leading to insecurity for some of the residents (Ibid: 4-5).

The relationship between poverty and inadequate housing is usually considered cyclical: while poverty is identified as the primary cause of inadequate housing, it can also be considered an effect.[3] Households without decent housing, for example, are less able to earn income. According to one study, those without homes or with inadequate homes are unable to partake in either of the two income-generating potentials associated with housing. The first is the use of housing for microenterprise. Land and building account for 25 to 45 percent of the investment required to set up a microenterprise; without this asset, most poor families are unable to participate in microenterprise (Center for Urban Development Studies 2000: 4). The second economic potential is the use of housing as an income-pro-

ducing asset, either through renting out property or through increases in market value at the time of sale. Households that do not own their houses cannot participate in these economic opportunities (Ibid).

Inadequate housing particularly affects women in Latin America and the Caribbean. Hurdles to women in obtaining decent shelter include structural discrimination (in the form of laws and practices that do not support women's equal rights to land and housing), the disproportionate number of women-headed households in poverty (38 percent in Latin and Central America), the disproportionate number of displaced people and refugees who are women (70 to 80 percent worldwide are women and children), the disproportionate number of women and children who suffer from forced evictions, and the lack of gender-disaggregated data available for problems and solutions related to poverty housing (U.N. Best Practices Handbook 2003: 21-24). Kavita Datta and Gareth Jones (1999: 17-18) argue that housing policy has often ignored the strong link between gender, poverty and housing. Housing research and policy, according to Datta and Jones, has particularly neglected the interests and needs of elderly women head of households, a growing demographic group in many areas.

1 Self-help housing is characterized by initial construction of a rudimentary form of she
2 Urban areas have the greatest concentration of housing problems, but conditions are just as bad in rural areas, a fact that receives little attention (Rojas 1995: 2).
3 Some scholars question commonly held assumptions about the cyclical relationship between poverty and inadequate housing (ESF International Workshop 2001: 1-5).

Little of the research available on inadequate housing in Latin America and the Caribbean provides a hierarchy of causal factors.[4] This section lists the causes that were discussed in the literature, roughly according to the frequency with which they were mentioned, and gives a brief description of the nature of each. [5]

2 The causes of inadequate housing in Latin America and the Caribbean

A. Poverty, low household income and unemployment

Most literature on inadequate housing in Latin America and the Caribbean attributes it at least in part to an underlying state of poverty, low household income and unemployment (see, e. g. , Calderón Cockburn 2001, Ward 2001: 2, 5). According to empirical data collected in the 1990s, poverty or the lack of ability to pay is strongly associated with poverty housing (Angel 2000: 112). [6]

The rise in poverty in Latin America in the 1980s, for example, affected housing in at least six ways.[7] First, formal sector housing construction (both public and private) in cities slowed down, and governments reduced construction of housing for the poor. Second, self-help housing improvements slowed as households were forced to spend falling income on food, along with education and health care as governments slashed spending in these areas. Families worked longer hours to compensate for reduced wages, and so were unable to spend time on home improvements. Third, self-help settlements received fewer services due to the effect of the debt crisis on service providers. In order to pay off foreign debt, governments reduced investments in services and charged commercial tariff rates to customers. Fourth, municipal governments in many cities tried to increase revenues by raising land taxes, making housing more expensive for the poor. Fifth, families who were unable to pay for rent moved to informal settlements and resorted to self-help housing. New governments that could not afford to provide housing supply or services in the formal sector encouraged (or permitted) land invasions and squatter

settlements. Sixth, in cities where the government prevented land invasions (including Bogotá, Buenos Aires and Mexico City), rental units became overcrowded as families leased or subleased a garden shack or a room in another family's house.

That inadequate housing in Latin America and the Caribbean is caused by poverty is evident; the important inquiry is what causes this state of poverty and insufficient household income to continue to worsen in most LA/C countries. The answer to this question is complex. One frequently sited cause of poverty in Latin America and the Caribbean is unequal distribution of household income and capital ownership. The LA/C area has the worst income distribution in the world (www.aciamericas.coop, International Fund for Agricultural Development 2002:6). According to the World Bank, "The greatest concern about the LA/C region's pattern of economic and social development is not poverty per se, but rather the way income is distributed"(Canadian Fund for the Americas 2001:3). Income disparities and social inequity in Latin America have increased over the past two decades (Habitat II summary 1996). This skewed income and wealth distribution prevents increases in gross economic production, when they do occur, from translating into improved economic conditions for poor people. According to one report, "Reducing inequality as the key to attacking poverty in Latin America and the Caribbean has been underscored in a number of recent studies and reports by international institutions such as the Inter-American Development Bank, the World Bank, the International Monetary Fund and the Economic Commission for Latin America the Caribbean" (Canadian Foundation

for the Americas 2001:6).

Another cause of poverty in Latin America and the Caribbean may be heightened vulnerability to global economic swings, accompanied by policies of trade liberalization. The International Fund for Agricultural Development underlines the "highly vulnerable" nature of the LA/C economy to exogenous factors such as global recession and natural disasters as a leading cause of poverty (International Fund for Agricultural Development 2002: 3, Center for Urban Development Studies 2000: 92). According to some groups, income disparities have worsened in economies of rapid development and liberalization, such as Chile and Mexico, over the last decade (www.aciamericas.coop). Other sources, however, fault market impediments, such as protectionism and failure of the markets to open more completely to foreign investment and competition, for increased poverty.

Governmental policies contributing to entrenched poverty in the LA/C area may include austerity-based macroeconomic policy choices (following recommendations by the International Finance Corporation, the Inter-American Development Bank and the World Bank), weak state institutions to support the poor, and a low investment in social capital such as education and health care (International Fund for Agricultural Development 2002: 6, Ward 2001: 5). According to Alan Gilbert, cuts in social spending by Latin American governments in the 1980s reduced living standards in most cities by years and in places by decades (1996, "Housing Conditions": 4). In the 1990s, overall economic conditions improved for many LA/C countries, but aus-

terity policies resulted in sharp reductions in social spending and increased relative costs of basic goods for the poor. The negative impacts from these austerity policies prevented poor people from experiencing net gains during the economic upswing (International Fund for Agricultural Development 2002: 2). The Canadian Foundation for the Americas (2001: 3) states that "… in the last decade the economic restructuring and structural reform programs that have allowed these countries to put their economic and financial house in order have also resulted in greater disparity between the beneficiaries of the economic liberalization process and those left behind. " On the other hand, austerity measures have helped to bring hyperinflation under control, thus benefiting most poor people.

The United Nations highlights government policies and practices related specifically to land as a cause of ongoing poverty in the developing world. According to UN-HABITAT, "The failure to adopt, at all levels, appropriate rural and urban land policies and land management practices remains a primary cause of inequity and poverty" (U.N. Best Practices Handbook 2003: 1). Others agree that unequal distribution of land in rural areas continues to prevent economic gains from reaching the poor (Canadian Foundation for the Americas 2001:3).

Poor working conditions and lack of a social safety net may be both a symptom and cause of entrenched poverty. Author Katherine Coit describes the immediate causal factors of poverty to include poor health or death of a wage earner related to lack of proper health care, unemployment, low wages and exploitative working conditions (Coit 2001: 2,

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4 This is probably because the causes and conditions of inadequate housing vary throughout Latin America and the Caribbean. Alan Gilbert (1996, "Housing Conditions": 7) explains that the housing problems facing one city may be negligible in another, and that empirical evidence suggests that "there is no simple explanation of bad housing conditions …" The World Bank's Housing Indicator Program (1993) attempted to quantify the relationships between poverty housing and a wide range of causal factors. Shlomo Angel, co-leader of this program, describes the details of the findings in his book Housing Policy Matters (2000). Perhaps the greatest lesson from the program is the complexity of the relationships among the factors involved in poverty housing. The program's methodology has been criticized by later researchers (Jones and Datta 1999: 24).

5 It may be useful to note the priorities named by Latin American and Caribbean countries for addressing inadequate housing, which in 1996 included the following: conserve and rehabilitate existing housing stock; upgrade and regularize squatter settlements; promote nonconventional means to access housing finance; introduce environmental regulations to mitigate effects of unplanned settlements; recover urban land in central and low-density urban fringe areas to avoid urban sprawl; and foster regional economic planning to mitigate effects of accelerated urbanization. (Habitat II recommendations 1996).

6 Angel quotes from a British housing advocate to support his point: "The first concern of anyone engaged in housing must be with jobs and opportunities for earning money, and next with child benefits, pensions and other provisions of social security and fiscal systems for redistributing this money … Most housing problems are really problems of unemployment, poverty and inequality." (David Donnison 1980, "A Policy for Housing," *New Society* 54 (No. 938, November): 283-284, as cited in Angel 2000: 112).

7 Alan Gilbert 1996, "Housing Conditions": 4-6.

Canadian Foundation for the Americas 2001:4). Lack of educational opportunity also serves to ingrain poverty in Latin America and the Caribbean (Canadian Foundation for the Americas 2001:4).

Finally, many researchers explain the poverty of the LA/C region by the lack of functional democracy and exclusion of poor people, women and minorities from political processes and services (see, e. g., International Fund for Agricultural Development 2002: 3, Coit 2001: 2).

B. Access to land

Shlomo Angel (2000:192) articulates the importance of access to land in providing for adequate housing as follows: "The first essential condition for a vibrant and well-functioning housing sector is the availability of residential land, in ample supply and at affordable prices." Lack of access to land by the poor is the second most noted cause of poverty housing in Latin America and the Caribbean. In rural areas, landownership is extremely skewed toward wealthy landowners. In urban areas, landownership patterns and soaring land prices have in some cases excluded the poor from decent shelter (Canadian Foundation for the Americas 2001: 8, Gilbert 1996, "The Price of Land": 2).[8]

As a reflection of poor peoples' inability to access adequate housing sites in the formal sector, illegal or "squatter" settlements have grown in urban areas since the 1980s (see section I(C) above). A study by Harvard's Center for Urban Development Studies (2000: 91) explains this phenomenon as follows: "State ownership of land in and around cities is limited. For the majority of the population, access to land is limited to two equally undesirable options, settlement on marginal sites or invasion of public or privately owned land. Topography and soil conditions constrain the availability of buildable land, inflating land values and pushing poorer segments of the population to settle on marginal and environmentally hazardous sites such as steep slopes or lowlands, while pressure on accessible sites

has led to overcrowding and congestion in existing settlements" (Center for Urban Development Studies 2000: 91).

Scarcity of residential land is caused by a number of additional factors. The Harvard study mentioned above identifies these as (1) reluctance by governments to confront concentrated landownership, (2) rampant land speculation, (3) failure of central governments to regulate land markets and failure of municipal governments to provide workable urban development strategies, and (4) legal impediments, such as laws that only support regularization of squatter settlements on publicly held land, but not on private land, and laws that require servicing of plots prior to issuing titles (Ibid, see also Gilbert 1996, "The Price of Land": 1-3). Budget cuts, currency devaluation and skyrocketing land prices compound the problem for the poor, preventing local authorities from buying up even the scarce land that is available to implement basic infrastructural works for housing settlements (Center for Urban Development Studies 2000: 92). Rapid urbanization (see section I(B) above and section II(D) below) has also contributed to high land prices in cities (Gilbert 1996, "The Price of Land": 1). Finally, government regulations, including zoning regulations and restrictions on growth, affect land availability and prices (Angel 2000: 202).

C. Housing supply constraints

Research suggests that constraints on the housing supply may be another cause of inadequate shelter for the poor. Supply constraints exist in both the public and private housing sectors. Government spending on housing provision has decreased (see section II(F) below), and inefficiently designed and managed public housing programs have contributed to a lack of adequate supply of low-income housing options. Perhaps most important, however, are supply constraints in the private sector. These include monopolistic conditions in the construction and real estate industries in many LA/C countries, relatively high costs of construction materials, and lack of

experience with low-income housing construction and rehabilitation projects. These conditions restrict the amount of decent housing that exists for low-income families, and push up the prices for the options that do exist.

D. Urbanization/ rural-urban migration

Accelerated urbanization in most Latin American and Caribbean countries has led to concentration of the poor in urban centers and has resulted in an unbalanced national and regional human-settlement network (Habitat II summary, 1996). According to Peter Ward (2001: 2), "urbanization, predicated as it is upon low-income employment, provides the context to any analysis of housing throughout the region." One author agrees that high rates of rural urban migration have contributed to the growth of informal settlements, but ascribes the harmful effects that often accompany life in these settlements to deeper underlying problems (Coit 2001: 2).

E. Insecure land tenure [9]

The United Nations describes tenure security as "(i) protection against eviction; (ii) the possibility of selling, and transferring rights through inheritance; (iii) the possibility ... (of having a) ... mortgage, and access to credit under certain conditions" (U. N. Best Practices Handbook 2003: 1). Obtaining tenure security for housing for the poor can be thought of in two ways. First, it can mean the transfer of formal legal title to land and housing to a new owner. This is what happens when a city decides to "regularize,""legalize" or "formalize" rights in an informal settlement: the rights are effectively being transferred from the original landowner to the settlement inhabitants. Second, obtaining tenure security can mean establishing formal legal title to a piece of land or housing that has already been bought by the existing possessor, but to which formal rights have never been attached for some reason.

Securing formal legal rights to land and housing

has been viewed as a way to improve housing conditions for the poor. Proponents of this approach argue that: (1) families who have legally secure title to their home are more likely to make improvements to it, as they are less concerned about eviction; (2) families with secure title no longer have to spend scarce time and resources defending the rights to their land and home; (3) families with secure title are able to access commercial financing through mortgages and short-term loans, and are able to use this financing to improve their housing; and (4) providing secure legal title increases the value of the land and house, thus increasing wealth to the home-owning family. The most well-known champion of this approach in Latin America is Hernando De Soto, whose work has been institutionalized in the Institute for Liberty and Democracy in Lima, Peru. The World Bank, IMF and USAID have all strongly supported legal titling programs.[10]

However, the theory that transferring formal legal rights to land held by the poor actually causes improved housing conditions has been contested. One author draws on experience from Peru's massive land-titling project in the 1990s to conclude that while land tenure regularization might have a slight positive effect on physical housing improvements in informal settlements, it does not affect either household income levels or access to financing (Kagawa 2001). In an empirical study of Peru's land-titling program, another author found that transfer of formal title does not improve access to formal credit, but rather that household's employment income is the key determinant in receiving credit (Calderón Cockburn 2001). In a study of Brazil's experience with regularization of informal settlements, Flávio A. M. de Souza questions the relationship between tenure security and housing improvement, holding

that household income, rather than tenure security, is the greatest factor in determining whether a family improves their dwelling structure (De Souza 2001). Alan Gilbert agrees that empirical evidence does not show that land titling leads to housing improvements for the poor. He goes on to say that land titling does not necessarily help to create a land market (at least one that benefits the poor), nor does it improve access to housing finance for the poor (Gilbert 1998).

Some maintain that a focus on formalization of rights to land and housing actually hurts the poor by decreasing affordable housing options and detracting from other more efficient ways to improve housing conditions. De Souza (2001) argues that legalization of land rights in informal settlements can hurt the poor by increasing land prices, which encourages middle-income families to buy up land in the settlements, and destroys a housing market that is affordable to the poor. Gilbert agrees that poor families are hurt more by rising land prices when their only option to buy is a fully serviced plot in the formal sector (1996, "The Price of Land": 2). De Souza also finds that the bias toward transfer of full property rights has stunted and delayed regularization of property rights to the poor in informal settlements in Brazil. He states that the push to provide full legal rights has taken away from a focus on provision of infrastructural improvements to settlements that would have had a much greater impact on the lives and housing conditions of inhabitants. In his study of regularization projects in Brazil, Edesio Fernandes (2001: 5) finds that the focus on transferring and formally recognizing freehold rights of informal settlement occupiers is the reason that tenure regularization programs have failed, due to impractical financial costs and legal and technical difficulties.

Titling programs with high costs (including cost of titles, property taxes, and costs to nonbeneficiaries like renters) can harm the poor, as they are often unable to recoup these costs (Gilbert 2001). According to Gilbert (2001), land titling is not in itself a bad thing, but it can be harmful when it comes at a high cost to the homeowner and at the exclusion of other programs. The answer to the housing crisis, he believes, is not simply to remove "market impediments. "It will also require government help in providing infrastructure, services and other means of support.

Although some critics deride high profile, high cost titling programs as a way to address inadequate housing conditions, almost all agree that tenure insecurity in urban settlements is currently a problem, and would support some manner of improved security of legal tenure rights. (See Section III(D) below for examples of how municipal housing programs in Brazil have attempted to increase tenure security at reduced costs by transferring long-term use rights, rather than full ownership rights, to settlement inhabitants.)

F. Ineffective government policies or regulatory frameworks [11]

Some experts believe that public support for low-income housing in Latin America and the Caribbean has been inefficient and in some cases harmful to the poor. In the 1990s, governments in many LA/C countries shifted their investment in public housing away from direct construction and subsidies for low-income homeowners, and toward facilitation of private market efforts to provide housing. Although this approach may have worked in some places to reach a greater number of poor people with a greater degree of efficiency[12], it has also been criticized.

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8 Poor peoples' access to land for housing in the LA/C area varies from city to city, depending on (1) local patterns of land ownership, (2) the price of peripheral land, (3) the attitude of local authorities, (4) the political organization of the poor, (5) the physical nature of the terrain, and (6) the pace of urban growth (Gilbert 1998: 85).

9 For UN-HABITAT's recommendations on improving tenure security to land and housing for the poor, see U. N. Best Practices Handbook 2003.

10 See also Angel 2002: 95, on the importance of developing a secure land rights regime in housing. This would require: (1) a set of transparent, predictable, nondiscriminatory and stable rules that preserve the rights of individuals to use, invest, maintain, rent, mortgage and sell their land and housing properties without hindrance; (2) extension of these rules to squatter settlements; (3) a well-organized and maintained land regulation system; (4) recognition and regularization of tenure for squatters on common or idle land not required for essential public use; and (5) prohibition of eviction and demolition without compensation or voluntary resettlement.

11 For further analysis of how housing policy affects the poor, see Angel 2000.

12 For an in-depth defense of the role of government as manager of efficient housing markets, rather than as housing provider, see Angel 2000. (Angel qualifies his thesis, however, by stating that government housing subsidy is necessary in some circumstances.)

One author argues that in Mexico, for example, government assistance to real estate entities and banks to develop low-income housing resulted in housing projects affordable only to the middle class. Furthermore, in a liberalized land market environment, these policies may have hurt the poor by rendering them unable to compete with subsidized developers and real estate entities (Salazar Cruz 2002: 24). This author goes on to state that the lack of government commitment to housing policies aimed at the poor, rather than the middle class, is a significant cause of informal and inadequate housing on the urban fringe. Governments' failure to create policies establishing territorial reserves for low-income housing reflects this lack of commitment and reduces urban housing options for the poor (Ibid: 8).

Gilbert also questions the wisdom of a public housing policy that relies heavily on market forces, as promoted by a 1993 World Bank housing policy document subtitled "Enabling Markets to Work." (This report calls on governments to leave construction of housing for the poor to the private sector and reduce planning regulations and controls.) According to Gilbert, the problem with the World Bank's market-based approach is that it relies heavily on increased economic growth and especially on a more equal distribution of this growth, which may or may not occur (Gilbert 1998: 100-101).

Specific examples of government policy or regulations that may have negatively affected housing conditions for the poor include:[13]

• Reduced spending on social programs, including public housing assistance, infrastructure provision and upkeep, and subsidized service provision.

• Policies of forced evictions, often in informal settlements. (These are rarer now than in the past, but still exist. See discussion on displacement, above. The U. N. Special Rapporteur on adequate housing reported in 2002 that he heard numerous reports of planned forced evictions during his visit to Mexico, for example (U. N. Special Rapporteur, 2002). Also important are legal frameworks and judicial systems that fail to protect tenants from forced evictions (by either public or private landowners).

• Regulations requiring full servicing and infrastructural access of housing lots prior to title legalization.

• Policies and programs that supply infrastructure to urban land prior to settlement, thus increasing the value of the land so that it is no longer affordable to the poor.

• Municipal residency requirements that lead to the legal exclusion of displaced people fleeing to urban areas.

• Over-focus on providing individual titles and freehold (full ownership) tenure rights to homeowners.

• Provision of high-end services to a limited number of homes in informal settlements, on an ad-hoc basis.

• Housing standards set so high that the poor cannot afford housing. These include policies for subdivision that set service standards too high for the poor to be able to afford plots. Increases in standards should occur only if accompanied by public subsidies that promote rehabilitation and improvement of existing housing units, and income support to families unable to afford private sector housing prices (Angel 2000: 166).

• Macroeconomic policies favoring austerity (causing the price of basic goods to rise relative to the level of household wages).

• Macroeconomic policies allowing for hyperinflation.

Increasingly, academics and NGOs are considering fault for inadequate housing in LA/C countries to lie with a system of laws, regulations and enforcement institutions that effectively exclude the poor from middle and upper-class society. Based on this premise, international housing organizations have begun to promote policies embracing "inclusion" of the poor into mainstream urban life, also called a "right to the city" by the poor. This trend supports citywide government intervention, rather than a fo-

cus on specific projects within the city (see, e. g. , U. N. Best Practices Handbook 2003: 2, and the Habitat International Coalition's involvement through the World Social Forum to develop a "Carta Mundial por el Derecho a la Ciudad"[14]). The movement to address housing problems in a way that establishes broader social, economic and political inclusion is strong and appears to be growing, and would merit a more in-depth study.

G. Displacement (planned evictions, natural disaster and war)

Displacement may be caused by a number of factors—including planned evictions, natural disaster and war—and is a leading cause of inadequate housing in Latin America and the Caribbean.

Planned evictions

Planned evictions in LA/C countries cause many families to be homeless. According to the Centre on Housing Rights and Evictions, 14 million people worldwide were threatened by planned forced evictions in 1998. Many of these were in Latin America. Evictions and tenure insecurity are closely linked: lack of formal title to plots and dwellings in squatter settlements render people living within them at constant risk of eviction (U. N. Centre for Human Settlements 2000: 59, U. N. Best Practices Handbook 2003: 26-27). In its Global Campaign for Secure Tenure, UN-HABITAT argues that "… it is the perceived or real threat of forced eviction that does most to trap an area in slum conditions and a cycle of poverty, as any initiative and investment is inhibited by the threat" (UN-HABITAT 2000, "The Global Campaign for Secure Tenure," Section 2. 2). Some planned evictions have been massive in scope. In Santiago, Chile, for example, 11,325 inhabitants were evicted from low-income settlements in 1981 (U. N. Centre for Human Settlements 2000: 56). More recently, a large number of residents in informal settlements in Baja, Mexico were forcefully evicted by local authorities,

while leaders of land occupations were reportedly jailed and beaten (Bacon 2002). Municipal authorities are responsible for more than 50 percent of all forced evictions, national governments for 25 percent (U.N. Centre for Human Settlements 2000: 56-8; the source does not clarify who is responsible for the remaining 25 percent of evictions). The reasons given for planned evictions range from illegal land possession (by squatters) to proposed redevelopment by local authorities. Effects of forced evictions may be particularly harmful for women and children (U.N. Special Rapporteur 2002).

It is common for both public authorities and private parties to evict people to allow for commercial development and for redevelopment of urban areas. When legal housing settlements are expropriated for redevelopment, homeowners are given little compensation (rarely enough to buy a home of comparable size to the one they owned); tenants and squatters are given nothing. While some degree of redevelopment in city centers may be of net benefit to society in the long term, the way in which people are evicted from their homes in the process causes unnecessary harm. Evictors seldom give warning to the evicted, consult with the evicted, provide compensation for the evicted, or provide resettlement for the evicted. (U.N. Centre for Human Settlements 2000: 58, see also Morel and Mejía (1998) for a description of the Dominican Republic's abuse of rights and laws during widespread evictions in Santo Domingo between 1986 to 1992.)

Governments have also used major international events as an excuse for planned evictions, in order to "clean up" the area where the event is scheduled. An infamous example of this took place in Santo Domingo for the Dominican Republic's 500 year commemoration of Colombus' landing (U.N. Centre for Human Settlements 2000: 56, Morel and Mejía 1998).

The United Nations points to lack of legal protection against eviction as a factor that compounds the situation. The rights of the poor in eviction cases are often not clearly defined in law (U.N. Centre for Human Settlements 2000: 56, U.N. Special Rapporteur 2002). Even where anti-eviction laws exist, "The lack of knowledge of occupants about their rights, the lack of community-based paralegals to assist people and problematic justice systems, make occupants vulnerable to eviction and exploitation." The United Nations recommends that "Anti-eviction laws should be passed by all countries to protect low-income groups, who should also be given training in their rights …" (U.N. Best Practices Handbook 2003: 27).

Natural disasters

Natural disasters are another cause of displacement and homelessness. The vulnerability of poor people to damage caused by natural disaster is often compounded by their economic situation.[15] First, choice in the housing market is a function of income; families without income have little choice and so end up living in environmental danger zones. This results in death, destruction and homelessness. Second, poor construction leaves housing for the poor at risk of disasters such as earthquakes. Third, even if the location of poverty housing does not jeopardize it in the event of natural disaster, crowding and lack of maintenance does. In the 1985 earthquake in Mexico, for example, most of those killed and made homeless were from low-income, crowded, multi-family rentals. In Caracas, Venezuela, 574,000 people live in squatter settlements on steep slopes that are often affected by landslides that lead to damage and homelessness. Fourth, many families' desperate need for food and basic shelter in urban areas causes increased environmental degradation, which in turn heightens vulnerability to natural disasters.

War and violence

The leading cause of displacement in the Latin America and Caribbean region is state-sponsored violence and war.[16] The ongoing war in Colombia alone has displaced nearly 3 million people since 1985. The annual number of newly displaced people in Colombia has risen significantly since 1993 (412,000 in 2002). Displaced people in Colombia are disproportionately black and indigenous. Most displacements are caused by paramilitaries violently seizing territories that used to belong to guerrillas. Fumigation of coca crops (per agreement with the United States for US$1. 3 billion in aid and military assistance) has caused over 75,000 people to be uprooted since 2001. Because most people displaced in Colombia lack proper documentation and/or knowledge of their rights to international assistance as Internally Displaced Persons, they receive no assistance at all.

Displacement of people due to war in Colombia has a direct effect on housing, both within Colombia and in neighboring countries. Colombians fleeing from the countryside end up in overcrowded city slums. Approximately 400,000 people have fled to Bogotá alone. About 65 percent of those who come to the city end up in the city's Soacha slums. Organized violence has increasingly moved into the cities, and army-backed "cleansing squads" have targeted newly arrived Internally Displaced Persons in slum areas. Other conditions prevalent in the slums where IDPs settle include: constant threat of eviction by local authorities on the basis of discriminatory housing measures established to keep IDPs out (e. g. , 5-year residency requirement); shelters built of wood, cardboard, mud and sticks; barrios lacking basic services (electricity, water, sanitation, transportation); and exposure to landslides from heavy rains.[17]

Outside of Colombia, armed conflicts and violent displacement of people continue to occur in Gua-

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13 One problem with determining which policy choices relate most closely to housing conditions for the poor is that little systematic research exists on this subject (Angel 2000: 110).

14 Information available at www.ceve.org.ar/campana_mundial.pdf.

15 Information in this paragraph found in the U.N. Centre for Human Settlements 2000: 59-60.

16 Information in this paragraph found in the Global IDP Project 2003.

17 The Commission of the Global IDP Project described their visit to one l□

that rise high above the city, in precariously perched rickety wood and cardboard structures. The barrio is stripped clean of vegetation and when it rains the hillside becomes a dangerous corridor of slick mud. Women interviewed in this neighborhood related their despair at having nothing with which to shield themselves and their children from the rain, wind and cold. In this neighborhood, there is an informal pattern of passing along available shelter to newcomers arriving from elsewhere in Antioquia and other regions.

temala, Mexico and Peru. According to the Global Internally Displaced Persons Project, "These conflicts are mostly rooted in economic disparities and unequal access to land affecting marginalized and persecuted communities" (Global IDP Project, "Internal Displacement in the Americas" 2003: 1). Landless farmers supported by indigenous communities have sometimes resorted to armed guerrilla movements in challenging governments. The governments then respond with sweeping military measures, often in defense of large landowners (Ibid: 2).

Post-conflict governments have often agreed to (or voiced the need for) provisions to help resettle the displaced, but have subsequently ignored them. Mexico has yet to adopt a policy addressing the problem of internal displacement (10,000 to 12,000 people are still displaced in Chiapas after military and paramilitary groups caused the displacement of up to 35,000 people in 1994), and the Guatemalan government has failed to fulfill its land allocation commitments to the displaced (part of the 1996 peace agreements), leaving many thousands still waiting to go home. One human rights organization states that people who fled their homes in the countryside during the Guatemala conflict have little chance of returning, as large-scale agribusiness has since gained possession of the bulk of their land (Susskind 1998). Families attempting to return are often forcefully evicted. The Land Fund program, established in the peace accords to redistribute land through credit schemes and loan programs, is inaccessible to most small farmers, who are ineligible for credit and cannot afford the 20 percent interest required for the loans.

Nearly half a million people continue to live in shantytowns established on the periphery of Guatemala City as a result of wartime displacement. According to one report, "People live packed together under corrugated tin or cardboard shacks. In the rainy season, raw sewage overflows into sleeping quarters; in the dry season, the stench of garbage is everywhere. They face diseases that they never before encountered: asthma, hypertension, tuberculosis, all associated with overcrowding. There is no running water or electricity and little access to health care or schooling. Violent economic crime and seemingly random gang assaults are rampant" (Susskind 1998: 2).

H. Access to financing

Many poor families in Latin America and the Caribbean have no access to mortgages or loans for building or buying a home. According to Peter Ward (2001: 93), lack of access to credit "forces families to make do with inadequate resources, to live and work in multi-functional spaces combining makeshift shacks, partly finished rooms, and temporary partitions for walls."

Although the failure of many poor households to access mortgages and loans is often viewed as a symptom of the greater underlying problems of poverty, low wages and unemployment, scarcity of housing finance may also be seen as a distinct issue. Data from the Housing Indicators Program (World Bank 1993) indicate that access to formal financing, considered apart from average household income levels, is an important determinant of housing conditions (Jones and Datta 1999: 7). One of the reasons that families with inadequate shelter are unable to access loans is that they work in the informal sector, and so are less able to provide employment documentation whether or not their current income level would qualify them for a loan. Research shows that financing institutions favor households with above-average incomes, employed in the formal sector, and where the head of household is male (Ibid: 11).

Even housing finance institutions aimed at assisting low-income families have often been inaccessible to the majority of the poor. In Jamaica, for example, the state's main housing agency (the National Housing Trust) was established in 1976 with a clear mandate to assist low-income families with housing. Over the past 20 years, however, the National Housing Trust gave mortgages to only 2 percent of the people in the bottom 40 percent of the workforce (Klak and Smith 1999: 60).

Many sources site the growing importance of innovative financing alternatives for the poor, such as housing microloan programs and noncommercial bank programs (e. g. , saving and loan societies and mutual assistance groups).

Efforts to address inadequate housing
in Latin America and the Caribbean

A. Multinational organizations and foreign aid

The United Nations Human Settlements Programme

Global Campaign for Secure Tenure:[18] In 1999, UN-HABITAT launched the "Global Campaign for Secure Tenure" to address the fact that shelter conditions for the world's urban poor have continued to deteriorate in the years following UN-HABITAT's global conference in Istanbul and the corresponding adoption of the Habitat Agenda.[19] This campaign reflects the almost exclusive focus of UN-HABITAT on urban, rather than rural, housing issues. UN-HABITAT chose the issue of tenure security because of its "catalytic effect" in providing sustainable shelter. The goals of the campaign are to extend "formality and secure title" to existing urban settlements, and to increase poor peoples' access to urban land that is well-located and affordable.

The campaign will focus on several sub-issues including: (1) working toward adoption of an International Convention on Housing Rights; (2) opposing forced evictions; (3) promoting national legislative reform; and (4) promoting a sustainable shelter policy overall, starting with secure tenure, but requiring integration of public and private sectors in areas such as land use planning, land registration systems, provision of urban services and infrastructure, and provision of housing finance and microcredit.

U. N. Housing Rights Programme:[20] This United Nations program is another initiative of UN-HABITAT, distinct from the tenure security campaign discussed above. The original time frame for the initiative was 2002 to 2004. The first phase of the program seeks to promote awareness of housing rights through establishing networks among government agencies, NGOs, academics and others, by creating standards and monitoring programs, and conducting and publishing research on housing rights.

The World Bank [21]

The World Bank has a major influence on housing policy in the LA/C area through its loan conditionality agreements. In the last decade, this influence has resulted in governments shifting their role from provider of low-income housing to facilitator of housing market reform. (See, e.g., Gough 1999: 122). The World Bank has also focused on housing and related issues in several specific contexts. The first context is support for market-based housing finance. (Between 1983 and 1996, the World Bank spent US$5 billion on housing finance programs around the world. Buckley 1999: 44.) The second context is support for private property rights regimes. The World Bank has sponsored high-profile land and housing titling and registration programs in Nicaragua and Peru in the 1990s, for example. The third context for World Bank involvement in housing in Latin America and the Caribbean is disaster relief and preparedness. The Bank currently supports programs for disaster preparedness in Mexico, St. Kitts & Nevis, St. Lucia, Dominica, Grenada, and St. Vincent. It also helped with disaster relief and reconstruction following Hurricane Mitch in Nicaragua, Honduras and Belize.

The Inter-American Development Bank [22]

The IDB is the leading source of multilateral financing for LA/C (IDB: 2002). It states that it is committed to helping improve the lives of low-income families through bettering their housing conditions. The IDB pursues this commitment through: (1) supporting policies and projects directed to improve housing conditions for the poor; (2) helping governments facilitate and manage private sector initiatives in housing; and (3) improving housing markets and related markets (land, financing and construction). To achieve these goals, the IDB offers credit, technical assistance and policy advice for programs seeking to expand the availability of new housing solutions or upgrade existing housing.

One example of the IDB's work in housing is its support for "Neighborhood Upgrading Programs." These are government programs that address slums and informal settlements by financing the provision of services and infrastructure, rather than ignoring or attempting to destroy the slums. The IDB is helping to finance these programs and disseminate information about them throughout Latin America and the Caribbean.

As of December 2002, the IDB has also had a Memorandum of Understanding with UN-HABITAT to cooperate in the improvement of housing, urban infrastructure and services in Latin America and the Caribbean.

The United States Agency for International Development [23]

The current USAID assistance strategy for Latin America and the Caribbean does not appear to focus on housing, although it may be included in individual country plans. One future U.S. program that could affect housing in the LA/C area, however, is the "Millennium Challenge Account." This program, currently pending in legislation (part of the 2004 appropriations bill), would parallel USAID's work but would be administered through the State Department. The program may allocate as much as US$500 million toward 20 of the world's poorest countries. The program requires recipient countries to bring forth a plan of how funds will be used, rather than just allowing international aid groups to apply for money.

The European Union [24]

The EU's primary role in housing in Latin America and the Caribbean is as a donor. The EU's development aid program includes LA/C countries,[25] and has sometimes been earmarked for housing. One example of a housing project financed by the EU is a US$1.8 billion agreement with the government of Guyana in March 2003. The money will provide infrastructure and services for 4,000 new housing lots and for the upgrade of 1,500 lots in existing slums (Stabroek News 2003). Through its "reconstruction and recovery" program, the EU has also provided funding for housing in Central America after Hurricane Mitch, in Venezuela after floods in 1999, and in El Salvador after earthquakes in 2001.

The International Finance Corporation [26]

The IFC supports several financing programs for low-income housing in Latin America, largely through assisting local banks that lend money for mortgages. The IFC has also attempted to help start a secondary mortgage market in some Latin American countries. Because the IFC works through mainstream financial institutions, its support primarily affects middle-low-income families, rather than the most poor.

B. International nongovernmental organizations

The Habitat International Coalition [27]

The HIC is an international umbrella organization for NGOs, academic and research organizations and

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18 For a full description, see UN-HABITAT 2000, "The Global Campaign for Secure Tenure."

19 The Habitat Agenda is the primary political document that emerged from the Habitat II conference in Istanbul in June 1996. It was adopted by 171 countries, and contains a wide range of commitments and recommendations on human settlement issues (mostly pertaining to urban settlements).

20 For more information on the U.N. Housing Rights Programme, see UN-HABITAT "Initiatives in 2002-2004," and "Programme Focus (2002-2004)."

21 The World Bank's web site is www.worldbank.org. Because the World Bank works indirectly in many areas of development through support to governments and other organizations, and because its influence is extremely powerful, it would be a good idea to conduct a separate, in-depth investigation of the World Bank's influence in housing policy in LA/C countries.

22 The IDB's web site is www.iadb.org.

23 The USAID's web site is www.usaid.gov

24 The EU's web site is www.europa.eu.int

25 The EU annual Official Direct Aid to Latin America and the Caribbean totaled US$319 million by 1993, exceeding the United States' direct aid to this region (Amaury Hoste, The New Latin America Policy of the EU, February 1999, www.edpsg.org/Documents/Dpll.doc).

26 The IFC's web site is www.ifc.org

27 The HIC's web site is home.mweb.co.za/hi/hic

activists that work with issues related to low-income housing. It was formed at the time of the first convocation of UN-HABITAT, in 1976. It currently has nearly 300 members. [28] Its goals are: (1) advocating for the recognition, defense and full implementation of every human's right everywhere to a secure place to live in peace and dignity; and (2) defending the human rights of the homeless, poor and inadequately housed. The HIC works closely with UN-HABITAT.

The Latin American Secretariat for "Peoples" Housing [29]

The SELVIP is a coordinating organization for housing-related concerns in the Southern Cone countries. It was created as a response to MERCOSUR in the early 1990s. Its purpose is to facilitate information exchange between grassroots and NGO management, as well as to support housing strategies for the poor within the context of economic integration in the Southern Cone countries. (The Unified Federation of Uruguayan Mutual Aid Housing Cooperatives appears to be the effective steering arm of this group.)

Un Techo para Chile [30]

Un Techo para Chile was founded by Chilean university students in 1997. It grew out of the Catholic charity Hogar de Cristo. It began its work in Chile, with the goal of replacing all of Chile's shantytowns (informal housing "camps") with temporary houses of 400 square feet each. It relies on volunteer efforts, mainly by university students and other young people. It has built more than 20,000 temporary homes, and has a presence in 16 cities in Chile. It has also helped to found similar organizations in several other Latin American countries.

The International Co-operative Alliance[31]

The ICA has an "Americas" division that is headquartered in Costa Rica. Through its Housing Committee for the Americas, ICA fosters networking among cooperative organizations throughout LA/C that work on housing for the poor. These include cooperative organizations established to help the poor to build housing and cooperative organizations established by the poor within their housing communities. ICA's goals in this effort include helping housing cooperative organizations to strengthen and expand their support and financial networks, advocating for these organizations to political and financial institutions, and assisting this type of organization to become more competitive.

The Swedish International Development Co-operation Agency [32]

The SIDA is Sweden's government agency in charge of international development assistance. In 2002, its budget was US$19. 4 billion. The SIDA allocated 12. 5 percent of this budget to Latin America and has worked particularly close with Nicaragua, Honduras, Bolivia and Guatemala. The SIDA has invested heavily in programs to improve substandard housing in Central America. These programs are modeled after the Foundation for Housing Promotion in Costa Rica (see description below: the SIDA was an original financer of the FUPROVI but phased out its support as the program became self-supporting) and the Local Development Program in Nicaragua. The PRODEL program offered credits for housing improvements, infrastructural extensions to poor housing communities, and credits for small businesses in Nicaragua, benefiting 70,000 families in eight cities. The SIDA's housing programs also offer technical advice and training to municipalities and neighborhood organizations. The SIDA's housing programs have extended to Guatemala, Honduras and El Salvador.

The Swedish Cooperative Center

The SCC has some interest in housing, at least in Latin America. It is working on several studies related to low-income housing. (One study that is underway, for example, addresses access to urban land by the poor in Latin America.)

The Cities Alliance [33]

The Cities Alliance is one of the many international NGOs working on alleviating urban poverty, with a focus on upgrading shelter, services and infrastructure. Its central project is the Cities Without Slums action plan, which was endorsed by 150 heads of state and government at the 2000 U. N. Millennium Summit. The Cities Alliance is now working with a wide variety of partner organizations and governments (apparently only Brazil and El Salvador in LA/C) to implement this plan. The Cities Alliance works closely with the United Nations and the World Bank (which is responsible for developing the Alliance's long-term strategy and approving its annual work plan). The Cities Alliance's secretariat is located in Washington, D.C.

C. National and local nongovernmental organizations

The Unified Federation of Uruguayan Mutual Aid Housing Cooperatives —Uruguay [34]

This grassroots organization formed its first housing construction cooperative in Uruguay in 1966. Its cooperatives currently involve 15,000 families. The FUCVAM aims to integrate families into every aspect of project management via formation of Cooperative Assemblies. Every family is required to contribute 21 hours per week of sweat equity during the construction period (an estimated contribution of 15 percent of the total construction costs). The houses are 70 square meters and have two rooms. Once construction is completed, the cooperatives shift their focus to raising the quality of life in the community through providing "six great necessities": housing, health, education, recreation, consumption and general services. The goal is to preserve and strengthen the positive aspects of informal self-help communities including solidarity, identity, common history and a sense of mutual purpose. The FUCVAM received an award for its work from UN-HABITAT in 1997. It has allied itself with many national and in-

ternational NGOs and government programs (Font 2001: 3-6).

The Foundation for Housing Promotion—Costa Rica [35]

The FUPROVI is an NGO that supports self-help housing construction in urban settlements in Costa Rica. It was founded 15 years ago and received a Best Practices Award from UN-HABITAT in 2000. It organizes the construction of 1,000 houses per year, usually for groups of households living in a settlement. The FUPROVI is subsidized by the government and acts as an intermediary between low-income households and the authorities to finance the purchase of land and legalize the settlement. Families must contribute 30 hours per week to construction. The FUPROVI provides interim construction financing from a revolving fund, which allows the families to construct their houses while the legalization process is underway. Once the houses are finished and the settlement legalized, the families are eligible for a government subsidy and a mortgage. This allows the families to pay back the interim credit from the FUPROVI, plus a fee worth 12 percent of construction costs. The total cost of the house is 60 to 65 percent of an equivalent house built in the private sector due to the family's sweat equity contribution.

Asociación para Apoyo a Comunidades—Argentina [36]

The APAC is an NGO that works on providing decent shelter conditions for low-income families in Buenos Aires. Similar to Habitat for Humanity, it self-funds through receipt of mortgage payments by recipient families. It recently conducted a project to provide 173 households with fully serviced plots of land. By cutting costs to the bare minimum, it was able to provide these plots at 40 percent of their commercial value (the resulting price was $3,500 to $4,000 per plot). Payments by recipient households in the first eight months funded the infrastructural costs. By providing fully serviced plots rather than housing, APAC seeks to reach more families and to encourage planned self-help housing.

CIUDAD—Ecuador [37]

The mission of CIUDAD is to "help make possible the exercise of the right to live in the city in just and democratic conditions." It was founded in 1977. It moves its agenda through research, capacity-building and technical assistance. Its focus is on urban housing, but also includes urban governance and building urban "citizenship." It has partnered with many local and international organizations, including the EU, HIC, Red Mujer and HFH.

The Institute for Liberty and Democracy—Peru [38]

The ILD was founded to institutionalize Hernando de Soto's work. It is a think tank based on the underlying premise that the poor need access to formalized private property, including houses with registered titles. The institute has close connections with the World Bank and the IDB, as well as USAID. It has received some criticism for over-focus on formal private property rights to the exclusion of other more efficient ways to improve housing conditions for the poor.

D. National and local governments

Most countries in LA/C have some form of public housing subsidy. These subsidies can be direct (e.g., grants or loans to individual households) or indirect (e.g., supplying subsidized services or infrastructure to an informal settlement). Characteristics of these programs vary. Some benefits are grants, others are loans. Some programs subsidize entire houses, others provide a nominal subsidy. Most require the recipient family's income to be below a certain poverty level, though in many cases the family must prove it has the financial capacity to pay back a loan. Some programs are aimed at the middle-lower class, while others are aimed at the most poor. Following are examples of public housing projects in Brazil and Peru that have received international attention. These case studies are included to give examples of one type of project (regularization) and to describe how governments have negotiated some of the hurdles to effective housing strategy.

Brazil [39]

In Brazil, public housing programs for the poor have been created and implemented at the municipal level. These programs seek to address the problems associated with urban slums (or informal settlements). The first of these, "Belo Horizonte," was initiated in 1983 and received an award by UN-HABITAT for its efforts to transfer individual property title to dwellers in informal settlements, regardless of

28 One example of the type of project that the HIC, the SELVIP and the FUCVAM (see below) organized was an international seminar on "Social Housing Production and Neoliberalism: the capital of the people versus the misery of capital." The seminar included presentations by the HIC, the SELVIP, the FUCVAM, UN-HABITAT, a Brazilian cooperative housing project, and others on a wide range of topics pertaining to low-income housing and the importance of grassroots organizing around this topic.
29 Information on the SELVIP can be found at www.chasque.apc.org/fucvam.
30 The web site for Un Techo para Chile is www.untechoparachile.cl
31 The ICA Americas' web site is www.aciamericas.coop
32 For more information, see SIDA's web site: www.sida.se.
33 The web site for the Cities Alliance is www.citiesalliance.org
34 The FUCVAM's web site is www.chasque.net/fucvam.
35 The FUPROVI's web site is www.westnet.com/costarica/foundation/fuprovi.html.
36 Information about the APAC found in U.N. Best Practices for Human Settlements, Most Clearing House Best Practices Database, at www.unesco.org/most/bpunchs.htm.
37 More information on CIUDAD is available at http://habitat.aq.upm.es/dubai/98/bp493.html or www.redmujer.org.ar/ecuador_ciudad.htm.
38 The ILD's web site is www.ild.org.pe
39 For the following discussion, see Fernandes 2001, De Souza 2001.

whether land was originally owned publicly or privately. By increasing security for informal settlement inhabitants, Belo Horizonte sought to encourage families to improve their dwellings. However, this program was hindered by two primary factors: (1) a prerequisite for the transfer of legal title was upgrading of entire slum areas, which in many cases never happened; and (2) expropriation of privately held land has been virtually impossible due to the legal need to compensate original owners at fair market value.

Subsequent municipal regularization and housing projects in Brazil[40] have sought to improve and expand on the Belo Horizonte model in several innovative ways. First, they promote the transfer of secure long-term use rights, rather than full ownership rights, to settlement inhabitants. This reduces costs and gives households additional security needed to make improvements to their homes. Second, municipalities have implemented these programs in conjunction with changes to zoning rules that restrict plot sizes, construction size and type, and land use. This allows regularization/ transfer of property rights to occur in the settlements as they are, without lengthy delays for infrastructural improvements or service provision. It also helps keep housing prices affordable to the poor by discouraging speculation and middle class "raiding."

Peru [41]

In 1996, Peru embarked on a project to address poverty housing in informal settlements by distributing over 1 million land titles in its three most populated cities. The program was implemented by the central government, with heavy funding from the World Bank, through a program called the Commission for the Formalization of Informal Property. While this program was successful in distributing a massive number of titles, the net impact of this program in aiding the poor has been questioned. (See

section above on secure land rights.)

E. Private sector

CEMEX/ Patrimonio Hoy [42]

Patrimonio Hoy is a for-profit initiative of CEMEX, Mexico's largest multinational corporation. Through this program that it created in 1999, CEMEX is attempting to increase sales and brand recognition among low-income customers in Mexico by helping self-help homebuilders to finance construction. Patrimonio Hoy is based on savings clubs of three people each, who make weekly contributions of 120 pesos (about US$10) each to a group fund for a period of 70 to 86 weeks. Every 10 weeks, one of the members receives all of the group's savings in the form of raw construction materials. This gives CEMEX a chance to "sell" its products, and gives the participants a form of credit that allows them to build their homes much more quickly than they would otherwise be able. As of 2002, Patrimonio Hoy had reached 20,000 families. Its goal is to reach 1 million families by 2007.

Banco Solidario, Ecuador

Banco Solidario is an example of a local bank in Latin America that was founded to serve the 70 percent of the population who have difficulty accessing credit from traditional institutions. In 2000, it began a housing loan program offering credit for purchase of land and house construction (Center for Urban Development Studies 2001: 92).

Fannie Mae

Fannie Mae has an International Housing Finance Initiative that makes available a wide range of training and technical expertise for developing viable financing for low-income homeowners in LA/C countries.

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40 Recife, Porto Alegre, Diadema and Santo Andre have instituted programs. For more information on the projects in Recife and Porto Alegre, see Fernandes 2001.
41 For the following discussion, see Kagawa 2001 and Calderón Cockburn 2001.
42 For more information, see Herbst 2002.

4   Conclusions

A review of existing research on inadequate housing in Latin America and the Caribbean makes clear several points.

First, inadequate housing continues to be a serious political, social and economic problem in Latin America and the Caribbean. Most strikingly, the deficit in adequate housing continues to grow each year, forcing more families to live in dangerous or squalid shelter conditions.

Second, a broad range of actors in both the public and private sector are working to address the problems associated with inadequate housing in Latin America and the Caribbean.

Third, the extent, causes and effects of inadequate housing vary widely from country to country in Latin America and the Caribbean, and also between geographic areas within countries. Some trends do apply to the entire area, but they take on their own form in the local context to which they apply.

Fourth, current interest in housing problems and policy is heavily focused on urban areas. This is probably because of the high percentage of people in Latin American and Caribbean countries who live in urban areas, and because urbanization trends continue to push this percentage higher. Recent movement of people to the cities has created a crisis situation in urban slums, drawing the attention of many governments and the international community. Housing conditions in rural areas, though they remain acute, seem to have been left largely ignored.

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