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3. AUTHOR(S)  
**Gauhan, Timothy O.**

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9. ABSTRACT

The paper presents a discussion of a number of the important economic, political, social and legal factors that have influenced and shaped the low-income housing market of Bogota, Colombia. First, the impact of population growth and transfer on the housing market of Bogota is discussed. Then some of the important, economic characteristics of Colombia in general, and Bogota in particular, and their influences on housing are discussed. Finally, such important outputs from the national and local political systems as zoning laws, national development plans and urban development legislation are presented (again, in the context of low-income housing in Bogota).

These important factors affecting the housing market of the city having been discussed, the characteristics of this market are then examined in reference to the supply and demand for housing and housing-related services in Bogota. Focusing on the elasticity of demand for "basic" and "nonbasic" housing, such patterns of housing settlement as high density "inquilinos," "pirate" barrios, and squatter settlements are explained.

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121 Sewall Hall  
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Houston, Texas 77001

Paper No. 64

Some Economic and Political Characteristics of the  
Low-Income Housing Market  
in Bogota, Colombia and their  
Implications for Public Policy Alternatives

Timothy O. Gauhan

Spring, 1975

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Housing and the Urban Poor:  
The Case of Bogota, Colombia\*

In a setting as complex as the modern city we can expect that a number of diverse factors will combine to influence the urban environment and the quality of life and well being of those who reside in it. In the major cities of the developing world, where change is typically rapid, economic and social relationships are diverse and the patterns of development are often different and in some ways more complex than those of the cities of industrialized nations, the forces which shape the character of urban life are particularly numerous and often confusing.

The present paper examines a single component of the total environment of the Latin American city of Bogota, Colombia: the low-income housing market. We begin by looking at some of the more important environmental, socio-economic and political factors that have shaped the character of the low-income housing market of the city, with an emphasis on the impact of public policy. Secondly, we describe some of the basic characteristics of this housing market, focusing primarily on its economic aspects. Finally, the implications of a number of public policy alternatives and their effects on the city and its residents are discussed.

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\* James Spillane S.J., Richard Butler, George Antunes, Robert Dix, and John Ambler all read early drafts of this paper. None are responsible for the content of the paper and each contributed toward its improvement.

1. The Major Factors Affecting  
Low-Income Housing in Bogota

Nearly 50% of the population of the city of Bogota falls in the "lower socio-residential stratum" of the city's population.<sup>1</sup> Useful as they may be for some purposes, such labels fail to describe the extent or intensity of the problems that exist within the realm of lower class housing in Bogota. Alvaro Avila Bernal has noted, for example, that

In Bogota, 33% of the population suffers from a lack of the most elemental services . . . . Fifty percent of the housing is below the hygienic standard, that is, at the level of slums. Thirteen percent don't have running water. Around 1962, 211,000 families housed themselves in 155,000 housing units, of which only 81,000 were classified as "acceptable." Around the same date it was estimated that the construction of 75,000 housing units was necessary to house<sup>2</sup>, with a minimum of comfort, the whole population of Bogota.

While poverty is nothing new to Colombia, at the turn of the century such widespread urban blight affecting such great numbers of people was unknown. During this century, however, and especially in the past 25 years, a number of forces have combined to make low-income housing one of the major problems facing Bogota. Four categories of factors have contributed most substantially towards shaping the character of low-income housing in the city: population growth and transfer, patterns of economic development in the city and nation,

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<sup>1</sup>Alan B. Simons and Ramiro Cardona, "Rural-Urban Migration: Who Comes, Who Stays, Who Returns? The Case of Bogota, Colombia, 1929-1968," The International Migration Review, VI,1 (1972), 169.

<sup>2</sup>Alvaro Avila Bernal, "La Poblacion y el Problema de la Vivienda en Colombia," Revista de la Camera de Comercio de Bogota, trans. by author (Bogota: la Camera de Comercio de Bogota, 1973).

environmental factors, and public policy responses. In order to understand the dimensions of the problems of low-income housing in Bogota let us briefly examine each of these.

Population growth and transfer

Like all of its neighbors in Latin America, Colombia's population has grown and moved cityward in the last several decades. Of Colombia's 8.75 million people in 1938 only 30% lived in urban areas. Today the population of the country has grown to around twenty-five million and the number of people living in urban areas is estimated to be near 60%. There are now three urban centers in Colombia with populations of over one million, whereas at mid-century there were none.

In the capital city of Bogota, the process of population growth and transfer has been spectacular, as can be noted from Table 1. The population

TABLE 1: Population Growth, Percent Increase and Estimated Percent of Total Growth Resulting from Migrants and their Children in Bogota -- 1918-1964

| Year | Population | Growth in Time Period (%) | Growth in Time Period Due to Migrants and their Children (%) |
|------|------------|---------------------------|--|
| 1918 | 145,000    |                           |  |
| 1938 | 330,000    | 129%                      | 62%  |
| 1951 | 648,000    | 96%                       | 70%  |
| 1964 | 1,697,000  | 162%                      | 65%  |

SOURCE: Ramiro Cardona and Alan B. Simons, "Apuntes Sobre La Llamada 'Crisis' En Las Grandes Cuidades," Monografias de la Corporacion Centro Regional de Poblacion I (December, 1973).

growth of Bogota and its net gain in population due to in-migration during this time period are even more impressive when they are examined in relation to the

other large cities of the country. In the period 1918 to 1938, of the 19 largest cities of Colombia, five were growing at a faster rate than Bogota. For the period 1938 to 1951 that number had been reduced to four. Finally, in the period 1951 to 1964 no other city in the country was growing as fast as Bogota. This same trend can also be seen in terms of growth attributable to migrants and their children. In both the periods 1918 to 1938 and 1938 to 1951, four major Colombian cities has growth of this type at a higher rate than Bogota. By the period 1951-1964, however, only Barranquilla rated above Bogota in this category. Thus, not only was Bogota the largest city in Colombia during this period, it was also growing relatively faster than the rest of the country in terms of net population increase and -- with the exception of Barranquilla -- in terms of net increase due to population transfer. This phenomenal growth is not expected to abate in the near future. According to projections by the Inter-American Development Bank, Bogota will reach a population of 5.2 million by 1980 and will have experienced a growth rate of 67.9% between 1960 and 1980 (higher than any of the other nine largest cities in Latin America).<sup>1</sup>

The full impact of this tremendous population increase on the housing market of the city will be discussed in detail later. For the moment the following data give us some idea of its importance. It can be noted from Table 2 that both migrants and native-born Bogotanos fall predominantly in the lower-income stratum of the population of Bogota. Placing aside for a moment the impact of low income itself on urban housing, it is clear that the sheer number of the poor and the rapid growth in their numbers in Bogota have influenced the housing market of the city. For example, in the period 1951-1961 when the

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<sup>1</sup> Cited in Avila Bernal, ibid.

TABLE 2: Percent Distribution of Male Migrants and Men Born in Bogota Aged 15 to 64 Years By Social-Residential Strata

|                               | Strata in the sample (a) |        |       | TOTAL |
|-------------------------------|--------------------------|--------|-------|-------|
|                               | UPPER                    | MIDDLE | LOWER |       |
| Migrants                      | 10%                      | 36%    | 54%   | 100%  |
| Non-migrants (born in Bogota) | 23%                      | 34%    | 43%   | 100%  |
| Total population of Bogota    | 15%                      | 38%    | 47%   | 100%  |

SOURCE: Alan B. Simons and Ramiro Cardona, "Rural-Urban Migration: Who Comes, Who Stays, Who Returns? The Case of Bogota, Colombia, 1929-1968," The International Migration Review (Spring, 1972), p. 169.

population growth of the city was over 150%, the housing deficit in Bogota grew from 37,000 units to 73,000 units and, as the data for 1972 presented in Table 3 indicates, the deficit has continued to grow.

TABLE 3: Housing, Households and Population in Bogota (1972)

| Monthly Income  | Housing Units | Households | Households       | Population | Persons       |
|-----------------|---------------|------------|------------------|------------|---------------|
|                 |               |            | by Housing Units |            | per Household |
| 59- 500         | 10,871        | 17,648     | 1.64             | 74,612     | 4.28          |
| 500- 1,000      | 60,047        | 89,962     | 1.50             | 447,571    | 4.98          |
| 1,000- 1,500    | 64,165        | 87,587     | 1.36             | 479,694    | 5.48          |
| 1,500- 2,000    | 57,865        | 71,799     | 1.24             | 421,187    | 5.87          |
| 2,000- 3,000    | 59,808        | 70,248     | 1.17             | 416,419    | 5.92          |
| 3,000- 5,000    | 56,421        | 61,283     | 1.09             | 355,388    | 5.98          |
| 5,000-15,000    | 56,303        | 58,399     | 1.04             | 358,260    | 6.13          |
| 15,000-30,000   | 8,369         | 8,506      | 1.02             | 60,433     | 7.10          |
| 30,000 and more | 1,990         | 1,990      | 1.00             | 12,210     | 6.14          |
| No information  | 31,667        | 35,767     | 1.13             | 214,666    | 6.00          |
| TOTAL           | 407,416       | 503,089    | 1.23             | 2,850,170  | 5.57          |

SOURCE: Carlos Zorro Sanchez, "Primera Etapa Del Estudio Sobre Los Inquilinatos (Vivienda Compartida En Arrendamiento) en Bogota," Centro de Estudios Sobre Desarrollo Economico, Documento CEDE No. 010 (Bogota, 1974), p. 103.

Table 3 also indicates the degree to which families with low incomes contribute to the problem of the housing deficit in Bogota. If we collapse the data into two groups, those families with incomes of less than \$3,000 pesos per month (about U.S. \$150 in 1972) and those with incomes of over \$3,000 pesos we may note the following: Those families making under \$3,000 pesos per month represent 72% of the total households of Bogota (excluding the "no information" category) and 64% of the population of the city, while these figures are 28% and 36% respectively for those families earning more than \$3,000 pesos. The number of families per housing unit in the group earning less than \$3,000 pesos is 1.38 while this figure is 1.03 for the group earning over \$3,000 pesos. Thus, it can be seen that while low-income families make up a very large portion of the total population of the city they also are crowded into few housing units per family when compared with other income groups. While the housing deficit is only one aspect of the problem, it can be seen here that both population increase and population transfer have put tremendous stress on the low-income housing market of Bogota.

#### Patterns of Economic Development

Despite a somewhat impressive annual economic growth rate of around 5% to 7% in recent years, a large majority of the Colombian population still suffers from a problem all too familiar in developing countries; namely, poverty. Likewise, despite the fact that research indicates that current rural-to-urban migration flows are stimulated by the wage differentials that exist between the rural and urban sectors,<sup>1</sup> and that some occupational mobility exists in the

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<sup>1</sup>See for example Marco F. Fierro, "Algunos Problemas Relacionados con la Migracion Interna en Colombia," Centro de Estudios Sobre Desarrollo Economico, Documento CEDE No. 663 (Bogota, 1973).

lower levels of the urban sector,<sup>1</sup> poverty continues to plague the urban centers of Colombia as well as the rural areas. The causes and dimensions of urban poverty are far too numerous and complex to treat here. Suffice it to say that long established patterns of land and income distribution, the reliance on a few primary products for competition in the world economy, late (and often capital-intensive) industrialization, the relative weakness of the trade unions, and the aforementioned population growth have, along with some other factors, made their contributions to the persistence of poverty in Colombia.

Of particular importance in the case of Bogota are the rapid population growth of the city and the fact that the industrial sector has not developed to any great degree. This pattern of economic development has resulted in high unemployment in Bogota (around 11.6% according to the Encuesta de Hogares of DANE in 1970), high underemployment, and employment skewed towards those occupations where salaries have traditionally been the lowest (i.e. the unskilled services). Consequently, we find that according to the National Department of Statistics in 1970, 45% of the families of Bogota had an income of \$2,500 pesos (U.S. \$125) or less per month.

That the impact of the general level of poverty in Bogota on the housing problems of the city is great has been noted by a variety of sources. "The housing problem," notes Carlos Zorro Sanchez, "is simply one of the manifestations of a more profound phenomenon: the low income of the major part of the population."<sup>2</sup> Speaking in terms of the policy implications of this problem the

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<sup>1</sup>See Ramiro Cardona and Alan B. Simons, "Hacia un Modelo Sobre Las Migraciones Internas en America Latina," presented at the Primera Reunion Latinoamericano Sobre Politicas de Migracion, Urbanizacion y Distribucion de la Poblacion, 1973.

<sup>2</sup>Carlos Zorro Sanchez, "Primera Etapa del Estudio Sobre los Inquilinatos (Vivienda Compartida en Arrendamiento) en Bogota," Centro de Estudios Sobre Desarrollo Economico, Documento CEDE No. 010 (Bogota, 1974), p. 12.

Departamento Nacional de Planeacion (National Planning Department of Colombia)

recently noted that

The root cause of the housing problem is not inadequate housing but insufficient incomes, or poverty. Inadequate housing is matched by inadequate education, diets, health, facilities for diversion and variety in life. All have their cause in poverty, and the only satisfactory solution is the abolition or significant lessening of poverty. To leave incomes where they are and to attempt to tackle the problem piecemeal by items of expenditures is not as satisfactory as a frontal attack on the problem of poverty itself, though it may be necessary in the case of the lowest income groups to do both simultaneously.<sup>1</sup>

Environmental Characteristics of the City of Bogota and the Sabana of Bogota

Arriving by air one can gain an almost immediate appreciation for some of the environmental factors that have influenced the development of low-income housing in Bogota. The city of Bogota is located on the Sabana of Bogota which, according to Peter Amato "occupies an area of approximately 1.450 square kilometers . . . . Within this area, approximately 54% of the land is suitable for agriculture. To the east of Bogota, running north-south, are a series of small mountains . . . ." <sup>2</sup> Backing up to these mountains and sprawling along their base out onto the Sabana, the city "may be divided into three principal zones topographically: 1) a high zone located along the eastern portion of the city beginning at the lower flanks of the mountains, Monserrate and Guadalupe . . . 2) an intermediate zone . . . and 3) a lower zone extending . . . to the Sabana." <sup>3</sup> The lower zone to the north of Bogota

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<sup>1</sup>"Colombian Urban Policy in the Plan of Development," Departamento Nacional de Planeacion (Bogota, 1974), p. 70.

<sup>2</sup>Peter Walter Amato, "An Analysis of the Changing Patterns of Elite Residential Areas in Bogota, Colombia," (Ithica, New York: Cornell University, Ph.D. dissertation, 1970), p. 169. Most of the material in this section is drawn from Amato's work.

<sup>3</sup>Ibid.

is characterized by very flat terrain. It has less rain and better drainage than the intermediate and high zones. The lower zone is also subject to intensive and mechanized cultivation, again unlike the other two zones. At the other extreme we find in the upper reaches of the high zone steep terrain, rocky soil not well suited for agricultural use, heavy rain much of the year and erosion. The intermediate zone is flat like the lower zone but has more rain, poorer drainage and is less desirable for agricultural purposes than the lower zone.

These physical characteristics of Bogota, along with other factors (such as the legal ones discussed below) have resulted in severely limiting the supply of land available for low-income housing in Bogota and in limiting it spatially to the high and intermediate zones of the city. The steep terrain and erosion that characterize the upper reaches of the high zone make it undesirable for housing settlements. Moreover, the visibility of the high zone from other parts of the city makes the development of squatter settlements difficult. On the other hand, the desirability of the land to the north of the city has served to remove this land from the low-income housing market. Being highly suited to agriculture and having been cultivated for centuries, the value of this land is, in most cases, prohibitively high for low-income housing. Added to this are a number of favorable climatic and topographic characteristics of this area which have drawn high-income groups to it, making it unavailable for those with low incomes. As a consequence we find that, with few exceptions, low-income housing in Bogota is located in the lower reaches of the high zone and in the intermediate zone, pincered between the mountains of the high zone and the high-income barrios in the low zone. Thus, with the exception of some land to the west of the city that is as yet undeveloped, the supply of land for low-income housing has little potential for expansion.

Public Policy Responses to the Problems of Low-Income Housing

A final set of factors to be considered here comes from the realm of public policy in the form of a strange potpourri of de jure and de facto political decisions (and non-decisions) that have influenced the development of the city over the years. These policy outputs are so diverse in terms of origin and impact as to defy categorization so we will examine only some of the most important of them to have come from the political system at the national and local levels in recent years.

One important influence on low-income housing in Bogota has been the National Plan of Development. Two of the strategies of the Plan call for policies to stimulate personal savings and investment in construction, especially in urban areas. To implement these policies the government has created a system of value constant (i.e. the return on investment is adjusted for the rate of inflation) savings and loans and has sought through a number of means to channel the savings stimulated by this system into investment in urban construction, primarily in the area of commercial buildings and upper-income housing. In terms of low-income housing in Bogota, these policies have had two important results, both negative (at least in the short run). First, by encouraging construction and employment in the urban areas and to a large degree discouraging them in the rural areas,<sup>1</sup> the policies being implemented in the name of the Plan have served to stimulate migration of low-income groups to the cities, thereby increasing the demand for low-income housing. Secondly, while the system of constant value savings and loans has served as a stimulus to personal savings, it has also resulted to a large degree in the exclusion of low-income groups from the home-loan market. While the Plan may have served to stimulate construction

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<sup>1</sup>For a discussion of official policy on this matter, see "Colombian Urban Policy . . .," op. cit., pp. 2-20.

in general in cities like Bogota, its positive impact on low-income housing has been negligible and from some points of view its impact has been negative.

A correlative influence on the rate of migration (and thus indirectly on the demand for low-income housing) in the realm of national governmental policy has been the rapid and marked decline in recent years in efforts by the national government to implement agrarian reform. While attempts at agrarian reform were much lauded in the early years of INCORA, (the Colombian National Institute for Agrarian Reform) efforts at redistributing agricultural land have been drastically reduced in recent years. There is little doubt that the failure of the agrarian reform program in Colombia has stimulated migration to cities like Bogota.

One final influence of note from the national level has come in the form of a series of "non-decisions" in the area of urban reform. Since 1960 no less than eleven pieces of major legislation dealing with urban reform have been introduced in the Colombian National Legislature. These bills have dealt with a wide variety of issues directly related to problems of low-income housing, including such matters as rent controls, expropriation of urban land to be used for the purpose of housing construction, provisions for transforming tenants into property owners, value limits on future housing construction (to reduce the low-income housing deficit), taxes on unimproved land, the nationalization of savings and loan associations, and many more.<sup>1</sup> Despite support from a number of governmental and non-governmental

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<sup>1</sup>For discussion of these bills, see Mauricio Solaun, Fernando Cepeda and Bruce Bagley, "Urban Reform in Colombia: The Impact of the "Politics of Games" on Public Policy" in Latin American Urban Research, ed. by Francine F. Rabinovitz and Felicity M. Trueblood (Beverly Hills: Sage Publications, 1973), III.

groups including planners, legislators and pressure groups, and despite the need for some such legislation to help resolve some of the problems that rapid urbanization has brought, not one of these attempts at urban reform has passed the legislature (in fact only one of these bills has even cleared committee). Thus, the inability of the National Legislature to act has had an important influence on low-income housing.

Public policy response at the local level has had an impact on housing as well. Let us look at the areas where this impact has been the greatest.

Zoning. Over the past thirty years zoning laws have served to reinforce the environmental features already mentioned to severely limit the supply of land available for low-income housing in Bogota. The development of zoning regulations in the city corresponds to a large degree to the increase in the city's population and the housing problems it has created. According to Peter Amato:

Prior to 1944, Bogota did not have any official zoning regulations. New urbanizations were springing up all about the city, particularly during the period after 1938. The elites became alarmed that their new residential areas might be undermined by the encroachment of undesirable use. They were particularly concerned that the mushrooming obrero (worker) barrios should be confined to specified areas within the city. The elites found support for their position in German Zea, the Mayor of Bogota for 1938-41. Zea called for regulations which would divide the city into sectors which would be zoned according to the class of inhabitants living in various areas or according to its activities.

From the first zoning ordinance of 1944 to the Plano Oficial de Zonificacion General de la Ciudad of 1968 which is currently in effect, zoning ordinances in Bogota have effectively served to segregate and limit the land available for low-class housing. As a result of the Ordinance of 1944:

The elite residential areas to the north of the city were fixed

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<sup>1</sup> Amato, op. cit., p. 222.

as zones which were to be strictly for residential use. These areas were zoned for large lots and virtually excluded workers' housing and industry. On the other hand, the obrero areas south of the city were zoned for the lower income groups. The early zoning of the city permanently fixed the spatial distribution of socio-economic groups and bears testimony of the desire and ability of the elites to structure the city in conformity to their own interests. (Emphasis mine)<sup>1</sup>

Norms. The controversy over housing "norms" for Latin American cities is a long standing and complex one.<sup>2</sup> For our purposes it is sufficient to note that statutory housing norms have had an important impact on housing in Bogota. The laws of the city stipulate two types of requirements as concerns new urbanizaciones. First, that developers provide streets, parks, water, sewers, electricity and other services before their land can be used for the purpose of housing. A second and related requirement is that before registered legal title can be awarded to those building homes in new urbanizaciones they must meet these minimum norms.<sup>3</sup>

The impact of these statutes on low-income housing in Bogota has been monumental. First of all, given the structure of the financial market, new legal low-income housing is simply out of reach for almost all low-income families. Without some form of subsidy these families cannot

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<sup>1</sup> Ibid.

<sup>2</sup> For two contrasting views on the subject, see John F. C. Turner, "Housing Issues and the Standards Problem," a paper presented to the Rehovot Conference on Urbanization and Development in Developing Countries, Isreal, 1971, and Departamento Nacional de Planeacion, "Colombian Urban Policy in the Plan of Development" (Bogota, 1974), p. 69-80.

<sup>3</sup> See "Estudio de Normas Minimas . . .," op. cit., p. 57 and Nuevas Normas de Urbanismo para Bogota (Bogota: Distrito Especial de Bogota, 1969), pp. 10-23.

qualify for a loan to pay for fully developed land and dwelling. Secondly, the requirement that minimum norms be met before title is awarded has seriously affected mobility and transferability in the low-income housing market. As is noted below, the response to these statutory requirements has been the development of illegal barrios in Bogota. While these illegal barrios often become legalized over time, home owners in these barrios not only face many years of precarious tenancy but also a long period of time when their home is excluded from the home loan and mortgage market. This essential credit market is closed to these individuals not only because of the structural problems in the financial system but also because, lacking registered title to their land they are legally proscribed from participating in it. These "legal bottlenecks" then, not only limit the amount of new construction that takes place in the low-income housing market, but also negatively affect the process of "filtration" whereby the existing housing stock is made available to new groups of consumers.

De Facto Acquiescence to the Development of Illegal Housing. The subject of statutory housing norms has another important aspect. That is, that while statutory minimum norms or standards exist in Bogota, and indeed produce the effects discussed above, they are rarely implemented rigorously or, more accurately, they are selectively implemented. This has given rise to the famous illegal settlements of Bogota known as barrios piratas (pirate barrios) whose impact on the low-income housing market and the problems connected with it cannot be overemphasized. Barrios piratas usually develop in the following way. Typically, an individual owning a large tract of land in or near the city will sell small plots to poor families without providing the legally required services. These families then

construct and occupy housing units, despite the lack of these services. Thus, while these barrios differ from squatter settlements in that they do not result from the invasion of land, like squatter settlements they are illegal barrios. Because of the immense and ever-increasing demand for low-income housing in the city and the prohibitive effects of the statutory housing norms, a majority of the low-income families of Bogota live in this type of illegal housing. According to the Departamento Administrativo de Planeacion Distrital, in 1972 an estimated 59% of the population of Bogota resided in these illegal barrios which accounted for 38.45% of the total area of the city developed for housing. Furthermore, according to the same study, in the five year period preceding 1972, this type of housing had grown at the rate of 22.4%.

Public policy response to the phenomenon of barrios piratas has had an important impact on the low-income housing market in Bogota. First, their sheer numbers (209 barrios in 1971 according to the Estudio de Normas Minimas de Urbanizacion, Servicios Publicos y Servicios Comunitarios of that year) and the number of people involved indicate that these barrios have the de facto approval, or at least acquiescence, of local public policy makers. Thus, we are faced with the unusual situation of a public policy which de jure has established a fairly rigorous set of housing standards (unattainable for the majority of low-income individuals) and which de facto sanctions a low-income housing market that is essentially normless and is characterized by a brutally usurious financial system and all of the shortcomings in the way of public services, construction standards, etc., noted here earlier.

Another important feature of this de facto system of illegal housing is that a large number of these barrios piratas that develop illegally eventually become "regularized." This term means that through "spontaneous" development

(i.e. the gradual improvement of individual dwellings, often by the process of auto-construction and the eventual acquisition of public services) these barrios eventually come to meet the statutory norms, thereby enabling residents to acquire registered title to their homes. According to the Estudio de Normas Mínimas de Urbanización, Servicios Públicos y Servicios Comunitarios, in 1971 ninety-nine (46.7%) of the barrios piratas had been regularized.

The three factors just discussed (de jure norms, de facto normlessness and the gradual regularization of illegal barrios) have combined to produce a developmental dynamics whose impact on the character of the low-income housing market has been very significant. While they will be discussed at length later, it can be noted here that for several years they have served a "safety valve" function in a city which has felt the pressures of a high and increasing demand for low-income housing combined with a very limited supply of such housing. The dynamics of the process involved (and a revealing view of the degree to which it is officially recognized by policy-makers in Colombia) is seen in the following statement from a recent document published by the National Planning Department:

A simple, largely unplanned solution served for a time in Colombia of providing a site (or acquiescence in the illegal acquisition of a site unlicensed for building) and permitting the owner to build as, how and when he could, and providing services later in one way or another. In the course of time many such neighborhoods which started out as ramshackle and unsanitary slums became acceptable barrios and the original occupants built up a patrimony, and an additional income by renting rooms or setting up small shops. A sense of neighborhood was preserved and services gradually improved . . . . Most such building has occurred in barrios piratas. The original land owners of, say, a hill unlicensed for building, are enabled to secure high prices for tiny lots. The self-builders have, in time, gained from valorization and services (usually supplied below cost) but their gains have often in turn been at the expense of later

families who have rented a room or purchased a still smaller space to put up a shack.

Public Policy Response to Invasion Barrios. Unlike many of the large and mushrooming urban centers of Latin America, Bogota has not experienced a large number of squatter settlements or barrios de invasion as they are known in Bogota itself. While the officially recognized number of seven such barrios may be too low, there is no question that the phenomenon is relatively rare in Bogota. A study published by the National Planning Department in 1972 suggests that less than one percent (1%) of the housing stock of the city is composed of invasion barrios.<sup>2</sup>

Two factors already discussed explain in part why invasion barrios have failed to develop in Bogota, where migration rates and income levels are comparable to such invasion-plagued cities as Lima, Mexico City and even the Colombian city of Cartagena. The first of these is the physical environment of the city. Surrounded on one side by highly valued land and on the other by steep, eroding mountains (where any clandestine settlement activity is highly visible) squatter settlements have had very little room to develop. In fact, those that have developed have usually risen at the base of the mountains (barrios Juan XXIII and El Consuelo) in the industrial zone on the western fringe of the city (barrio Nuevo Chile), or on long unused public land (barrio Policarpa Salvarrieta). A second factor which has no doubt served to limit the number of invasion barrios in Bogota is

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<sup>1</sup>"Colombian Urban Policy . . .," op. cit., p. 69.

<sup>2</sup>Departamento Nacional de Planeacion, Politica de Vivienda, Resumen, Unidad de Desarrollo Regional y Urbano de Planeacion Nacional (Bogota, 1972).

the "safety valve" effect of the barrios piratas. While the price of land in such barrios is often quite high (especially in terms relative to income) and the interest rates of the extra-legal financial system are usually usurious, the increase in security of tenancy, the lower risk by avoiding open defiance of the authorities and the prospect of eventual legalization offered by barrios piratas probably have channeled away many potential invaders.

Beyond these factors we must also include the public policy responses that have resulted from past invasion attempts. Almost all land invasions in Bogota have met with firm police action. Of those that have succeeded, several attempts at invasion were usually needed before the settlement was established. Finally, it should be noted that of the seven invasion barrios officially identified, only one has been regularized. This is a far poorer batting average than that attained by the much more favored pirate barrios. Because of the combination of these public policy responses to invasion barrios in Bogota, pirate barrios have clearly become the illegal housing solution of choice in the city.

Urban Renewal. Finally, we need mention the impact of urban renewal of low-income housing. Two such projects are worthy of note here. The first renewal project took place in the 1960's and resulted in the eradication of many of the inquilinos (shared and rented low-income housing units) that were located in the central commercial section of the city. The second major urban renewal project is the current Plan de Desarrollo Integrado de la Zona Oriental para el Distrito Especial de Bogota which includes, among other things, the much discussed "Avenida de Los Cerros," a major expressway which is to carry traffic from the upper-income barrios in the north of the

city through already-settled low-income neighborhoods to the commercial center of the city. This Plan also calls for the eradication of housing units in some of Bogota's poorer barrios. While both of these projects have had or will have other impacts on the city (new multi-story commercial buildings, modern highways, schools and health facilities, etc.), in both cases they have also served to remove urban land from the low-income housing market; thus, decreasing its already limited supply.

## 2. Supply and Demand and the Characteristics of Low-Income Housing in Bogota

Having discussed a number of factors related to the development of low-income housing in Bogota, we now turn to the related questions of :

1) how these factors have influenced this housing market and 2) the nature of their influence.

Before examining these questions it would be useful at this point to attempt to gain a little precision concerning the term "housing." First, we must note that while the term "housing" means a domicile (physical dwelling) and the space (land) that it occupies, this is not an exhaustive definition of the term. Housing includes these two basic elements and a whole list or "bundle" of related goods and services. (Colombian planners have noted that "housing is not merely a building frame. It is that plus accessibility, plus services, plus amenities and opportunity for diversion, nearness to schools, shops and jobs."<sup>1</sup> Depending upon the analytical question at hand the "bundle" of goods and services may be sub-divided in a number of ways and examined from a number of perspectives. For

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<sup>1</sup> "Colombian Urban Policy . . .," op. cit., p. 72.

example, the authors of a recent work examining the infamous inquilinos of Bogota have chosen to distinguish between "internal" services and "external" ones, noting of the former that "the services lent to the interior of a physical housing structure are of various types and susceptibilities to hierarchization. It is fitting to mention among them the lodging itself (sleeping place), the sanitation services, eating facilities, facilities for social activities, etc.." <sup>1</sup>

In discussing the low-income housing market of Bogota, in general we would wish to make a different distinction: that between the "basic" goods and services of housing and the other "non-basic" goods and services found in the bundle known as housing. As do the authors examining inquilinos, however, we would like to note the importance of the difference in the "susceptibilities to hierarchization" (or elasticity of demand) that exists between the two. We define as the basic goods of housing the minimal space (prepared land) and domicile (physical dwelling) required by an individual or family. Basic services are those required for subsistence. Non-basic goods and services of housing on the other hand are those discussed by the authors cited above: many public services, easy accessibility, private sanitation services, cooking and eating facilities and the like.

Having made the distinction between these components of the housing bundle, we need to note the difference in the income elasticity of demand between the two. Shelter is such a primary human need that the demand for basic housing is highly inelastic. That is to say that if the cost of basic housing is relatively high, low-income families will spend a large

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<sup>1</sup> Carlos Zorro Sanchez, op. cit., p. 72 (translation by the author).

portion of their income on it. On the other hand, the demand for non-basic housing is more elastic, and therefore, low-income consumers will tend to spend the remainder of their disposable income on other inelastic goods such as food and clothing.

One other important point concerning the supply and demand of the low-income housing market in Bogota needs to be pointed out. The supply for low-income housing is low and, under present circumstances at least, fixed. As was noted earlier, because of certain environmental characteristics and public policy responses, the amount of land available for low-income housing is relatively fixed at a low level. When combined with the increase of demand for such land this fixed level of supply is manifested at least in part by the housing deficit noted earlier. One method of expanding the supply of land (or more accurately space) required for low-income housing, would be the construction of high-rise, multi-family units. But with current financial constraints, such an approach would most certainly require some subsidization which the government has been unwilling to provide to date.

Understanding these basic aspects of the supply and demand for low-income housing in Bogota, we may now examine their impact on the low-income housing market of the city. The following are some of the more important characteristics of the low-income housing market resulting from the structure of supply and demand just discussed.

Cost. As is noted by the National Planning Department of Colombia "the rise in land values is a reflection of a rise in demand and of ability to pay a higher price . . . ." <sup>1</sup> Thus, with the increase in demand for

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<sup>1</sup>"Colombian Urban Policy . . .," op. cit., p. 59.

low-income housing brought on by the growth in the number of low-income families in the city and the fixed supply of land available, low-income housing is relatively expensive in Bogota. Because of a lack of accurate data, just how expensive housing is relative to family income is difficult to calculate. For example, the Encuesta de Hogares of 1971 showed that of the 45% of the families of Bogota whose incomes are less than \$2,500 pesos per month, between 22% and 28% of the family income is spent on housing.<sup>1</sup> However, this figure only refers to rent and does not include families who own or are acquiring their housing. In Mercado de Tierras en Barrios Clandestinos de Bogota, the District Planning Office cites four somewhat representative surveys of low-income barrios that report the cost of housing for families both renting and buying.<sup>2</sup> The amount of family income spent on housing reported in these studies varies from 17% to 25%. These figures do not include initial down payments or monthly expenditures for services. We must also remember that when we speak of housing in this context, it often means housing of the more "basic" variety (less many of the "non-basic" goods and services). When we consider that low-income families must spend upwards of 50% of their income on food and, therefore, may spend one-half or more of what remains on housing, the relatively high cost of housing for low-income families is seen.

Density. The density of housing may be discussed in terms of the

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<sup>1</sup>Cited in Carlos Zorro Sanchez, op. cit., p. 72.

<sup>2</sup>Alcaldia Mayor de Bogota, Mercado de Tierras en Barrios (Bogota: Departamento Administrativo de Planeacion Distrital, 1973), p. 49.

concentration of either families or individuals in housing units. As Table 4 indicates, the high cost of housing has resulted in high density in the low-income housing market of Bogota.

TABLE 4: Housing Density in Bogota

| No. of Sectors | Predominant Character of Sector | Housing (No.) | Housing with two or more sub-families | Housing with two or more persons per room |
|----------------|---------------------------------|---------------|---------------------------------------|---|
| 18             | Worker                          | 94.646        | <u>29.4%</u>                          | <u>65.2%</u>                              |
| 8              | Middle Class                    | 57.922        | 21.9%                                 | 31.0%                                     |
| 1              | Luxury                          | 5.794         | 11.2%                                 | 9.6%                                      |
| 2              | Central City                    | 22.252        | <u>22.7%</u>                          | <u>47.1%</u>                              |
| 29             | TOTAL                           | 173.614       | 25.6%                                 | 50.7%                                     |

SOURCE: Carlos Zorro Sanchez, "Primera Etapa Del Estudio Sobre Los Inquilinatos (Vivienda Compartida en Arrendamiento) en Bogota," Centro de Estudios Sobre Desarrollo Economico (Bogota, 1974), Documento CEDE No. 010, p. 87.

As mentioned earlier the number of families per housing unit for families earning \$3,000 pesos per month and below is 1.38, compared with 1.03 for those families earning above that figure. While low-income families spend a relatively large amount for housing, they consume a relatively small amount of housing in terms of space and services. Thus, we note the prevalence of shared housing or inquilinos in Bogota. The Encuesta de Hogares of 1970 of the National Department of Statistics noted that 35.7% of the families of Bogota live in "rooms." In the usual case this means a room (of these families 65% live in only one room) or rooms in a larger housing unit where such services as water, sanitary services and cooking facilities are either shared or non-existent.

Services. If housing is relatively expensive for low-income families and if the demand for non-basic housing is elastic, we should expect to

find low-income families consuming relatively little in the way of non-basic goods and services, preferring instead to spend what remains of their income on goods and services with a greater inelasticity of demand such as food and clothing. The figures cited by Alvaro Avila Bernel earlier in this paper show that in fact large numbers of families in Bogota are foregoing a number of housing-related services that in other contexts are considered "basic" or "essential." The following figures aggregated at the barrio level and collected by the Instituto de Credito Territorial, the Departamento Administrativo de Planeacion Distrital and the Departamento Administrativo de Planeacion Nacional further serve to illustrate the dimensions of the problem of services in the low-income housing market in Bogota:

74 barrios with water from shared community fountains only  
40 barrios with no water service  
139 barrios with no sewage  
38 barrios without electricity  
63 barrios without telephones  
69 barrios without trash collection  
200 barrios without paved access roads

Legality. "Legality" may be considered as one of the housing-related services for which there is a relatively elastic demand within the low-income housing market in Bogota. Legality as a service provides not only security of tenure but also mobility by facilitating the sale and transfer of title and the acquisition of mortgage loans. Large numbers of families in Bogota are willing to invest in "basic housing" while foregoing this service in favor of other necessities. According to figures prepared by the Departamento Administrativo de Planeacion Distrital, 1,682,202 people lived in 202 clandestine barrios in the special district of Bogota in 1972 and this number was growing at an annual rate of 16.2%.<sup>1</sup> However, while the

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<sup>1</sup>Ibid., p. 49.

demand for legality is elastic it will be noted that in 1972 one hundred clandestine barrios had solicited regularization and were in the process of becoming regularized. In the same year, according to the Departamento Administrativo de Planeacion Distrital, 50 barrios were legalized in the special district.<sup>1</sup> Thus, through a long term investment process, many families living in illegal barrios eventually acquire the service of legality.

Auto-Construction. A matter related to both services and legality is the prevalence of the phenomenon of auto-construction in the low-income housing market of Bogota. Because low-income housing is relatively costly, to the point of prohibiting the own-account construction of both basic and non-basic housing in the majority of cases, and because the demand for non-basic housing and related services is relatively elastic, we find that much of the construction of low-income housing in Bogota is "spontaneous" and "progressive." Tables 5 and 6 provide some idea of the growth and size of the auto-construction sub-market in Bogota. Especially striking in Table 6 is the importance of auto-construction in providing basic and non-basic housing for home owners and especially low-income home owners in Bogota. It is clear from these data that the "legal" commercial housing market is simply inadequate to provide low-income housing for the city.

### 3. Public Policy and the Urban Poor

Given these economic characteristics of the low-income housing market in Bogota, let us take a closer look at the role of public policy in the area of housing with emphasis on its present and future impact on the poor

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<sup>1</sup>Ibid.

TABLE 5: Estimated Auto-Construction Sub-Market 1964 and 1970

|                         | 1964           |                 |                |                  | 1970           |                 |                |                  |
|-------------------------|----------------|-----------------|----------------|------------------|----------------|-----------------|----------------|------------------|
|                         | <u>Persons</u> | <u>Families</u> | <u>Housing</u> | <u>Buildings</u> | <u>Persons</u> | <u>Families</u> | <u>Housing</u> | <u>Buildings</u> |
| <u>Invasion Barrios</u> | 13,751         | 2,210           | 1,842          | 1,763            | 31,020         | 9,955           | 4,129          | 3,951            |
| <u>Pirata Barrios</u>   | 596,687        | 98,472          | 72,030         | 65,841           | 758,371        | 125,107         | 9,158          | 83,650           |
| <b>TOTAL</b>            | <b>610,438</b> | <b>100,682</b>  | <b>73,872</b>  | <b>67,604</b>    | <b>789,391</b> | <b>135,062</b>  | <b>9,568</b>   | <b>87,601</b>    |
| Percent Increase-----   |                |                 |                |                  | 29.32          | 34.15           | 29.47          | 29.58            |

SOURCE: Data from Informe No. 5, "Stock de Vivienda del Sector Popular en Bogota (Auto-construccion no Institucional)," Departamento Nacional de Planeacion (1971).

TABLE 6: Types of Housing Solutions in Bogota

|  | <u>Non-Public Commercial</u> | <u>Auto-Construction</u> | <u>Public Housing</u> |
|--|------------------------------|--------------------------|-----------------------|
| All Families<br>(all types of tenancy)                             | 239,716<br>(54%)             | 163,200<br>(34%)         | 42,194<br>(12%)       |
| All Families<br>(owning or acquiring)                              | 48,596<br>(24%)              | 114,000<br>(56%)         | 40,084<br>(20%)       |
| Families Under \$3,500<br>Pesos per Month<br>(owning or acquiring) | 7,800<br>(10.6%)             | 97,603<br>(71%)          | 31,775<br>(23%)       |

SOURCE: Data from "Algunas Caracteristicas del Sector de auto-construccion de Vivienda; proyecciones de su importancia relativa en el future," Departamento Nacional de Planeacion.

of the city.

During the years when the housing problems of Bogota were reaching the proportions described here earlier, public policy at all levels was generally characterized by ineffective response or plain neglect. Those government policies that probably have had the greatest impact on housing have been designed for purposes other than solving housing related problems. For example, the decision to de-emphasize the agrarian reform program in Colombia (which has resulted in increased migration to Bogota) was most certainly made to develop large scale agriculture, encourage urbanization for economic reasons and to placate influential landowning groups. The National Plan of Development which encourages urbanization (and thus migration), construction (but not for popular housing) and seeks to alleviate urban unemployment was likewise designed with little or no consideration made for the major problems in the area of low-income urban housing.

Nor have public policies on the local level been directed towards a frontal attack on the housing problems of the city. Neither the zoning regulations of the city nor the regulations dealing with construction and other norms were designed to solve the housing problems enumerated here earlier. But as we have seen, all of these government policies have had a dramatic impact - a negative impact in each instance - on the low-income housing market of the city.

The government policies explicitly directed towards solving the housing problems have not been very effective in doing so. Public housing accounts for only about 12% of the housing in a city where 72% of the households have incomes of \$3,000 pesos per month, where there are 1.23 households per housing

unit, and where 71% of the low-income home owners have resorted to auto-construction in the building of their homes. Many of the public housing projects of the Instituto de Credito Territorial (ICT) and the Caja de Vivienda (the national and local agencies charged with administering the majority of public housing policy in Bogota) have been of the "showcase" variety, usually affecting few people. Also, ICT projects are generally populated by families from the upper strata of the poor and lower-middle class families. Those with very low incomes, recent migrants, and the unemployed -- the very groups most in need of housing -- almost never qualify for these government projects. There also appears to be a disproportionately large number of public employees (police, minor bureaucrats, etc.) who do manage to qualify for these projects, suggesting that public housing may often be little more than a variation on the old patron-client game, a familiar fixture in a variety of settings in Colombia. In Bogota we find that, except for some relatively weak programs of federal government agencies such as the ICT and some local government agencies, public policy in the field of housing has been at worst neglectful and at best ineffective in resolving the tremendous problems faced by the vast majority of the poor of the city.

While long-range comprehensive planning has gained increasing acceptance by decision-makers in Colombia, government planning has as yet not addressed itself frontally to the problems of popular housing. This neglect on the part of public planners and decision makers, combined with the structure of supply and demand in the low-income housing market, has led to a rather strange situation as concerns the distribution of wealth and income in Bogota. Mindful of certain criticisms of the National Development Plan, especially those dealing with the impact of the Plan on the distribution

of wealth and income in Colombia, the Department of National Planning has recently published a document suggesting policy alternatives for the future. Especially as concerns its analysis of urban land values, urban housing and the role of government, this document merits some close attention here.

As the document notes, the rise in urban land values resulting from the supply and demand patterns mentioned here earlier has important implications for national development.

The implications (of a rise in urban land values) are far-reaching. A rise in the price of something that is fixed in quantity cannot lead to an increase in its supply but only to a change in its use, or to economy in its use. Thus, the rise in urban land values in itself neither adds or subtracts from the annual production of the community . . . . When a piece of land is sold at a high price, valuable pieces of paper are exchanged but neither savings, capital or labor is "absorbed" in the sense of becoming unavailable for other purposes.<sup>1</sup>

The document further states that unlike the case of agricultural land where the rise in value is usually not so significant and is often due to permanent improvements made for agricultural purposes, "the rise in value (of urban land sites) is almost exclusively attributable to the growing scarcity in relation to the growth of the community. In other words it is the community itself that creates the rise in land values."<sup>2</sup> The impact of the relationship between the supply and demand of urban land on the distribution of wealth is profound, as is noted by the Department of National Planning. It is worthwhile to quote at length from the Department document on the subject.

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<sup>1</sup>"Colombian Urban Policy . . .," op. cit., p. 60.

<sup>2</sup>Ibid., pp. 61-62.

It is rapidly becoming one of the chief sources of inequality in wealth, income and opportunity . . . . The rise is a creation of the growth in urban population and income . . . . The necessary and inevitable consequences, in the absence of corrective action, will be a great rise in land values accruing to individuals. It is not hard to imagine the impact on the distribution, first of wealth and then of income, -- an impact that may go far to nullify any progress in eliminating existing tax exemptions and evasions. The rise in urban land values in developing countries can easily become the largest single source of new fortunes and badly skewed distribution.<sup>1</sup>

The solution proposed by the Department of National Planning is, in principle, a simple one. They suggest policy measures that would

define certain areas and certain sized lots in metropolitan areas where a rise in land values after a certain date would be subject to capture by public authorities for specified uses. If annual assessments were carried out accurately to correspond to commercial values it would be relatively simple to calculate the rise attributable to a general rise in prices, to rises attributable to works on which a valorization tax had been paid, and then to the capture, say of 75% of the remainder. This could either be paid over a two or three year term, or be carried over as a valor constant<sub>2</sub> basis at 8% until the ownership of the land was transferred.

Such a policy designed to "capture" the rising land values for public use would, according to the Department of National Planning serve the dual purpose of providing funds needed for urban planning and of stemming the forces leading to badly skewed income distributions.

This National Planning Department document recommends a rather radical departure from current policy in suggesting the government capture surplus land values which are then to be used for providing public services, the financing of housing and other such purposes. The extent to which such a recommendation will actually be implemented in the future is a matter of

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<sup>1</sup> Ibid., p. 64.

<sup>2</sup> Ibid., p. 65.

speculation. As we noted previously several earlier attempts to radically alter urban policy have met with little success in the Colombian Congress. Whether such a plan to redistribute resources in the urban centers as that recommended by the National Planning Department can be implemented at this point in the political history of the country is, to say the least, subject to question.

We have already pointed out that there are at least three ways in which de facto the government is already redistributing wealth in favor of some of the poor through housing policy. The three are: 1) acquiescences in the establishment of invasion barrios, 2) acquiescences in the temporary illegal status of barrios piratas and 3) the establishment of subsidized government housing. We will now examine briefly the redistributive aspects of these three government policies.

#### Invasion Barrios

When urban land is invaded for the purpose of establishing a housing settlement, the government has the choice of applying the amount of force required to expell the invaders or not to do so. When the latter alternative is chosen the resulting housing settlement is established with the de facto acquiescence of the government, for whatever reason. While as we have noted this has rarely occurred in Bogota, where it has it has had the following effects. In the first place it has in almost every case brought urban land into the low-income housing market that probably would not have otherwise been used for that purpose. Thus, by expanding the supply of urban land to be used for low-income housing the invaders have at least in theory decreased the demand for all other units of low-income housing, thereby decreasing their cost. More importantly, however, once the land

developed by the invaders has become a part of the housing market, the rising value of the land and the increased value added through investment in construction become profit for the invader. As invaders tend to come from the very lowest income groups the redistribution of wealth that takes place through this process is liable to have a significant impact on this group.

### Pirate Barrios

The realities of the contemporary mortgage market combined with the statutory housing norms make the purchase of a home out of reach for a great many urban dwellers in Colombia. High interest rates for loans combined with the need for a high original investment (for land plus the requisite services) preclude many low-income families from investing in housing. Consequently, profits from the rising value of urban land are captured by high-income groups in the form of rent. By acquiescing in the establishment of illegal pirate barrios, however, the government enables many low-income families to invest in housing. While the original investment is usually quite low (involving only land and "basic" housing), over a number of years the investment usually expands to include those goods and services for which the demand is more elastic. If after a number of years a pirate barrio becomes legalized and residents acquire registered title to their land, the transferability and hence the value of the land is increased. In any event the establishment of pirate barrios has the effect of expanding the supply of low-income housing (for it is assumed that much of this housing would not otherwise come into existence) and of enabling low-income groups to profit from the rise in urban land

values by allowing them to invest in housing where they would otherwise not be able to do so.

#### Government Housing Projects

The redistributive effects of government housing are more direct and obvious than in the other cases cited. In such housing projects the requisite services are generally subsidized by the government. Likewise, loans are usually provided at below the market value. The redistributive effect is, as in the case of invasion and pirate barrios, that low-income families are able to invest in housing and profit from the increase in the value of urban land where they would otherwise be excluded from doing so.

#### Conclusion

Having examined these aspects of the government's present housing-related policies, let us conclude with a brief discussion of some other public policy alternatives in the area of urban housing and their present and future impact on the needs of the poor. As we have just noted, government policies and in some cases the lack of coherent policies have combined to have the net effect of distributing wealth to certain groups. The overall desirability of this situation is somewhat mitigated, however, by the fact that recent migrants and low-income families who rent are the ones who must still pay for the high cost of urban land. Furthermore, since the pirata housing market is essentially an extra-legal one, the poor remain unprotected from unscrupulous urbanizers. Discussions with officials at the District Planning Office, the local government agency in charge of legalizing pirata barrios in Bogota, lead this author to conclude that most individuals who

buy land in piratas have almost no understanding of the legal issues involved in acquiring legal title to their land or the services required to legalize their barrio. It appears, therefore, that a great deal more governmental action is needed in this area if the tremendous problems that exist today are to be confronted effectively. Public revenues acquired through "captured land values" or more traditional sources might well be used for some form of government housing, rent subsidies and other means to assist recent migrants and those in the lower strata of the poor. Attempts should also be made toward more efficient use of land for government housing. The traditional approach of providing single unit housing for limited groups of low and lower-middle income families has proved to be a very limited success.

Another area where government action seems necessary is the duplicitous legal system of land tenancy. As we noted, the government has seen fit to impose some relatively tight requirements for housing construction and minimum services while continuing to wink at illegal barrio formation. Government action to eliminate the legal bottlenecks that exist in the area of barrio legalization would have a number of beneficial effects. First, the tremendous uncertainty and potential for exploitation would be removed from the urban poor who are seeking to acquire land for housing. Also, by facilitating the transfer of land title the process of filtration in the housing market would be facilitated and some distortions in the supply and demand for housing would be greatly reduced by increasing mobility within the housing market.

As concerns the question of norms, there is also a need here for new directions in public policy. The norms presently in effect are probably unrealistic given the extent and degree of the poverty in the city. There

is much to be said, however, for realistic norms universally and rigidly enforced, if combined with an active government program of assistance to low-income property owners in complying with these norms. The establishment of "urban extensions programs" (along the lines of rural extension programs that provide technical aid to farmers) to aid popular barrio dwellers with construction and service problems and the provision of financing for services and property loans are public policies worthy of consideration.

It would appear that the redistributive effects of government policy are likely to be greater in the areas of providing services and eliminating the legal bottlenecks that exist in regard to illegal barrios than in the construction of traditional government housing projects. Alberto Vasques Restrepo, Director of the Instituto de Credito Territorial suggested in February of 1974 that given the rising cost of urban land to be used for government housing projects, this was the approach that his agency was likely to take in the future.<sup>1</sup> Any such policy changes in the future should certainly take into account wealth and income distributive implications as well as the others traditionally considered by urban planners. An increase in the disposable income of the urban poor, resulting either from a decrease in the amount of income spent on inelastic goods such as housing or an increase in real income resulting from the acquisition of urban residential property is likely to result in an increase in demand for certain consumer goods that would in turn stimulate domestic industry.

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<sup>1</sup>"Agotada Tierra para la Vivienda Popular," El Tiempo (Bogota, Colombia), February 15, 1974, p. 1.

Under present circumstances, while the value constant system of savings and loans has increased savings which have in turn been invested in the construction of commercial buildings and upper income housing, the unavailability of loans for low-income housing and several of the other problems which we have discussed here have combined to maintain the percent of the family income of the poor spent on basic housing at a high level. One result of this, of course, is that these families are left with little disposable income for savings or the consumption of other goods and services.

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