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THE ROLE OF LAND TENURE
IN HOUSING THE URBAN POOR IN MEXICO

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ABSTRACT.

This dissertation addresses critically the role that land tenure plays in housing the poor in rapidly urbanising medium–sized cities in the Global South and in particular, Aguascalientes, Mexico, a city with one of the highest growth rates in the country. Urban sprawl, industrial development, and the increasing impoverished population in these sorts of cities are key variables that demand the attention of scholars and policy makers who have traditionally focused on the largest Mexican cities, i.e., Mexico City, Monterrey, and Guadalajara.

The urban poor struggle to achieve consolidated housing by means of creative agency strategies operating within restrictive environments, or structures. Thus, this study engages with the implications of poverty, informality, and security of tenure as the starting points to understand the problems of housing the poor. Their experiences and voice were incorporated by following a behavioural approach and contesting the arguments that assert the need for a Western–like legal land and housing system as the only path for such cities to overcome poverty as promoted by influential international bodies. In order to gain the in–depth knowledge required for this research, a qualitative case study methodology was employed, interviewing formal and informal poor settlers, policy makers, and experts.

The results showed that more questions are raised by the structure than by the agency strategies utilised by the urban poor, as the latter proved to be more part of the solution than of the problem. Besides the evident overlapping of formal and informal housing mechanisms, institutions must learn from their experiences. Approaching the role played by land tenure in home choices from a behavioural approach enriched this research by assessing it from the perspectives of the main actors involved in the process. It helped understand the problem from a perspective that is rich in experience as settlers provided an honest insight into their problems within the sampled areas by incorporating their voice into the housing equation. Yet, there was still an evident mismatch between the settlers' and public bodies' approaches to housing that will probably endure for some time.

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DECLARATION

No portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other university or institute of learning. No sources other than those acknowledged in the bibliography have been used.

CARLOS ROBERTO HERNÁNDEZ VELASCO

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CHAPTER I. INTRODUCTION.

1.1. The challenge of housing the urban poor.

This dissertation addresses critically the role that land tenure plays in achieving housing for the poor in rapidly urbanising cities in the Global South. In particular, the thesis uses case study evidence and detailed residents and key actor interviews to interrogate the contention that the regularisation or formalisation of informal housing is an effective and desirable way of improving housing conditions and unlocking resources. This region is characterised by a challenging socioeconomic environment and the impoverishment of much of its population. It accounts for about 90 per cent of the total urban growth in the world (World Bank 2009: 1). By 2010, more than 45 per cent of the Global South's population lived in urban areas and this proportion is expected to increase up to 55 per cent by 2050 (UN 2011: 3). A major challenge is that most urban residents in this region are poor. The World Bank (2011) reported that, by 2005, more than 22.2 per cent of world's population lived in households with an income below the official poverty line, PL, of $1.25 US a day. Thus, having access to jobs, health services, education, and housing is difficult for the urban poor.

Often, achieving consolidated accommodation requires many years of individual and family efforts as the urban poor earn low–incomes and often work in non–permanent jobs, i.e., bricklayers, gardening, unskilled activities, and street sales. Others are self–employed in activities often characterised for not being captured by the legal employment and tax systems. All these make the urban poor ineligible to formal housing programmes that commonly target formal workers or people with steady incomes. As a result, the poor often have no choice but to address their housing needs through informal mechanisms.

As a result, informal settlements and slums have become more affordable options for the urban poor to live (UN–HABITAT 2008b: 90). Informality implies a process in which housing is subjected to a set of rules outside the legal system, and often depends on rules defined by the land seller and the buyer. An informal home construction process often starts from building a small room with cast off materials in informally occupied plots lacking the basic municipal services such as electricity, running water, and drainage. Often, the streets are unpaved without concrete sidewalks and roads or street lighting. Eventually, many of these residents will manage to replace their precarious dwellings with more

consolidated housing structures whilst many other dwellings will simply remain almost the same for years.

As circumstances evolve –i.e., families grow, older children start working or get a partner– so do the housing needs that must be accommodated. Thus, residents make decisions highly constrained by the perceived security of land tenure and safe investment that their efforts represent. Many of these dwellers achieve the legal possession of their plots after public agencies implement regularisation, legalisation, and/or land titling programmes. This step represents the "official" recognition of both the informal areas and their residents and, consequently, it makes residents "visible" and, ultimately, eligible for public investment, i.e., infrastructure and services. Yet, many informal areas have basic services/infrastructure introduced even before their legal recognition. This sends contradictory signals to dwellers about their risk of eviction and the way the authorities plan to deal with them.

Some key drivers, such as perceived security of tenure, lead the home consolidation process. Often, informal residents shape a sense of "security" based on the interpretation of their social, political, legal, and economic circumstances. Over time, the perception of being at risk of eviction decreases, leading to a process of home consolidation regardless of the legal status of their land. In recent years, many informal residents have learnt that forced evictions have in fact become less common strategies among local authorities. Ironically, legal/formal land tenure does not necessarily represent the achievement of a safe place to stay. The pursuit of security of land tenure seems not to relate directly to legal tenure. This de facto interpretation is crucial as the urban poor need to allocate their limited resources effectively. Within this context, individual and family efforts become necessary to achieve a consolidated home and the process often follows self–help strategies which build upon a "safe to stay" perception.

Selecting informal areas to live is not a matter of coincidence. The urban poor find it difficult to meet the requirements imposed by formal housing markets and, therefore, they direct their investments towards land offered in cheaper places with more flexible transaction mechanisms. The initial step towards securing safer transactions is the relationship built with the landowners. Often, they meet through references of relatives or acquaintances that have had a previous relationship with them. Informal transactions are within the grasp of the poor in different ways. First, the land offered is cheaper than formal

markets. Second, it is common to achieve "adequate" arrangements with landowners based on the individuals' financial capacity. Third, alternative forms of payment may replace often cash payments, i.e., poultry or cattle or even labour exchanged by buyers with the seller in the form of small tasks as required by landowners.

Lastly, informal plots are not only cheaper, but also usually larger than the formal ones, allowing people to house extended family members, raise chickens or cattle, or plant something to eat. This flexibility in transactions arrangements is a key to making housing decisions as the majority of urban dwellers face the "inconvenience" of being poor, self–employed, having a temporary/instable job, a low–income, and/or not being able to show convincing proofs of their earnings.

These conditions, however, make the poor unbankable or ineligible for access to services in banks or credit institutions that focus on formal workers (often middle–, and high–income earners). The outskirts of cities and marginal urban areas have become the common locations where the urban poor start large self–produced settlements where home conditions progressively consolidate over time (Gilbert 2002: 16). In these areas, the land is cheaper for reasons: first, the land is located far from the urban areas, which makes it unattractive to housing developers. Second, it is often the case that topographic conditions are inadequate for residential projects and the introduction of basic services are correspondingly expensive. Finally, informal areas are often located near land uses that negatively impact on future residential projects, i.e., dumps or landfills. Formal land developers allocate their investment elsewhere to secure their return in more marketable areas.

Eventually, urban sprawl absorbs the informal areas that become of interest to local authorities and politicians. In time, they turn into "sensitive" urban areas in which legal tenure and land regularisation become relevant at a given moment. For instance, De Soto (1989: 38) investigated how the informal residents in Lima became attractive potential supporters of parties who "compete for sympathies and support of dwellers in the informal settlements". Sometimes, land invaders name informal settlements, streets, and districts after prominent political figures, presidents' names, their wives, local authorities, and political leaders in power to "persuade that person to intervene on the settlement's behalf" (Ibid: 22).

Residents and politicians build a convenient relationship under the premise of mutual benefits in the future. For instance, some public programmes mobilise in these areas ranging from construction materials support initiatives to, eventually, regularisation or land titling programmes. Yet, the public policies implemented do not necessarily match the needs and perceptions of residents regarding their potential benefits. Often, the urban poor try to stay away from the legal framework that represents a regularised plot. In an informal settlement, the urban poor do not pay any land taxes (although this will eventually change after regularisation). Yet, informal settlements experience substantial changes over time: for instance, residents progressively replace initial building materials with more solid and permanent structures –i.e., brick and concrete– and often manage to have some basic services introduced –i.e., sewage, water, and electricity. In fact, informal dwellers often find regularisation programmes unattractive.

The idea of living in a formal area to enjoy basic services seems not to be attractive after all as the lack of legal land titles or legal tenure did not prevent millions of the urban poor from consolidating their homes, obtaining the basic services, or feeling secure about living in an informal area. Some authors highlighted the capacity of the urban poor to negotiate and achieve legal tenure, basic services, and infrastructure (Gilbert and Ward 1985: 70; and Irazabal 2009: 559). The urban poor are able to consolidate home conditions despite the absence of legal tenure. Thus, they view regularisation as imposed, tax–driven, and unnecessary in practice. Informal residents perceive the progressive introduction of basic services as a sign of a tacit recognition from local authorities, making eviction improbable. Therefore, residents keep investing small sums of money to improve their home conditions.

Certainly, formal housing markets only serve formal workers through housing funds and agencies but, in the Global South, the number of people working informally is enormous. Burgess (1982: 62) claims that public housing[1] "is badly matched with the needs of its users" and, actually, it mismatched the social and economic profile of millions of ineligible urban residents who do not qualify for credit or mortgages. The inability of the housing sector to match the needs of the urban poor accompanies the growth of informal settlements. The role of public bodies is often reactive and seen as an attempt to regain control of the urban sprawl. Once informal areas attain certain levels of consolidation,

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[1] This refers to housing promoted by public bodies at local, regional, and national levels.

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policymakers try to gain control over these areas by promoting large regularisation programmes. This reinforces the perception that no matter what, the informal areas will eventually be regularised and that eviction will not be an option or a policy for the authority to follow. Thus, the urban poor make their decisions based on what they perceive and interpret far beyond the simple argument of the formal or informal status of assets.

As argued by Golledge and Stimson (1987: 11), the decision–making process relates more to the attitudes, perceptions, and the learning processes of people within specific structural environments. The environment and the person establish a perceptual relationship as decisions follow people's own interpretations. In other words, one understands how she/he interpreted the environment by understanding a response to individual circumstances. The legal framework, for instance, is only one element within this environment that an individual interprets. This may be different among members of the same group. This relationship –or interface– is central for "enhancing behavioural human–spatial settings" concerning social, political, and institutional agents (Ibid: 11). Understanding human behaviour is central in trying to explain the drivers for home improvements in deprived urban areas. Golledge and Stimson named this relationship as the man–environment behavioural interface (Ibid), whilst Giddens assesses this relationship as the structure–agency approach (Giddens 1984).

As a result, this dissertation seeks to assess the process of housing the urban poor from both the views of suppliers and the urban poor themselves, aimed to assess the process of achieving consolidated housing. In this endeavour, this dissertation takes into consideration the role played by land tenure perception as a driver of home consolidation among the urban poor within a context of rapid urbanisations in the Global South where poverty and housing conditions continues to be a major challenge for scholars and policymakers. This research scrutinises the existing disassociation between the mechanisms followed by the urban poor in practice as opposed to what we find often as current housing policies and programmes (and advanced in their academic and policy polemic antecedents). The evidence for the benefits of land titling policies remains scarcely assessed in places such as Mexico and in particular, in its typical, medium–sized cities. Thus, this research embarked on the scrutiny of the home consolidation process in a city of this type in Mexico as a theoretical opportunity to learn some key lessons. As long as granting legal titles remains considered as the ultimate solution for policymakers' intervention, its effectiveness remains uncontested. The inability and incapacity of the housing sector to accommodate

the needs of the urban poor for shelter, raises the necessity to continue the analysis on the benefits of alternative policies that do expedite home improvements among the urban poor.

1.2. Rationale of the study.

This research sought to narrow the existing literature gap about the impact of land tenure on home consolidation and its role as a driver for expediting improved housing conditions in rapidly urbanising settings in the Global South, particularly in the selected case study. This dissertation aimed to provide a wider understanding of the role played by land tenure in both formal and informal settlements. To pursue such contributions, this dissertation critically analyses key literature about poverty, urbanisation, informality, housing the urban poor, and land tenure. Additionally, it assesses approaches aimed to explain how the urban poor perceive and interpret their environment within restrictive conditions. In particular, it adopts the structure and agency approach (Giddens 1984) and the man–environment interface as a way to understand such an interaction (Golledge and Stimson 1987: 11; and Rossi 1955: 174).

The fieldwork conducted allowed this dissertation to obtain new, original data to aid understanding of this process within a specific setting. In particular, the fieldwork focuses on scrutinising the process of home access and consolidation, starting from the moment when an individual decides to leave his/her parental home and continuing through different stages such as the search and selection of the new place to live, the actual move into the plot/house and the long process of improving their homes. This helps understand the role played by land tenure throughout all this process. Thus, the analysis of the benefits of land titling policies also includes their impact on helping to achieve a consolidated home among the urban poor.

Mexico is a country of great contrast. By 2010, for instance, 77.8 per cent of Mexicans lived in a city and the Gini Index was 0.52 (UN–HABITAT 2011: 209). Unemployment has doubled since 2000, reaching 5.43 per cent in 2010 (INEGI 2011c). Half of Mexicans are officially poor, and 10 per cent live in extreme poverty (CONEVAL 2011). The National Housing Commission (CONAVI 2006: 218) reported that more than 24 million people lived in inadequate housing. The housing deficit was 7.3 millions of homes – of which 4.4 million were new homes needed and 2.9 million of homes were homes in need of significant improvements. The current housing stock of 24.7 million homes is expected

to double by 2030 but the provision of housing for low–income earners will remain as a major challenge for the sector (CONAVI 2006: 221–2).

Researchers typically focus on analysing the three largest Mexican cities: Mexico City, Guadalajara, and Monterrey. More than 32 per cent of Mexicans –or 36 million people– live in these three cities only (INEGI 2010). The rest concentrates in medium–sized cities where industrialisation is ramping up along with population growth. Yet, whilst medium–sized cities have experienced rapid urbanisation, the largest cities have reached a certain level of "saturation". Thus, this dissertation selected the city of Aguascalientes,[2] Mexico, as a case study. The city presents increasing population growth rates and rapid industrialisation accompanied by an increasing urban sprawl and growing poverty levels in the last three decades. Since the 1970s, the population grew 3.94 times –from 181,277 inhabitants to 722,218; and the number of housing units increased by 6.47 times –i.e., from 28,596 to 185,120. Nevertheless, 45 per cent of its residents did not have enough income to buy a house in a *fraccionamiento*[3] in the formal sector, and 24.5 per cent of *hidrocálidos* – i.e., the name given to the inhabitants and residents of Aguascalientes–lived in extreme poverty (INEGI 2010).[4]

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[2]Aguascalientes means "Hot Waters" and it is the name of the City, the Municipality, and the State. Yet, "Aguascalientes" will refer to the city unless otherwise stated all throughout this dissertation.

[3] In Mexico, *fraccionamiento* is a local word commonly used to designate formal residential areas as developers sell a "fraction" of land –e.g, a plot- or build houses in each fraction of the area. Fraccionamiento refers also to formal areas developed by following local regulations, whilst *colonias* refers to older residential areas built before the implementations of building codes, zoning regulations, and urban master plans.

[4] See INEGI (2011c) "Encuesta Nacional de Empleo" in http://www.inegi.org.mx/est/contenidos/espanol/sistemas/enoe/infoenoe/default.aspx?s=est&c=14042. Page last accessed in January 2011.

Figure No. 1. Location of Aguascalientes City in Mexico.
Source: Google Maps (2013).

The pressure on the urban areas of the city–region to accommodate a growing and impoverished population led to the creation of informal housing areas. There, thousands of poor residents have found accommodation as the city is the main source of employment in the region. The majority of the state's population –or 67 per cent– is concentrated in the city alone (INEGI 2010). Aguascalientes is a city of migrants; one out of five people living in Aguascalientes was born elsewhere (INEGI 2010), particularly from the surrounding states of Zacatecas, Jalisco, and Guanajuato, and from Mexico City. The federal, state, and local authorities invest the majority of public funds in the city of Aguascalientes.

One may assume that the city is a buoyant area. Yet, there is a contrast between the official picture of the social and economic development of the city (Gobierno del Estado de Aguascalientes 2010) –promoting an "orderly" urban development, higher levels of school attendance, employment, and industrialisation– and the reality faced by many people living in poverty. By 2010, more than 22 per cent of the Economically Active Population, EAP[5], actually worked in the informal sector (INEGI 2011b).

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[5] The Economically Active Population, EAP, in Mexico is "Persons 12 and older who had links with the economy or which they sought in the reference week, so they were employed or unemployed". In INEGI (2010b). "Glosario". In
http://www.inegi.org.mx/sistemas/glosario/Default.aspx?ClvGlo=CPV2010&s=est&c=27432. Page last accessed in January 2011.

1.3. Aim and objectives of the research.

The difficulties of defining the extent to which home improvements are an attribute of a particular intervention of a public policy (Payne et al 2009: 446) are evident. However, it is possible to trace the path through which the poor attempt to achieve adequate housing. Hence, the aim of this dissertation is to assess the motivations and barriers for the urban poor to invest and achieve fully consolidated and serviced housing. It seeks to scrutinise the environment within which the poor attempt to consolidate housing and its influence on the incentives and barriers in the process. To pursue this aim, the dissertation established three objectives as follows:

> *First objective*: The first objective is to assess the living conditions of the urban poor by contesting the utility of the dichotomy of informal and formal in categorising the poor. In pursuing this objective, this research engages in seeking better understanding of the environment in which millions of people struggle to achieve fully consolidated and serviced housing within their grasp, given the limitations and barriers they face.

> *Second objective*: This objective examines critically the circumstances under which the urban poor make choices regarding their efforts to achieve permanent housing. By achieving this objective, this research scrutinises the existing mechanisms by which the urban poor attempt to access owned housing in developing countries.

> *Third objective*: this objective scrutinises the contribution of security to informal house construction and the role played by land titling as a driver for home improvements among the urban poor. This objective engages with the controversies that the legal tenure plays in land choices and home improvements for both formal and informal settlers.

1.4. Thesis structure.

Thus, the thesis comprises eight chapters. Chapter 1 (present) introduces the context and rationale behind the structure of this dissertation, its aim, and goals. It introduces the reader

into the dissertation structure aimed to capitalise the enormous amount of data that helped delve into the dynamics of land tenure and housing the urban poor.

Chapter 2 engages with the debate on the benefits of land tenure and its implications in housing the urban poor. It critically engages with interrelated issues, such as urbanisation, poverty, housing processes, formal/informal dichotomies, transactions costs, credit and savings, taxation and mobility, and the understanding of poverty by officialdom, among others. These are key aspects influencing the possibilities of achieving owned and consolidated housing over time and play a major role in practical terms of millions of people.

Chapter 3 assesses the land and housing environment in Mexico, especially the role of *ejido* land –or communal land– in the equation of housing the urban poor. It helps scrutinise the efforts to make such land tenure type operational in a conflicting context of urban sprawl and informality in urban areas. It also recreates the influence of ejido land in the poor's housing choices.

Chapter 4 engages with the methodological framework designed to attain the aim and objectives of this dissertation. By adopting a behavioural approach to analyse the role played by land tenure in attaining consolidated housing, this dissertation seeks to contest the different theories aimed to promote or deter both formal and informal land tenure as a process to improve the housing conditions of the urban poor.

Chapter 5 scrutinises the process followed by the urban poor towards achieving consolidated housing. It recognises a non –linear path, yet, it implies the understanding of each stage in the process when it occurs. It assesses the challenge that this process represents in a specific setting –the selected case study area– under particular circumstances. This chapter discusses the data obtained in the fieldwork.

Chapter 6 focuses on the contribution of security to informal house construction. This key section helps assess the process by which the poor deal with the institutional framework, which tests their agency capacity. This reviews the data obtained during the fieldwork to identify existing milestones in the process towards consolidated housing in the challenging process of self–production followed by thousands of people in the sampled areas.

Chapter 7 starts by ascertaining the views of those poor who chose the formal path and its role in house consolidation. In addition, it reviews critically the voice of relevant actors who play a major role in urban, housing, and financial mechanisms intended to promote housing for the urban poor. This shows how they approach the problem of those with limited capacity to access housing through formal mechanisms and how they deal with residents in Aguascalientes, the city selected as a case study.

Chapter 8 summarises the findings of this dissertation intended to contribute to fill the gap of a quite limited literature on the implications of the role that land tenure plays in the process of achieving consolidated housing in medium–sized cities with high industrialisation and urban growth rates in Mexico.

CHAPTER 2. THE DEBATE ON LAND TENURE AND ITS BENEFITS.

2.1. Introduction.

A number of key factors helped shape the theoretical framework of this dissertation: the urbanisation of poverty; the formal/informal land and housing market; and land titling as a policy to expedite poverty alleviation. Although these aspects are not necessarily connected in a linear way, they influence land and housing choices at different paces and forms among the poor who cannot meet the cost of formal housing (Gilbert and Ward 1985: 5). This section complements the discussion with the inclusion of taxation, credit, savings, and mobility aspects into the analysis.

In an impoverished South, security of tenure and land titling play an important role in the housing equation. On one hand, land titling reveals "complementary measures" (Gilbert 2002: 8) not only to encourage investment but also to help the poor improve their living conditions. Gilbert (Ibid: 16) claims, the uncomfortable truth is that, in practice, the granting of legal titles has made very little difference. On the other hand, the question remains on whether titling must be seen as the ultimate policy to help people improve their housing conditions or not. The challenge is important, as most informal areas are, as AlSayyad (1993: 34) puts "high–density, widespread, residential communities which have been established and consolidated often outside of the formal legal and economic structures".

The literature disagrees over the supposed benefits resulting from the insertion of informal property into formal markets. Payne (2001: 427) claims that, "caution is advisable in effecting major changes to tenure systems". He considers that further unwanted outcomes could be produced after granting titles to informal settlements and offers alternatives to legal titling as intermediate options for preventing negative effects after legalisation based on both rights and customary approaches and, at the same time, incentivise home improvements in informal settlements. These alternatives are to increase the rights of residents without changing formal tenure systems and to extend existing customary arrangements with further benefits if displacement occurs.

Varley (2002: 458) is cautious in dealing with titling programmes as she refers to aspects to be considered in terms of the private life of "beneficiaries" –i.e., gender issues, family

networks, and emotional connections. She states various options where the granting of titles may cause problems to families with land disputes, i.e., among members and second wives' claims. Her argument focuses on the dichotomy of the public and the private and pointed to the representation that this implies within a family. Doebele (1987: 16) also calls for a review of alternatives to cope with the problem of housing the poor, highlighting the problem on the supply side. He presents some recommendations to cope with the problems, such as changing in official policies in the property system, the promotion of participatory schemes with the poor, large–scale interventions, community land ownership, financial intervention, new policies for tenants, and horizontal property.

Mooya and Cloete (2007: 162) claim that informal markets would work better as long as "…they are to be a tool for poverty alleviation"; they stressed the need for better roles of institutions in reducing inefficiencies of markets. Gilbert (2002: 7) asserts that the evidence shows that settlers improve their homes regardless the possession of a legal title. The argument is based on the idea that security of tenure, as Razzaz (1993: 349) claims, "depends less on the exact legal status and more on occupants' perceptions of the probability of eviction and demolition". Thus, the understanding of the impact of land tenure on housing the urban poor is of a major relevance for this dissertation, as it must be seen within the context of an evolving urbanisation process in poorer countries where many studies show that the poor are able to achieve consolidated housing despite the lack of a legal title.

2.2. A rapid urbanisation process in the South.

Poverty in cities has increased largely during the last decades. The United Nations, UN, (UN–HABITAT 1996: v) claims that the exodus of people to cities has worsened urban poverty with a number of problems attached to this process, such as "scarcity of housing and basic services; unemployment and underemployment; ethnic tensions and violence; substance abuse, crime and social disintegration". By 2009, more than 50 per cent of the world's population lived in cities for the first time ever, over 90 per cent of urban growth occurred in the South, and about 70 million new residents settled in urban areas every year (World Bank 2009: 1). This phenomenon is accompanied by the increase in the number of people living in poverty and, hence, in need for a house.

Figure No. 2. Selected demographic indicators.

World and Regional Data[6]	Total population (millions) 2009	Projected population (millions) 2050	Population growth rate (%) 2005–2010	% Urban 2009	Urban growth rate
World total	**6,829.40**	**9,150.00**	**1.20**	**50.00**	**2.00**
More developed regions	1,233.30	1,275.20	0.30	75.00	0.60
Less–developed regions[7]	5,596.10	7,875.00	1.40	45.00	2.60
Least– developed regions	835.50	1,672.40	2.30	29.00	4.10

Source: UNFPA 2009: 90.

The North and the South have faced urbanisation differently. In Africa, almost 400 million people will become urban in the next 25 years (Kuiper and van der Ree 2006: 2), whilst China and Indonesia doubled their urban population in 25 years (Saich and Yusuf 2008: 3). Whilst poorer countries are still in the process of becoming mainly urban, richer nations are already urban. Wealthy countries are 3.5 times more urban than poorer countries; 75 per cent of residents live in urban areas in developed economies, whereas 29 per cent in poorer regions. Thus, some scholars consider urban growth[8] as a major challenge for cities and their governments (Fekade 2000: 128; and Ravallion 2001: 2), in the implementation of the strategies to provide the conditions for all to experience the urban life, as in the South, poverty is still more acute in rural areas. Ravallion (2001: 2) explains that the incidence of poverty is higher in rural areas than in cities and calculates that the world's population is urbanising rapidly and poverty is "becoming more urban". As the number of people in poverty grows along with the size of the urban area they occupy, this process is

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[6] According to the UNFPA (2009: 92), more–developed regions comprises of North America, Japan, Europe, and Australia–New Zealand. Less–developed regions comprises of Africa, Latin America and the Caribbean, Asia (excluding Japan), and Melanesia, Micronesia and Polynesia. The least–developed countries are Afghanistan, Malawi, Angola, Maldives, Bangladesh, Mali, Benin, Mauritania, Bhutan, Mozambique, Burkina Faso, Myanmar, Burundi, Nepal, Cambodia, Niger, Cape Verde, Rwanda, Central African Republic, Samoa, Chad, Sao Tome and Principe Comoros, Senegal, Democratic Republic of the Congo, Sierra Leone, Djibouti, Solomon Islands, Equatorial Guinea, Somalia, Eritrea, Sudan, Ethiopia, Timor–Leste, Gambia, Togo, Guinea Tuvalu, Guinea–Bissau, Uganda, Haiti, Tanzania, Kiribati, Vanuatu, Lao, Yemen, Lesotho, Zambia, Liberia, and Madagascar.

[7] Mexico is part of the less–developed countries category.

[8] Yet, urban growth can be a matter of definitions. Fay and Opal (2000: 6) argue that the natural growth rate of population, the re–classification of rural areas as cities and towns, and rural–urban migration explain urban growth. As in the case of the re–classification of communities, this responds to the change in the categorisation of areas promoted by regulatory public bodies based on socio–technical drivers or political decisions. In Mexico, a community is "urban" when reaching more than 2,500 inhabitants (INEGI 2010), whilst in Sweden and Denmark 200, Spain and Turkey it was 10,000 inhabitants, and Japan 30,000 (Hartshorn 1992).

now known as the "urbanisation of poverty" (Chen and Ravallion 2007; Fay and Ruggeri 2005; Kuiper and van der Ree 2006; Malhotra: 2003; Ravallion 2001; Ravallion et al 2007; and UN–HABITAT: 2003, 2009). It reflects on the increase in the informal housing stock in the South where slums shelter one third of the world urban population (UN–HABITAT 2008b: 90). Regardless of what Roy (2011: 231) identifies as the periphery, urban informality, zones of exception, and gray spaces, the fact is that the urbanisation of poverty creates a vicious circle; many migrate attracted by the chances of accessing to employment, education, and housing. Ravallion et al (2007: 27) claim that it would take some decades before most of the poor live in urban areas in the South.

Although, poverty rates are higher in cities than in rural areas (UN–HABITAT 2003: xxi), it does not necessarily mean that the direct reason for the increase in urban poverty is the growth of cities, as migrants are already poor and move to the cities as an attempt to overcome poverty. Much of urban poverty is displaced rural poverty, underlining the idea that urban poverty is partly provoked by rural migrants, implying some difficulties in adapting to an impoverished urban environment, struggling not only to access employment, but also to achieve shelter (Blanes 1989: 139; and Bradshaw 2006: 13).

According to the Millennium Development Goals Report (UN 2009: 6), in 2009, the number of people living in extreme poverty was between 55 to 90 million higher "than anticipated". It spots the overall fall in poverty rates at different speed across regions (Figure No. 3) and that poverty reduction by half in 2015 will fall far short in some regions with an estimated of about 1 billion people remaining in extreme poverty (UN 2009: 7). The goal seems to be insufficient; the alert remains in place to promote effective actions to tackling poverty, and improving the living conditions.

Figure No. 3. People living on less than $1.25 US a day (percentage).

Region	1990	1999	2005	2015 target
Eastern Asia (including China)	60	36	(16)	30
South–Eastern Asia	39	35	(19)	19.5
Northern Africa	5	4	3	2.5
Transition Countries of South–Eastern Europe	0.1	2	1	.05
Latin America and the Caribbean	**11**	**11**	**8**	**5.5**
Commonwealth of Independent States	3	8	5	1.5
Western Asia	2	4	6	1
Southern Asia	49	42	39	24.5
Sub–Saharan Africa	57	58	51	28.5

Source: The Millennium Development Goals Report 2009 (UN 2009: 6).
Note: Regions in brackets reached the goal by 2005.

Millions of people gather in areas lacking services, slums, or marginal land and housing in their attempt to improve their living conditions. One tangible representation of poverty is actually housing. Choguill (2007: 146) argues that slums are "the shelter dimension of urban poverty" which is the "visible" evidence of the conditions in which many people live. In fact, Roy (2011: 225) argues that the slum "has become the most common itinerary through which the Third World city is recognised".

2.3. The implications of defining poverty.

Within this scenario of an increasing poverty in cities, poverty itself becomes a key concept for this dissertation. There were found a wide variety of ways of defining and approaching it, yet the challenge is making it operational (Bradshaw 2006: 3; and Lister 2004: 3), avoiding the temptation to implement concepts that might be regarded as successful elsewhere, yet, within different contexts. This is especially critical in designing housing and land policies for the urban poor. Thus, understanding poverty is a major challenge. On one hand, some authors claim that poverty is the most important social challenge for humanity (Hughes et al 2009: 1; and UN–HABITAT 2002: 3). Lister (2004: 36) claims that poverty has to be "understood as a painful reality and as a construction of competing concepts, definitions, and measures" which actually makes it complex to reach consensus (Maxwell 1999: 3; and Ruggeri et al 2003: 34).[9] On the other, as Spicker (2007: 3) claims, defining poverty is not the best way to start its debate since it means something different to people. Lister (2004: 3) considers poverty as one of those words that could have a particular construction for each individual within societies and evolves over time. Øyen (1996: 4) concludes that poverty is "culturally–bound" and universal at the same time with a variety of possibilities not only to define it, but also to tackle it in accordance to location and culture. If poverty is such a difficult issue to understand, it is evident the presence of potential problems to make pro-poor programmes consequently.

Briefly, for the purpose of this research, poverty definitions were divided into two approaches: the monetary and the relative. The monetary defines poverty as a "shortfall in

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[9] To illustrate such a challenge, Bradshaw (2006: 6-22) categorises poverty into five groups based on poverty causes: a) individual deficiencies; b) cultural belief systems, also called the "culture of poverty"; c) economic, political, and social distortions or discrimination; d) geographical disparities; and e) cumulative or cyclical interdependencies.

consumption (or income) from some poverty line" (Stewart et al 2007: 7). The poverty line, PL, refers to a virtual division based on economic parameters to categorise people as poor or non–poor, which the WB defined in the early 1990s. This was originally fixed at $1 US and then updated to $1.25 and $2 US a day as the minimum income required by an individual for not being considered as poor and arguably sufficient to provide a minimum level of "well–being" (Ravallion and Lokshin 2006: 16; Ravallion et al 2008: 3; and World Bank 1990: 23).[10] A major critique of PLs is that they were established independently of any reference group, the society in which they were conceived, and nor did it vary over time (Noble et al 2004: 5).

To make PLs operational, the World Bank defined two parameters: the calculation of a minimum income level and the minimal standards for living under "adequate" conditions. In theory, the original $1 US per day PL should have been sufficient to cope with basic needs of an individual (see Desai 1990; Doyal and Gough 1991; and Sahit 2007). The monetary approach is relevant as many housing programmes deal with "minimal" standards and match people's income capacity to pay for the unit offered.

In contrast to the monetary approach, a growing interest in relative approaches has caught the attention of academics and policymakers. For instance, Lewis (1967: 54) argued that poverty is a sort of culture and a life system produced following the previous conditions among a vast number of poor, making poverty a way of living. Lewis claimed also that eradicating poverty does not necessarily eradicate the culture of poverty (Ibid: 64). In the late 1970s, Townsend (1979: [31]) argued that poverty could be explained only in terms of the concept of relative deprivation and required a local reference to what was argued to be "customary" in the social context. Townsend defined poverty as a condition in which people "lack the resources to obtain the types of diet, participate in the activities, and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong" (Ibid: [31]). Satterthwaite (2002: 7) adds that reducing urban poverty is not attained only by increasing people's incomes, but the skills, abilities, and capacities must be taken into account.

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[10] Many international bodies rely on the monetary approach, as data is available for cross–country comparisons regardless of location, economic development, and political system (Baharaoglu and Kessides: 2002; and UN–HABITAT 2003: xxvi).

The capabilities approach, defined first by Amartya Sen in the 1980s, rejected the monetary approach to measure well–being by proposing "a life lived under a value–oriented focus" (Stewart el at 2007: 15; and Sahit 2007: 55). Sen (1983: 165) claims that in conceptualising poverty, it has to be considered "more than just fixing a poverty line", arguing that the right focus on poverty was "neither commodities, nor characteristics, nor utility, but something that may be called a person's capability" (Ibid: 160). The idea of "freedom to live the life one values" (Stewart et al 2007: 3) is the main approach's focus. It must be more pertinent to account for what people value rather than the resources available to do things or obtain goods. Sen did not offer a list of capabilities. Instead, he outlined what a capability needs to attain, such as that of what people need to meet nutritional requirements; to escape avoidable disease; be sheltered and clothed; to be able to travel; or be educated to have the capacity to live a life according to their own choices (Sen 1983: 162–3). This approach highlights the feelings from achieving results rather than possessing the things themselves. Other authors contributed to enrich the discussion on the capabilities approach as Figure No. 4 illustrates:

Figure No. 4. The basic capabilities lists.

Author(s) / Source	Capabilities
Basic needs /a	Health, education, food, **water supply**, and **sanitation**.
Doyal and Gough /b	Physical health, autonomy, food and water, **housing,** work, physical environment, health care, childhood needs, support groups, economic security, physical security, education, birth control and child–bearing, and societal preconditions.
Qizilbash /c	Health, basic physical capacity, nutrition, **shelter**, sanitation, education, basic mental capacity, basic level of aspiration and self–respect, rest, security.
Desai /d	Stay alive/enjoy prolonged life; ensure (biological) reproduction; healthy living; social interaction; knowledge and freedom of expression and thought.
Nussbaum /c	Life, bodily health, bodily health (nourishment and **shelter**), bodily integrity (free movement, security against assault), senses, imagination, thought, emotions, practical reason, affiliation, other species, play , control over environment (political and material).

Sources: /a. Basic needs defined by the World Bank (Streeten et al 1981: 93). /b. Doyal and Gough: 1991. /c. Sahit 2007: [62]. /d. Desai 1990: 16

Within this concept, housing is considered not as the evidence of poverty, but that of the capacity of an individual or a family to reach accommodation regardless of its economic condition. Under this approach, public policies must focus on enabling people's capabilities –i.e., self–help– rather than incentivising income generation only. Stewart et al

(2007: 28) propose that social policies have to invest in public services to secure an adequate environment for people's development, including housing. Policies centred on the improvement or delivery of services that stimulate potential residents' capabilities can arguably benefit the poor. The approach considers income generation as an enabler of people's lives though not to rely on income to reduce poverty. By enabling capabilities – i.e., mental capacity, aspiration, self–respect and security– housing becomes a part of a much larger process that motivates the urban poor to achieve shelter.

The social exclusion[11] perspective is another relative approach that Sahit (2007: 75) defines as "a state of exclusion from the normal activities of society, and is often of a multidimensional nature, including access to the welfare state, lack of employment, of housing, and poor social relationships".[12] Here, poverty is not seen as the lack of resources per se, as people are poor because they are not protected by solidarity and they are not fully part of society (Spicker 2007: 68). Becker (1997: 159) states that the "consequences of social barriers… which label the poor as "different", and marginalise and punish them…" are poverty and social exclusion. This is the case, not only for those who are poor in monetary terms, but also for certain groups in society who are –in Becker's terms– deemed as "different", i.e., migrants and lone parents. Burchardt et al (2002: 31) claim that an individual is excluded when he or she "does not participate in key activities" within the society –i.e., health, education, and housing.

Finally, the participatory approach is a poverty stance that intends to identify a mutual learning experience "in which the knowledge, views, and experiences of policy actors involved in the process becomes as much the object of reflection and analysis as that of poor people" (Cornwall 2000: 64). The inclusion of the poor in the equation is central to the approach in which they actively take part in designing, implementing, and assessing programmes and outcomes (Chambers 1994: 953). In some places, the housing programmes intended to assist self–help in the South is the translation of this perspective. Yet, the approach leaves space for interpretations that challenge standard practice due to social diversity. External agents often conduct the assessment and interpretation of such exercises, beneficiaries' participation in shaping plans, their impact on the strategy itself,

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[11] The social exclusion term was first used by Lenoir in the 1970s by referring to *les exclus*, or the excluded, as those left out of social insurance schemes in France.

[12] The European Union adopted this approach in its treaties as "not only the material deprivation of the poor, but also to their inability to fully exercise their social, cultural, and political rights as citizens" (European Foundation 1998: 19; and Spicker 2007: 65).

and the evaluation process is less intensive than expected. As seen, the different ways to approach poverty represents an important challenge for policymakers in implementing effective pro-poor programmes that successfully provide solutions to millions of the urban poor, in particular, in terms of housing.

2.4. Alternative paths to housing the poor.

For the purpose of this dissertation, the alternative paths and mechanisms to housing the poor are divided in a) State investment programmes: b) formal financial sector programmes; c) direct investment by low–income residents or self–help; and d) microfinance institutions, MFIs, programmes.[13] Often, the four mechanisms are connected to each other and coexist at some point. On one hand, a formal resident may build an additional room throughout an informal process, i.e., without permits and with self–help. An informal resident can be also eligible for public programmes to upgrade the home based on sanitary concerns or for electoral support. On the other, the State develops often the land and private developers build and sell the homes; the State itself, private banks, or even MFIs can provide credit.

It is, however, the particularities of each mechanism, which make them (un)attractive depending on their benefits or constraints as perceived by the potential beneficiaries or clients. A person will make their choices based on the way they assess the barriers –their eligibility too– and their capacity to cope with the commitments that each path to housing represents, i.e., flexibility of payments, trust in the seller, and proximity to places of interest, such as jobs and schools, to mention a few. This has often proved to be difficult. Areas nearest to employment are more expensive than more remote areas (Payne 2005: 136). The beneficiaries assess what determines their path towards a place to live according to their wants, needs, and possibilities.

2.4.1. State investment programmes.

In the South, public housing programmes have presented uneven results in coping with the demand of the urban poor. Ferguson and Navarrete (2003: 315) argue that the provision of

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[13] The UN–HABITAT (2002: 79) also follows these categories in analysing the housing mechanisms for the urban poor.

a housing unit with a mortgage was still a popular approach among housing bodies. A contract has to be set in order to assure repayments and even initial sites and services programmes required a marginal or nominal payment from the beneficiaries involved. Choguill (2007: 145) claims that public housing was unsuccessful due to the high cost of the units that prevented them reaching the poor. Housing standards are usually set too high and are rarely affordable for the poor. Besides, international funding agencies often impose these standards regardless of the local characteristics of each place, leading many programmes to fail (Ibid: 146). Okpala et al (2006: 12) survey the recent evolution of housing policies over the last years. On one hand, supposedly, the transfer of housing stocks to dwellers or local associations reduced the bureaucratic cost of running them. States shift their participation. Starting with the implementation of sites and services programmes, they then implemented other approaches to housing, such as upgrading schemes and basic unit programmes, to more recently, taking an active role as a financial institution, and administering housing funds.

For instance, during the 1970s the sites and services approach was a frequent housing policy, although, results were uneven. For Gilbert (2004: 14), sites and services were "deemed unsuccessful" after the WB and the Inter American Bank tagged them as not "replicable" or not "working very well". Corruption was also a major issue leading to their failure. Fekade (2000: 138) argues that in the case of African countries, programmes failed because they depended on the operation and funding from international agencies, which, at the same time, did not succeed in providing "sustainable" funding. In addition, public resources were insufficient and the burden of bureaucracy meant delays in their implementation, which increased the costs. This shift intended to create an enabling environment for the housing sector with emphasis on the economic, financial, legal, and institutional framework. Yet, this shift has not always been as effective as desired.

Fekade (2000: 136) identifies some misconceptions that led public housing to fail. For instance, African countries saw housing the poor more as a welfare responsibility after independence than as a key sector in the development of the national economy. The result was that funds were insufficient and the approach was unsustainable. Choguill (2007: 146) claims that even the "best practice housing policy is deficient, and seriously so". As part of policies' evolution, subsidies, for instance, have become central in public housing either via direct subsidy to mortgages or, in the case of home improvements, by reducing the cost of building materials through vouchers (Betancur 2007: 11). In the 1990s, many

governments left the housing provider role and started participating in the promotion of private investment and regulating long term credit conditions of savings and housing (Rueda–Garcia 2003: 19–20). This helped reduce a burden to the bureaucratic body, making it more efficient. In some parts of the South, housing policies focused more on enhancing urban governance, creating policies oriented towards the urban poor, simplifying procedures for government services, eliminating corruption, and securing tenure (Fallavier 2003: 16). These efforts concentrated on a better group of officials and the reduction of indirect housing–related costs, i.e., the cost of bribing them. In fact, corruption in public bodies not only deprived the poor unwilling to deal with a public programme. It also represented an increase in the cost for private developers who add corruption fees to the final cost of housing. Governments in the South have dealt with housing for the poor in different ways, as shown in Figure No. 5.

Figure No. 5. Selected public housing programmes.

City, Country	Public Housing Approach
Singapore /a	Housing was a strategy to promote economic growth and employment About 85 per cent of residents lived in public housing; 850 thousand housing units have been built and 23 new towns constructed.
Seoul, S. Korea /b	To reach the target to build 2 million housing units, an agenda was outlined based on the following factors: pro–growth agenda, urban growth management, housing rights, and community involvement.
Chile /c	Housing was part of the economic-financial reform; more than 2 million people accessed housing (total population of 15 million).
Quito, Ecuador /d	Policies focused on public investment in infrastructure and services, the promotion of tenure to slums and public–private partnership for land and housing to regulate prices and avoid speculation. In one year, 13 thousand families in 40 urban slums received property titles; the investment was more than $200 million USD on roads, sewage, and drinking water systems.
Buenos Aires, Argentina /e	Some social movements resulted in the implementation of housing policies –the key was the promotion of people's participation for "restoring social consensus and institutional legitimacy" shifting from street protests to housing provision. More than 500 units built and 1,300 near to completion from 2007 to day.
India /f	Promotion of reforms centred on pushing the role of governments as "facilitator" and encouraging development of mortgage markets, changing developers' role of providers to promoters.
Ghana /g	Focused on encouraging "an enabling environment" to improve housing delivery through the private sector participation. Yet, houses are still of low quality.

Sources: a/ Arku 2006: 385 and Yuen 2007: 1; b/ Ha 2004: 148–153; c/ Gilbert 2004: 15 and Rodríguez and Sugranyes: 2004: 54; d/ Carrion and Vasconez 2003: 8; e/ Scheinsohn and Cabrera 2009: 110; f/ UN–HABITAT 2009: 12; g/ Fiadzo 2004: 7, 10.

Mukhija (Ibid: 2249) argues that there was not sufficient evidence to consider the "enabling approach" as successful but that the risk of its replication was high, requiring a more cautious position. Leaving aside the wider political and economic circumstances, the diversity of official approaches to housing was evident and its evolution from the role of the state as a builder, to the promotion of investment towards the construction of a better environment for the sector, was clear. Nevertheless, this approach has also showed uneven results. Dowall and Ellis (2009: 2294) propose that governments should facilitate a major enabling environment via housing policies that promotes individuals and the private sector "to take care of their own needs". Sometimes, they claim, policies focus on the provision of services and housing schemes rather than actually enabling the housing sector as desired. "Too much government" in various aspects such as zoning, planning, and local regulations still prevailed, whilst "not too much government" regarding property rights, provision of infrastructure, and the promotion of private sector participation was still required (Ibid: 2294).

They consider that the attempts to enable the housing sector have failed. In some parts, what actually happens in the cities rarely reflects urban planning processes. These are often only developed inside public agencies. The focus on good planning and theory has led to weak practices in the field. Frequently, public housing is contested in terms of the extent of the participation of public bodies in housing markets. The intervention of governments has often resulted in a distorted market due to intensive subsidy–led programmes, unrealistic repayment rates in public housing schemes, and / or unrecovered investments in the sector. The top–down approach to housing has proved to be ineffective. Nevertheless, there are a few examples intended to promote urban governance by incorporating the *voice* of the urban poor, reducing costs, and diminishing the pressure for housing. These programmes are innovative in the sense of the extent of people's participation all through the housing process. More evidence in the future will allow the measurement of the impact of having the people's voice incorporated into public matters. A housing approach needs to find a balance between social and economic conditions but this is still a major challenge for public bodies in the South.

2.4.2. The formal financial sector.

The most common representation of the formal housing is in the form of a credit or mortgage from a bank or a housing credit institution. Daphnis and Ferguson (2004: 12)

define traditional mortgages as "mortgage loans over a fifteen to thirty years period for the acquisition of new housing for families from the formal sector". The attachment to an instrument of this sort represents a long–term commitment backed up by an enforcement environment to secure repayment from the beneficiary. Although, this is a major aspiration for millions, it is also one of the most challenging decisions and processes for an individual. For the poor, having access to formal housing finance is often out of the equation. Formal institutions do not consider informal residents or informal workers as eligible for credit or mortgages. Eligible clients are those who appear able to guarantee repayments over the length of the mortgage. It is assumed that a formal worker with permanent employment and a steady income is more reliable. Thus, working in the informal sector prevents millions from accessing the formal credit system.

The poor do not have valuable assets to use as collateral, and they have occupations which are neither stable nor paid well (McCarthy 2003: 12). Unable to cope with banks requirements, the poor search for financial assistance elsewhere within a restrictive environment that has limited housing market development in recent decades (Okpala et al 2006: 10). With the majority of inhabitants being poor, the number of clients in formal banking institutions is too low to encourage housing markets to develop. Providing access to short–or long–term funds has been difficult (Daphnis and Ferguson 2004: 9). From inflationary scenarios in the 1980s, to global economic shocks and the instability of the financial sector, housing markets have made efforts to adapt their finance systems (Buckley and Klarickal 2005: 247). With the recent global financial crises of 2008, markets have struggled to recover as the downfall affected poorer countries. The poor explore alternative options far from the formal housing sector. Banks perceived risks and remain cautious in providing mortgages and credit on larger scales. Lea (2009: 34) argues that:

> "Despite the attractiveness of mortgage lending for banks, there are many lower–income countries where banks still refuse to enter the market".

Beck et al (2009: 119) claim that financial markets and their institutions perform better if they "provide opportunities for all markets participants to take advantage of the best investments by channelling funds to their most productive uses, hence boosting growth, improving income distribution, and reducing poverty". Lack of access to financial markets, hence, means that institutional performance is limited. The uneven access to markets also exacerbates inequality among potential participants, as the benefit of having access to

credit becomes selective of a few, which jeopardises economic growth. Exclusionary practices prevent the poor from participating due to their lack of collateral, credit history, and connections. However, the poor have proved able to rely on their own resources. Beck et al (Ibid: 133) identifies that a major problem was that financial institutions did not offer adequate products and services to the poor, preventing them from participating. They mentioned that, for instance, what they called "social distance" prevent the banks from servicing poorer clients who do not receive any information on services and, at the same time, cannot count on someone who can explain their existence. Physical distance also represents a restriction. Banks' branches are usually located far from deprived areas, close to, or in, commercial or richer areas. It is uncommon to find a bank or even an auto teller machine, ATM, in the poorer areas. The urban poor are still unattractive to traditional banks, as operation costs seem to be still high as the amount of transactions is low in comparison to other client segments.

Erbas and Nothaft (2005: 213) argue that promoting access to financial services can help "both the redistributive and growth–enhancement objectives", i.e., affordable housing credit. They claim that affordable housing loans help improve living standards at both urban and household levels and alleviate poverty in the long term, given the benefits of better social and economic environments for low–income earners. By promoting the housing sector, dwellers' investments increase and small amounts of money can be allocated to satisfy other needs. To improve housing markets and encourage the private sector participation, local regulations are essential. For instance, bankers need to satisfy some requirements before delivering housing products to clients. Warnock and Warnock (2007: 9–11) refer to these requirements as a number of conditions needed to allocate funds better to finance housing. These conditions are the capacity to obtain information on the borrower, the ability to value the property, the ability to secure collateral, and the impact of macroeconomic conditions on finance institutions. These conditions help the lender make decisions in granting loans, especially for the uncertain portfolios represented by the poor. Besides, the burden of institutional incapability increases the products' costs to the detriment of borrowers for whom the need for collateral prevails to secure repayments that cope with those operational costs.

In trying to improve housing markets, some governments have changed banking policies. As long as a more user–friendly approach to attend the millions of the urban poor is not available, they will remain excluded from a financial system that tags them as a risky

portfolio and does not see any possibility of doing business with them. Whilst other paths to secure loans have been explored by microfinance institutions and non–for profit organisations, the banks continued to rely on physical assets to secure their loans and collaterals. This stripped the majority of urban residents of resources to finance not only housing but also income–generating activities. Besides, due to the risks, credit rates were so high that credit was often inaccessible even for formal low–income workers. In summary, banks are not an option for the poor, informal workers, and those low earners in formal markets. Whilst banks offer only traditional mortgage schemes to borrowers, the benefits will remain exclusive to those with middle– and higher– incomes in the formal sector and the poor will search elsewhere and rely upon their own means.

2.4.3. Self–help housing.

Self–help housing is probably the most common path towards housing among the poor as they often access land informally and build their homes room by room; sometimes, they rent a room from where they start a lengthily path to have his own place to live. Literally, they build the rooms with their own hands or need to be able to hire others to build it for them very cheaply, i.e., acquaintances or relatives with construction expertise. They build room by room practically with no building permits. Over time, many manage to achieve a consolidated house according to their needs in a fully serviced plot. The formation of large unauthorised housing areas is problematical from the authorities' viewpoint due to concerns related to sanitation, health, education, the fragmentation of the city, the creation of poverty belts, the increase of servicing a growing urban area, and the inability of efficient police that gives rise to the perception of dissatisfaction and deterioration in crime rates. The poor rather embark into informal housing before considering a house/land in the formal sector, as they often know that they would be rejected there. The barriers imposed by the formal sector push millions to choose informal housing through an incremental building strategy.

Green and Rojas (2008: 92–3) claim that the proliferation of informal housing represents a failure of formal housing production and of financing mechanisms. The process of home production in informal areas usually starts with the assembly of a shack made with discarded pieces of wood and boards of different sorts found in the surroundings. Residents rebuild the shack progressively in brick, or concrete, and/or other more solid/permanent materials. When the process starts with a formal basic shelter unit, the construction path is

uneven and depends on household's ability to buy materials, time, expertise, and access to supplementary cheap labour. This process is long and takes many years before a finished well–built house stands (Hardoy 1985: [62]–66). Without establishing fixed periods, Baross (1998: 71) reports that this period might last from eight to fifteen years as some events may slow the process since these represent associated costs, such as health problems and the birth of children.

The poor invest as much as they can in home improvements but it is difficult for a family alone to extend investment towards basic services or infrastructure, which is more a community affair; they take care of their plot inwards. AlSayyad (1993: 34) distinguishes four basic phases towards housing consolidation: a) land invasion, social formation, physical consolidation, and urban maturity. Residents negotiate services with politicians and local authorities who may gradually introduce them over the years in perceived successful settlements. Others will simply never achieve services or improvements at housing or neighbourhood levels. Often, a major obstacle to access help from local authorities is the residents' incapacity to negotiate. Their circumstances may be judged as irrelevant or technically/legally too complicated to proceed to invest in neighbourhood upgrading schemes. Sometimes, the communities have been unable to organise to improve their neighbourhoods. This delays housing and community consolidation for years. Yet, consolidation is often a subjective matter. For instance, Baross (1998: 73) considers that a settlement has reached a consolidated stage when their houses are built with solid materials, the land occupied, provided with basic services, schools, and shops. This is not necessarily a rule for every settlement as it depends more on the perception of people based on their experience. More important may be the way people lived during the process of home consolidation. It is important to understand how the poor achieve housing and how this differs from the formal mechanisms as Figure No. 6 shows:

Figure No. 6. Phases in formal and informal housing processes.

Process	Phase 1	Phase 2	Phase 3	Phase 4
Informal housing	Occupation (invasion or illegal sales)	Construction (many years)	Consolidation (long period of time)	Legalisation (after many years)
Formal housing	Land Acquisition (legal)	Planning (short period of time)	Construction (short period of time)	Occupation (legal sales)

Source: After Fay (2005: 96).

The major differences between the formal and informal housing processes are first, in the occupation phase and, second, in the issue of legal titles phases. These two occur at different stages within the housing process. Fekade (2000: 142) identifies an initial stage of occupation of land as one by which informal residents convert peripheral land into residential use and newcomers start building "primitive" houses made of temporary materials and where commercial and retail activities start taking place. The provision of initial basic services increases the appeal of invaded settlements, which, often, experience an important growth in the following years. In Mexico, self–help housing is defined as follows:

> "Self–building is a slow process, since families first settle on lots and then build a temporary home. They buy building materials, hire a mason, or get help from some relative to build the home gradually. After an indefinite period that may span several years, municipal services reach these homes and they become part of the city's dynamics." (CIDOC 2005: 20).

Yet, any increase in the cost of living and, especially, the cost of building materials, jeopardises the continuity of the self–help process. Dwellers buy materials little by little every week whenever possible. Inflation is common in poorer countries affecting the capacity of the poor to make investments on their homes and may delay consolidation for many years more. Due to inflationary environments, the families of the poor have no option but to use second–hand materials, which impacts on the durability of the house. The way policymakers have seen informal settlements have changed over time. The army or the police often demolished them. The promise of a new place to live for the evicted was one that, at best, the authority partially fulfilled. During the post–war period and up to the early 1970s the common reaction of governments to informal settlements was the demolition of houses and the offer of public housing, via units for sale or rent (Abbot 2002: 306). Now, governments deal with informal residents in different ways not only because of the need to avoid human rights' violations but also as a way to recognise that self–housing alleviates their incapability to provide housing for the poor. Anyway, residents learnt that evictions are no longer practiced by the authorities in the last decades. They embark on a lengthy regularisation process.

However, access to official programmes that support self–help or construction materials vouchers is dissimilar. While this is a common strategy to upgrade informal settlements in the majority of the poorer economies, in Mexico, for instance, national regulations prohibit these types of official support and informal settlers are –at least in law– ineligible for

participating (Aguascalientes 2009). Ironically, many of these informal residents actually receive support despite of the legal limitations, as they are potential supporters for politicians. Despite the changes in housing policies, the poor continue managing housing themselves with no– or limited assistance (see Harris 2003: 261; Hurskainen 2004: 13; Magigi and Majani 2006: 18; and Saich and Yusuf 2008: 58). The debate now centres on the effectiveness of resource allocation, i.e., technical, social, or financial. Some scholars argue that the final goal must be the insertion of the informal residents into the formal market and the promotion of home ownership to improve their conditions. Choguill (2007: 143) concludes that:

> "…if the poor actually built their own houses, even with appropriate external assistance, the cost could be reduced sufficiently to allow them to enter the home ownership market".

Nevertheless, the poor do not perceive land tenure security in the way intended by public bodies. For instance, legal tenure is not necessarily the main driver to buy a piece of land in informal areas or to make home improvements. The perception of legal land tenure is different from place to place often attached to the levels of law enforcement at the local level. In contrast, in some public housing programmes, the beneficiaries focus their investment on mortgage payments, making home improvements difficult, as resources are limited. For many, legal land tenure does not actually make sense during the consolidation process in informal settlements. Rather, the poor perceive this as a "natural" step eventually taken by local authorities once settlements reach certain levels of consolidation or residents become relevant to politicians and governments. Over time, informal residents have learnt that legal tenure or the restitution of invaded land is not actually enforced. They will spend some years with the local authorities insisting them to legalise their status or to fulfil building regulations. The regularisation of informal areas seems to be easier to accomplish and less expensive for local authorities than dealing with the creation of new formal housing settlements for the poor at the standards regarded as adequate in local regulations.

2.4.4. Microfinance institutions.

A recent trend in housing the urban poor is an increase in the participation of MFIs and non–governmental organisations, NGOs. MFIs have normally focused their participation on microcredit to promote income–generating activities to overcome poverty (UN–

HABITAT 2001: 81). Microfinance is defined as the provision of financial services to low–income clients, i.e., the self–employed and those with no access to traditional banking (Ledgerwood 1999: 1), whilst a MFI is defined as "an organization that provides microfinance services – loans, savings, maybe even insurance –to the world's poor" (MixMarket 2009). The services intended to reach the unbanked, mainly composed by the urban poor. Its success is considered as one of the most interesting developments in recent years in all regions mainly in the field of credit for microenterprises (Daphnis 2004:1; and UN–HABITAT 2002: 11). MFIs typically offer savings schemes of small amounts and provide small loans, both usually not offered by traditional banks.

By 2009, MixMarket (2009) reported more than 79 million of clients in more than 1,400 MFIs worldwide, following a steady expansion in three decades. MixMarket (2009) includes "small–scale financial services, such as loans, savings, insurance, remittances, and other services". The services intend to reach the unbanked, mainly composed by the urban poor. The creation of microfinance and microcredit is attributed to Muhammad Yunus who founded the Grameen Bank in the late 1970s. This is a model replicated in many countries, such as Bolivia, Brazil, Canada, Colombia, Costa Rica, Mexico, Pakistan, Peru, South Africa, US, and Venezuela (ACCION 2009; Conde 2000: 46; FUPROVI 2009; Habitat for Humanity 2009; SDINET 2003; Stauffenberg 2002: 20; UN–HABITAT 2001: 81; and Yunus: 1999: 18).

A shift in MF has occurred recently. NGOs initially participated in these schemes, but other formal institutions took over the leadership by the late 1990s. The original approach was extended by MFIs and NGOS to cover other needs among the poor, such as land tenure arrangements, sanitation provision, and credit for shelter (UN–HABITAT 2001: 84). HABITAT (Ibid: 81) defines two major types of MF in housing the urban poor by extending traditional microcredit schemes into housing, and by addressing urban poverty based on the promotion of savings and loans. The first attempt to ease the lack of access to formal financial institutions, and the second enhances financial flows into housing. Housing microfinance, HMF, [14] a recent tendency, assists the poor to improve access through lending small loans payable over shorter terms. It suits the incremental

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[14] In this dissertation, housing microfinance refers to small loans with short terms for repayments designed to low–/moderate–income people and used for self–help housing, improvements of existing shelters, the addition of new rooms, and for the construction of new homes.

construction process and does not rely on the mortgage or property–based collateral to guarantee payments, as in the traditional banking system. HMF is offered to clients once they proved reliable in previous microcredit cycles initially borrowed for income–generating activities (UN–HABITAT 2001: 81).

Yet, Gilbert (2002: 13) claims, "this approach [microfinance] presents difficulties in the housing field, which requires much greater sums of money", as the amount of money required for home consolidation is higher than the sums operated by MFIs. Yet, following MF schemes based on extending loans to housing once income–generating microloans have been paid, assumes that the beneficiary is able to direct some sums of money to housing purposes, and to repay the microcredit. The translation of strategies into practice is not easy, the availability of funds in small organisations for financial assistance via microloans is limited, and the impact on a large scale contested. Although, many MFIs do not provide credit for a wide range of housing needs of the poor yet, some offer some options for home improvements. Ferguson (1999: 192) claims that:

> "…the effective demand for micro–housing finance at the rates necessary to make this activity commercially viable has yet to be widely tested. The longer term of housing micro–finance creates greater term risk."

Microcredit will play an increasing role in housing finance in the future by considering dwellings not only as a house but also as a place for income–generating activities. In many cases, the legal status of the house is irrelevant as a condition for granting a micro loan.

2.5. The formal/informal dichotomy.

Defining "adequate" housing has been a matter for public and private agencies for a long time along with the definition of minimum housing standards. Many of the urban poor are unable to afford public housing based on those criteria, leading them to search for alternative options. Often, the standards are subject to the will of policymakers. For instance, in South Africa, the law defines adequate housing as "permanent residential structures with security of tenure, ensuring internal and external privacy and providing adequate protection against the elements with access to potable water, adequate sanitary facilities and domestic energy supply" (Marx and Charlton 2003: 6). This house provides physical and legal protection along with a full set of services. Yet, the cost of the house is

high and consequently the number of beneficiaries is low due to institutions incapacity to deliver.

In contrast, millions of people live in informal settlements with lower housing standards, a few municipal services,[15] or none, and with no legal land title. Informality becomes the option towards housing for many. Thus, defining what is informal and, more importantly, what its implications are, become critical. Maloney (2004: 1159) claims that numerous efforts to reach a consensus have been ineffective, as an overlapping of definitions exist.

Tokman (2001: 50) put this in perspective by claiming that "total illegality is non–existent, but limited legality is significant", as it is more a matter of informality rather than illegality. The question is whether a legal title is a precondition to have access to services, infrastructure, and other aspects that legal human settlements offer or even more, whether this is a precondition for chances of having a better life in the cities. Durand–Lasserve (2006: 2) defines security of land tenure as the result of the "fact that the right of access to and use of the land and property is underwritten by a known set of rules, and that this right is justifiable". This right allows exercising other rights inherently attached to urban citizenship, i.e., access to financial services, the right to an address that facilitates voting, and the proof of address for different administrative procedures –i.e., applying for basic services.

Malhotra (2002: 1) claims that insecurity of land tenure and uneven incomes determine the length of the construction process of a house among the poor. Buckley and Kalarickal (2004: 9) argue that low–income beneficiaries from titling programmes receive an increase in property value and these can be sold at better prices than before (see also Nkurunziz 2008: 115). Land occupied by the urban poor is often located in low–valued zones, in hazardous areas –at risk of flooding for instance–, polluted zones, plots with unclear ownership, or unattractive areas for developers, lacking basic services and infrastructure. Flooding and environmental–related health diseases are common in deprived areas

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[15] One aspect that is common to informal residents is the struggle for water and improved sanitation (CIDOC and SHF: 2009: 25; and Hardoy and Schusterman 2000: 63). Often, water trucks service informal residents as houses lack sanitation and running water. Besides, residents generally steal electricity from nearby public lighting posts if any. In fact, more than 8 per cent of the world's population lack water and more than 30 per cent adequate sanitation in their plots (CIDOC and SHF: 2009: 25). Yet, the lack of provision of services and infrastructure is due to the lack of a legal title but more often, to the incapacity of local authorities to deliver them in both technical and financial terms.

(Johnson 2007: 36; Rueda–Garcia 2003: 18; UN–HABITAT 2009: 129; and Yonder 2006). Nwaka (2005: 2) claims that the problem is the activities of residents affect the rest of the city; yet, local authorities rarely apply the regulations in practice (World Bank 2004: 45) and the urban poor choose these areas as these are unattractive to land markets (Carrion and Vasconez 2003: 16).

Besides, people face some barriers for not participating in public and private programmes, such as health problems (Painter et al 1999: 26), corruption, residential segregation, and an escalating violence affecting disproportionately women and the poor themselves (Amis and Rakodi 1995: 405; and Connolly 2003: 4). Kuchta–Helbling (2000: 13) explains that the predominance of informal institutions in business transactions among the poor is another reason of inequality. Yet, people's capacity to deal with the institutional framework makes them able to cope with their needs. Thus, agency plays a major role in dealing with the social structure, as Giddens (1984) suggests. This is an unfinished circle. Informal residents and informal institutions coexist to compensate for the limitations of formal institutions. Satterthwaite and Tacoli (2002: 57–8) identify some elements of inequality, i.e., access to public transport, education, housing, access to water, food, and healthcare and childcare. International agencies have promoted some ideas to reduce such inequalities through people's participation, providing an insider viewpoint and programmes leading to improved living conditions (Majale 2008: 271).

Nevertheless, there is a problem of trust with the authorities as the poor rarely trust governments and generally do not participate in decision–making processes (Fallavier 2003: 18; UN–HABITAT 1996: 255; and UN–HABITAT 2003: 12). Thus, politicians and policymakers make decisions in detriment of more inclusive processes of public consultation. A one–way planning system leaves the majority of people out of the process. People's participation is central to the definition of more sustainable and satisfactory results in community issues (OSCE 2003: 4; and Satterthwaite 2002: 11). Yet, in areas where extreme poverty is common, people's participation has helped improve the level of community organisation and of the income of some families. Perception is seen as the basis of trust in promoting people's participation in community matters (Delwar Akbar et al 2007: 32; Murray and Rosenberg 2006: 1; and Titus 1997:232) as it relates to the way local authorities and residents are able to reach consensus in different matters.

There is inequality also within the poorer areas between residents, i.e., between women, children, and youth in terms of access to education, health services, jobs, and housing (Bresciani 2006: 16; and Nwaka: 2005: 1). In fact, land and housing are often sold to men only even within informal settlements and squatter areas (Farfan 2005: 225–6). Frequently, deals between landowners and buyers are issues exclusive for men; gender and discrimination are still major concerns. Some property registration offices only register properties under the men's name when, for instance, formal banking institutions need to register a credit they granted (Benschop 2003: 13).The reaction to these disparities and segmentation are public programmes and products offered in a segmented way to specific groups (Rahman 2002: 439). For instance, the Grameen Bank established banking products for women, ranging from credit for productive activities to housing credit. By 2008, 97 per cent of members were women (Grameen Bank 2009).

Gilbert (1994: 29–30–[190]) argues that conditions are similar in Latin American cities since they have comparable circumstances and trends. Countries have followed parallel paths towards development and therefore the image of deprivation is the same. In contrast to what occurs in African and Asian countries, where the majority of the population and poverty remain in rural areas (UN–HABITAT 2001: 39), migration and poverty belts are common in urban areas in Latin America (UN–HABITAT 2001: 40). The urban poor follow survival strategies to compensate for the lack of access to the formal fabric and institutions, especially in terms of finance, access to land or shelter, basic services, credit, health, and education. These strategies are critical in financing housing: i.e., borrowing money from moneylenders or relatives; saving small sums of money over time; buying small quantities of building materials every time income is present; participating in a *tanda* like system[16] to finance their needs; and building a room through self–help with the support of relatives. Sometimes, the poor rent a small room and start a process of achieving adequate housing elsewhere or share accommodation with others in similar circumstances. These mechanisms often take place in an informal way, as these are unregulated and self–managed. They are the counterpart of existing formal mechanisms.

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[16] *Tandas* are rotative–credit/savings mechanisms where a small group of people contributed fixed sums of money usually every week, and one member of the group uses it. Once all group members have had their turn, the tanda starts again for as long as they decide. Including new members depends on the trust or recommendations of a member. *Tandas* is a Mexican word though this mechanism exists worldwide under different names such as roscas, tutu, and tontin.

The informal housing sector is not a minor issue; the largest investors in low–income housing worldwide are the poor themselves (UN–HABITAT 2001: [79]). In the informal sector, the poor generate their own income and find their way to house themselves. Being informal is a choice for many. Maloney (2001: 1165) argues that informal workers often prefer to remain informal, as this is flexible, profitable, and convenient. He shows evidence from some Latin American countries that prove that informal workers are able to manage risk through informal strategies as well (Ibid: 1168). For many, he says, formal or informal employment will not necessarily make a difference to their path to exit poverty. Formal employment for the unskilled worker pays little as training and benefits are not free, whilst "the informal option may actually offer a measure of dignity and autonomy that the formal job does not" (Ibid: 1173). Castells and Portes (1989: 11) openly accept that defining informality is not an easy task for anyone. Tokman (2001: 45) accepts that the lack of a shared approach towards informality "related to the absence of a common definition". De Soto (1989: 12) claims that there is a distinction between the activities tagged as informal and the people involved. This translates it into a particular urban system for subsistence that is neither perfect nor desirable (Ibid: 56). Although informality is not exclusive to poorer countries, there is where it is more acute. Tokman (2001: 50) claims, yet, "the informal sector is not a "black market" operation and the "formal" sector was not as law abiding as could be expected. Grey areas prevail".

Informality is not a static phenomenon either (Gilbert 1994: 80). The concerns about its impact on different aspects of urban life are an important topic for scholars. This interest has diminished some of the existing prejudices linking informality, poverty, and survival mechanisms to poorer countries almost exclusively. As Skolka (1987: 35) suggests, the term informality is rich and it must relate to the context of its definition to identify specific drivers of informality in specific settings.[17] Many people work informally, ignoring local regulations. Roy (2011: 233) defines urban informality as an idiom of urbanisation, a logic through which differential spatial value is produced and managed. In addition, Smith (1992: 2) defines the informal economy as every activity not taking place in the formal

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[17] Many studies have sought to explain informality in different countries. For instance, a study such as Thomas's (1992: 1) establishes that informality refers to activities not reflected or recorded in the national income accounts of the majority of countries. Other studies have been developed in the USA (Smith 1982; Tanzi 1982); Germany and Britain (Smith and Wied–Nebbeling 1986); Norway (Isachsen 1982); Italy (Capecchi 1989; Contini 1982); Canada (Smith 1982); Australia (Tucker 1982); Israel (Ben–Shahar 1982); the former Soviet Union (Grossman 1982 and 1989); and Eastern Europe (Rose 1992; Dallago 1987). These researchers agree that informality is part of the countries' economies and represents the "environment" where informality works as this is a concept highly tied to economic matters.

economy, making it difficult to know its size in any country. Some argue that reasons and aims of informality differ depending on the context in each country. In the North, Skolka (1987: 36) claims that the informal economy aims at evading taxes and other charges such as social security costs or medical contributions (Smith and Wied–Nebbeling 1986: 45). Often, the poor are informal for survival reasons in trying to avoid hunger and poverty. Whether intended to avoid taxes or hunger, informality is a major issue. These two aims of informality are considered for some authors as the major difference between informal economies across countries, reflecting the importance of attending those groups engaged in informal activities, not only for regulatory purposes, but also, to reduce hunger and poverty. Skolka (1987: 37) distinguishes some important aspects of informality as follows:

> "[Informality is] subsistence activities transferred from rural areas to large cities. The poor people living in slums are engaged in productive work for their own support, in barter exchange among themselves and in occasional work for the market. The aim of activities in the informal sector is not to avoid taxes (income taxation is anyhow low in developing countries), but to avoid hunger and poverty."

Although informality and poverty are linked elements, many informal residents manage to attain certain levels of wealth or even exit poverty over time. Roy (2011: 227) recognises that informal areas or, what he calls, subaltern urbanism, are places for economies of entrepreneurialism and political agency. She adds that these areas host a "contemporary capitalism, the greenfield sites where new forms of accumulation are forged and expanded" (Ibid: 229). What may compel the poor to participate in informal activities is the need for finding their own opportunities (Castells and Portes 1989: 11–12) as a response to restricted markets. This participation can even be voluntarily and a matter of choice. Such activities aim to generate income and wealth for a person or families (Ibid: 15, 298) and their benefits encompasses other aspects of life in cities, i.e., access to services, health, and education. Sethuraman (1981: 17) defines the labour representation of informality as follows:

> "It consists of small–scale units engaged in the production and distribution of goods and services with the primary objective of generating employment and incomes to their participants notwithstanding the constraints on capital, both physical and human, and knowhow."

Yet, informality is not a separate world. Both informal and formal activities occur in the same place at the same time and overlap. Sometimes, the legal status of certain activities is indistinguishable and mix inevitably. For instance, AlSayyad (1993: 34) claims that during

the process of physical settlement and consolidation, squatter inhabitants normally establish a complex network of relations with the so–called formal sector". He establishes that the formal and informal sectors are a coupling phenomenon (Ibid: 4). Yet, informal residents neither fulfil their obligations with regulatory bodies nor exercise their rights. This is a major distinction between the two. In contrast, the authority does not have the capacity to inspect and supervise every activity that takes place in the cities. In other cases, informal residents partially meet legal obligations but local authorities still consider them as informal. Many do not fully participate in civic matters and struggle to organise themselves to obtain recognition from local authorities (De Soto 1989: 26–9). They are sometimes invisible to local authorities due to the argument of lacking a legal address to apply for some formal procedures but they are visible enough for demands for taxes compliance and electoral support.

The rich and formal also evade taxes. The government is far from taking this under control and making them pay or controlling informal activities. The income generated by informal activities is not reflected in the gross national product, making it difficult to estimate its size. The regulatory frame exists neither to regulate nor to protect people or activities in this sector (Borsdorf 1999: 215), making people establish their own rules. Informality has its own reasons to exist. Lack of opportunities push people to choose it, whilst on the other hand, a flexible market that sometimes provides for living expenses, though at minimum, keep informal workers unregulated. Entering into the formal sector is a challenge due to the regulations faced by entrepreneurs trying to start a business. For instance, as De Soto (1989: 134) explains, registering a factory may take up to 289 days in Peru. That is not very different from what occurs in other parts of the Global South (Elizondo 1992: 69).

Unregulated small entrepreneurs, housing and land markets, and street sellers remain unregistered since no matter how cheap sometimes registering a business or activity can be, registering into the formal system makes no sense to the urban poor at all (Ibid: 35–83). The fight against informality, though, has evolved over the years. From an initially consistently negative attitude to a more relaxed position presently, this change has been slow and difficult. During the 1960s and 1970s, the official discourse was aggressive and negative. In housing, for instance, Gilbert (1997: 97) reports that the policy was to eliminate any dwelling or squatters in order to keep order in urban areas, which resulted in violent evictions sometimes even with casualties. Yet, the increasing number of informal

residents started to represent potential advantages for governments and political candidates (Warnock 1995: 31).

2.6. Official attitudes towards informality.

Self–provision of land for shelter purposes for the urban poor reduces the pressure on governments to provide housing, a task arguably left aside due to the lack of resources. If the cost of provision is higher than the cost of tolerating informality, dwellers will be allowed to stay, and eventually, negotiations will result in the progressive introduction of municipal services and lastly, regularisation would eventually take place. This pattern is often common in many informal settlements despite of their informal creation. Yet, if property rights are a key issue in economic development and markets functioning, the institutional order plays a major role in enforcing these rights. This order helps establish exclusive rights of property to people over private goods (Webster and Lai 2003: 77). Hardoy and Satterthwaite (1985: 89, 96) comment that political reasons are major factors to change government attitudes towards informality.

The urban poor become the supporters of weak governments who are unable to satisfy and fulfil social demands of their own supporters once politicians retain or gain power. A concession for the poor is a silent acceptance of unregulated activities. Besides, the creation of large informal housing areas provides governments a relief of the increasing pressure on housing provision as informality somehow alleviated it (Hardoy 1985: 103–105). It prevails in a relaxed context lacking regulations to prevent a clash between the informal residents –yet, supporters– and the government. This is most successful in uncontested areas, preferably away from elite neighbourhoods. Governmental bodies may impose certain level of institutional order. Yet, though, this is often costly and ineffective (Ibid: 77). For that reason, it is argued that security of tenure does not necessarily depend on legal titles. Customary rights over land are often more effective in providing shelter for poorer populations. The official apparatus respond slowly to the spontaneity of transactions that occur in informal markets and react to market functioning rather than regulating it. Legalisation is a legal procedure, but also, a political event by which authorities try to manipulate residents sometimes "to suit their particular ends at a particular time" (Varley 1987: 478). Indeed, Payne (2001: 418) claims that land tenure and potential legal titling is "ultimately a political issue" depending more on the willingness of central governments to proceed than of the nature of the problem. This undermines formal markets.

Gilbert (2002: 5) refers to the fact that the government played a major role in preventing illegal occupations, further legalisation, and upgrading programmes according to their attitudes towards the political environment.[18] This is evident at initial stages of land occupation and home production. However, it is also relevant in the legalisation process, which often takes place at governments' convenience for reasons ranging from seeking electoral support to the incorporation of informal areas to new urban plans after speculative interests. Many people find political participation and engagement as an effective strategy in attaining individual benefits, especially towards housing consolidation (AlSayyad 1993: 41). Political parties and sometimes authorities encourage and stimulate informal settlements, especially in electoral periods (De Soto 1989: 52–3; and Gilbert 2002: 6).

If the informal is supported by political patrons or even officials, security of tenure is considered to be in place and, as Irazabal (2009: 559) defines, if *de facto* tenure has been achieved, legal "land tenure is not necessarily very attractive". This may represent a barrier to governments and politicians when arguing legalisation is a way to generate support among informal residents since evidence shows that potential evictions are not as frequent as in the 1960s and 1970s. Often, given the "passivity" of governments towards illegal occupations, these take place on public land rather than private to reduce the possibilities of eviction (Gilbert 2002: 6). Since the 1990s, evictions are now seen as "politically" incorrect and human rights groups' opposition have made this practice to be less frequent. If land is public, the vulnerability of informal residents is less than if the land occupied were private. Vulnerability is reduced in line with the proximity of the next election (De Soto 1989: 38; Gilbert 2002: 7).

The attitudes of governments towards informal housing have gradually evolved over time. Ranging from initial evictions of squatters, the provision of ready–built core units, the promotion of sites and services projects, to land titling programmes, the literature includes numerous approaches over time in their treatment of informal settlements, i.e., shifts from development *for*, to *by* the poor. These changes are evident in the call for "harnessing" and "mobilising" forces and resources from the settlements themselves as Turner widely promoted (Turner 1968 and 1982). Turner (1983: 209) recognised that:

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[18] Gilbert presented the Mexican policy known as the Solidarity National Programme in the late 1980s by which benefits were given to supporters of opposition parties as a way to co–opt and gain support for the government and as a way to secure power in further elections (Gilbert 1998: 152).

"…the ways and means of scaling–up service programmes and of replicating them on a sufficient scale have eluded the national and international agencies seeking them."

Though, self–help and sites and services schemes are largely accepted in tackling housing deficits, the need for implementing them at large scale prevent many programmes from extending sufficiently (Doebele1987: 16). The benefits of this approach are then limited and depend on the organisational capacity of participants and of the willingness of the local authorities. The WB eventually dropped the appealing sites and services approach widely promoted in the 1970s. Fekade (2000: 137) claims that the failure of sites and services programmes was more an issue of implementation and funds rather than of the approach itself. Although, initially attractive, these programmes required copious funds for financing and subsidising the programmes at a time when economic problems made countries incapable to sustain the path of investment.

International agencies also reduced their flows of money towards these programmes, leaving the poorer countries with the burden of large investments. Defective administrative organisation led to delays in implementation with the consequent increase of associated costs. Fekade (Ibid: 137) claims that construction standards are still too high to be affordable by the intended beneficiaries, even in a sites and services approach. These often ended up benefiting other groups not originally targeted by the approach due to inefficiencies and corruption.

The support of international agencies for housing issues, especially those from the WB, has evolved over the years. The Bank's support has moved from sites and services projects, to the upgrading of existing slums, non–shelter loans approach, policy–based loans, and financing–related projects (Buckley and Kalarickal 2004: 4–6). In the South, national governments have experienced the impact of such changes in housing policies and the impact on the markets in a direct way. Gilbert (2002: 5) claims that the attitudes of governments towards informality explain better the incidence of the creation of informal settlements. These changes have responded more to the "recommendations" coming from abroad, i.e., those from the WB, rather than implementing creative strategies particularly focused on local problems. Stein and Vance (2008: 21) find uneven results in terms of the assistance provided to improve housing and neighbourhood conditions.

Often, legal tenure is a pre–condition to receive financial, technical, and legal assistance in urban areas. However, they report the presence of an "accompanying" policy, which takes legalisation as part of the process of official assistance to the urban poor. In assisting urban areas, legal titles usually deprive many from actually participating in public programmes. They often loose eligibility after regularisation takes place as they have supposedly overcome a certain level of inequality with respect to others. Yet, legalisation often becomes relevant to authorities for reasons other than those related to improve the living conditions of residents. Market forces often drive public intervention in informal settlements.

The evolution of the approach in informal settlements recognises the initial attention that Turner's ideas represented for the academia and policymakers (Turner 1968: 354–63), as he called for a better understanding of the self–produced cities by the poor and in the way in which this process takes place to be more effective through intervention. Turner argues that informal settlements are not the problem, but a vast part of the solution to the provision of accommodation for the urban poor (Harris 2003: 257).

2.7. The debate on the benefits of land titling

> "…it is not title, but the feeling of security that is important" (Gilbert 2012: ix).

The debate on the benefits of land titling has increased in the Latin American cities context, especially after the launch of extensive programmes supported by international bodies. One of the most influential voices promoting land titling policies was De Soto (2001: 47) who argued that by granting titles, an empowering market would allow the poor to accumulate capital and overcome poverty. De Soto makes a proposal based on the benefits of the implementation of a sound legal property system in poorer countries following a Western–type model. This model, he claims, becomes effective by organising "information and rules governing the accumulated wealth of their citizens into one knowledge base" (Ibid: 51) and it is intended to provide valuable information and facilitate property transactions "without having to see the asset itself" (Ibid: 53). Available information generates a comprehensive environment where transactions take place and De Soto is convinced that this type of mechanism could be transferred to the South to make, he adds, people accountable, and properties marketable safely.

Central to his argument is the call for the property titling of informal/illegal premises as a way to expedite poverty reduction by inserting the poor into the formal market where their "dead" capital can then be fungible and it can be used in the same way that the legal market works (Ibid: 48). The main benefit of transforming the informal into formal is that, he continues, assets can participate in the market, be transferred, or used as collateral for credit. This transformation protects assets and transactions, arguing that formal property is more viable to be protected by the "system", whilst informal assets cannot be even traced for granting protection to de facto owners (Ibid: 60). The Western formal property system is, he says, a warrantor of the assets of people in a given society, securing a healthy market for transactions, security, and consequently, to provide tangible opportunities for the poor to accumulate capital.

What is relevant for this research was that he also argues that the legal system is the ultimate option for promoting and enabling land choices and home improvements. He claims that due to the protection provided by the legal system, "people are at least nine times more prepared to invest" in housing improvements, which a mere "perceived land security" –i.e., de facto– does not (De Soto 1989: 24–5). The World Bank and the International Monetary Fund promoted De Soto's arguments in the South by encouraging structural adjustments, based on the potential of markets as they operate in the West (Gilbert 2002: [1]–2). De Soto (1989: 47–62) outlines six benefits of formal property systems that, according to him, have been successful in the West as follows: a) fixing the economic potential of assets; b) integrating dispersed information into one system; c) making people accountable; d) making assets fungible; e) networking people; and f) protecting transactions. Yet, these benefits do not apply everywhere.

The informal housing system has survived for years precisely by protecting *de facto* mechanisms from part or all of the benefits listed by De Soto. The informal sector works in parallel to the formal trend and many times overlaps. The list proposed by De Soto can be also part of informal markets benefits, especially for the poor (Almansi 2009: 390). Fieldwork remains essential in this dissertation to ascertain whether the benefits actually follow such assumptions. The debate increases on the potential benefits of "revealing" the value of informal assets and their transformation into capital (De Soto 1989: 47) by promoting legal ownership, regularising informal settlements, and enforcing contracts, which are supposed to result in economic development and the reduction of poverty (Gilbert 2002; Jimenez 1983; Mooya and Cloete 2007; Payne 2001; and Varley 1987,

2002). De Soto does not consider associated transaction costs of moving from one informal basis to a more formal one.

The focus on home ownership as the centre of housing policies encounters some difficulties, such as the inability of public bodies to cope with demand, the pace of cities' growth, the costs of transactions, and the debate on the necessity of a legal system to enforce contracts and register properties. Chiquier and Lea (2009: xxxvi) claim that formal housing is "only available to middle and upper echelons of the salaried income–distribution structure of households". Doebele (1987: 7) follows De Soto's arguments by claiming that, "the granting of tenure to private individuals is extremely efficient in releasing enormous energies for urban development". Thus, the legal tenure is beneficial not only to an individual but also at a greater extent, the city. Doebele adds that legal tenure provides "a balance between need for social control and fairness in access to land" (Ibid: 8) and permits a "whole new set of economic forces to begin to operate" (Ibid: 12). Yet, he recognises that the evidence is "scarce and mixed" in the areas analysed by the WB where safe forms of tenure have not stimulated significant changes as expected (Ibid: 12).

De Soto presents a utopic position from which he assumes that the Western–type system is the model to follow and compares the South with the USA of a few centuries ago which, by the way, he claims was also a developing country at the time (Ibid: 10–11, 16). He assumes that, following the lessons taught by the US history, the rest of the world would be able to succeed in establishing a solid economic structure within which people will be able to find their way out of poverty. People will learn –he adds– how to "unlock" a capital already there but, in a form that makes it difficult to scale up or enjoy its benefits.

De Soto's arguments on land titling have been contested by many scholars (see Broegaard 2009; Buckley and Kalarickal 2005; Chiquier and Lea 2009; Cousins et al 2005; Gilbert 2002, 2012; Handzic 2010; Mooya and Cloete 2010; Payne et al 2009; Reerink van Gelder 2010; and Varley 2002). For instance, Varley (1987: 464–5) recognises that residents of a given settlement make periodical evaluations of their security of tenure –though informal by all means– based on surrounding events in the community, such as the introduction of municipal services little by little following political promises or after residents lobbying the local authorities. This fact provides residents with a sense of an "official acceptance" and the perception that eviction is improbable.

By this way, people improve their living conditions without the need of legal titling or evidence of any other legal procedure, which enriches the counter argument to De Soto. Some scholars find that legal titling does not guarantee an increase in income levels or the insertion of residents into formal and better–paid jobs. Titling does not ease access to credit from formal institutions or increase property value. The poor remain poor and banks hardly rely on property, though, legal, to grant credit or mortgages. Bankers evaluate other aspects in order to grant credit. The counter argument on land titling as a driver for land choices and home investments among the urban poor is central to this research (see Gilbert 2002, and 2012; Mooya and Cloete 2007; Payne 2001; and Varley 1987).

Evidence shows that wider factors impact on decisions to invest in housing that could not be attributed to the legal tenure of land. For instance, Payne (2001: 421) claims that legal tenure neither necessarily drives home improvements nor guarantees a complete sense of land security in poorer urban areas. Legal land tenure as a driver for home consolidation only plays a relative role. At the extreme, it has been proven that legal titles do not guarantee that residents will not be evicted from their legal properties (Gilbert 2012: vii; and Werlin 1999: 1535). Gilbert (2002: 8) reports an increase in home improvements in different cities despite the lack of services, but recognises that their installation plays an important role to reassure occupants' security, though it is not definitive and observes that "complementary measures" are necessary to increase investment beyond the achievement of a legal title.

Varley (1987: 463) argues that the justification for legalisation is that "it will lead to housing improvements" but results have been uneven because of the incapacity of authorities to cope with the housing demands (Turner 1983: 209). AlSayyad (1993: 33) claims that informal areas are "the direct expression of the development of dependent capitalism in their respective societies". Even the UN–HABITAT (2005: 70) claims that a healthy housing market might exist without titling. The dichotomy of the formal/informal housing is well expressed by Pamuk (2000: [381]) as follows:

> "The persistence and expansion of informal housing settlements in the developing world, despite the adoption of various regulatory reform measures and targeted programs to curb them (i.e., formalisation of informal settlements by granting title and lowering standards), continue to be a puzzle in the land and housing policy literature".

Varley (1987: 468) accounts for three types of factors other than land regularisation that may affect housing. First, there are factors related to government intervention that reinforce the sense of security of tenure of informal residents, such as the granting of trading licenses of different types –i.e., for street vendors established in informal settlements that most of the times are the residents themselves– and tax collection. Second, there are factors related to what Varley calls the "absence" of government intervention in informal settlements that may be interpreted as a message of security to carry out improvements without being troubled by officials. Third, if neighbouring settlements and/or other parts within the same area were, or have been, regularised or upgraded, home investment and improvements may be encouraged "in anticipation" of further legal tenure granting (Ibid: 468). Varley recognises both the limitations in the scope of the study cited above and the existence of other elements that impact on legalisation or the granting of land titles, i.e., the satisfaction evinced by the "new" owners and the cost that this procedure represents for the "beneficiaries" (Ibid: 476–7).

Payne (2001: 421) also distinguishes between the effects of both the security of tenure and legal tenure on home improvements. He analysed some consequences that legal tenure delivered to the urban poor, which contrasted with De Soto's claims. He argues that legal tenure was not a precondition for encouraging housing investment, as that was from the perceived security by *de facto* ownership. Residents may decline participating in legalisation procedures only after being recognised as an area for further legalisation. This recognition was often sufficient for residents to assure permanency and therefore, continuing with home improvements. The costs of the procedure may also prevent dwellers from participating not only in the process per se but also for the associated further costs embodied in the collection of land taxes. Frequently, a person did not want to be captured by the taxation system. Many informal areas have managed to reach certain levels of consolidation progressively throughout the effort of their occupiers despite lacking titles.

Over time, an informal settlement may equal a formal housing area in both the levels of consolidation of the dwellings and the services introduced. Payne (Ibid: 418) argues that the perceived security of tenure there "may be indistinguishable in practice from households living in legal housing". Therefore, the legal status of the areas occupied by the poor did not seem to be the main driver for home improvements. Yet, some governments have attempted to promote formal markets where properties are identifiable, registered, and contracts enforced, as a way to provide security of tenure, following De Soto's ideas.

The polarisation promoted by De Soto when tagging the South as a place with no laws, disregarded the efforts of many years of implementing adequate frameworks to deal with the countries' economies if their paths do not follow the established rules that he proposed. De Soto claims that a legal system provides the opportunity to have a legal title of a property that can eventually be used as collateral (De Soto 2000: 7).

Yet, the evidence shows that moneylenders do not necessarily find peoples' properties attractive to secure repayments due to the location, age, geographical conditions of their sites, and more importantly, because owning a house does not mean that the loanee will be able to repay a credit or mortgage or that he/she has improved their income for that matter. Gilbert also analyses other impacts of land titling programmes such as indirect displacement –or gentrification–, corruption in granting titles, and the increase of rented accommodation. Although Gilbert (2002: 8) recognises some pro–De Soto evidence, he considers it as weak, insufficient, and methodologically inadequate as to assert legal titling as the panacea for poverty reduction. This revisit by Gilbert (2002) to De Soto's "mysteries" provides support for those advocating a more comprehensive intervention in housing the poor driven by the idea of benefiting the occupiers.

Figure No. 7. Arguments and counter arguments to De Soto's ideas.

De Soto (1989: 47–62)	Cousins et.al. (2005: 1–6)	Gilbert (2012: vi–xvii)
Fixing the economic potential of assets	De Soto over–simplified the informal economy and associated property relations	There is no evidence to back the claim that US$40 trillion is locked up in dead capital among the informal housing market
	For property to function as capital there must be a market for it, allowing it to be used as collateral for credit by banks and other lenders	Security of tenure does not strictly depend on land titling. Most self–help settlements survive without legal titles.
	The "extra–legal" sector includes businesses that make fortunes from the exploitation of workers because they operate outside the law	Houses, even without titles, are places for income generation for owners and tenants
Protecting transactions	Only the capital–formation function of property is acknowledged and other functions such as securing livelihoods or underpinning social identity are ignored	Legal title is not a requirement for settlements to obtain services
Making assets fungible	The focus is largely on urban realities and the complexity of rural property regimes is not acknowledged	Transactions take place widely in informal areas despite the lack of titles

De Soto (1989: 47–62)	Cousins et.al. (2005: 1–6)	Gilbert (2012: vi–xvii)
Networking people	The poor and the "extra–legal" sector are portrayed as homogeneous, whereas in reality they are highly differentiated –some of the poor are entrepreneurs, but others are landless rural workers who own virtually no assets at all Integrating dispersed information into one system	Property titles seem to have little effect in convincing private banks to lend to the poor
Making people accountable	Large areas of land occupied by the poor are already owned (for example, by private landlords or the state)– the question of redistribution of this land is not discussed	Legal title does not imply better income or less working hours for owners

A call to consider other aspects supporting poverty alleviation policies is essential rather than simply following a one–direct action to land titling policies as the panacea. The cost of titling is often too high for the poor for a piece of paper, which might not represent any change in their lives. The turmoil in the global economy from 2008 onwards proved that even the arguably sound economies were vulnerable despite of the debatably strengths of their legal and economic systems (Gilbert 2012: xii). There are bad banking practices even in those countries undoubtedly defended by De Soto. His assumptions do not necessarily apply in a straightforward way in the South. The risk of implementing De Soto's solutions is that it prevents opportunities to explore local conditions and attitudes towards legal frameworks imposed as a rule for everyone.

2.8. Transaction costs and property rights.

It seems that legal tenure is not the central factor for land choices and home improvements in poorer countries as other aspects play major roles in security perception, such as price, location, and enforcement of rights. As Webster and Lai (2003: 19) assert, existing markets restrictions are gaps filled by creative forces to cope with the inadequacy of both the assumed municipal functions and the formal markets. When institutions do not deliver the expected outcomes, alternative options –i.e., the informal markets– take place to amend these deficiencies. Beall and Fox (2009: 98) argue that "informal markets operate where formal markets or the state are absent". Institutions tolerate the reproduction of informal markets because they have been unable, on one hand, to address people's housing needs and, on the other, prevent them from satisfying their needs by implementing self–provision mechanisms. In theory, the market delivers housing, which either enables or discourages

the environment where transactions take place. When these are unable to provide housing following the legal framework, transactions take place in spontaneous and unregulated segments of the same markets (Chiquier and Lea 2009: xxxvi). The poor must be creative in gaining access to the market. The fact is that formal and informal markets coexist and operate within the same settings, though under different values, conditions, and risks. Users make their choices in connection to potentially positive and negative outcomes perceived within formal or informal arrangements. This differentiation is a key in both the way these transactions take place and the implications on tenure and rights issues.

As Gilbert and Ward (1985: 6) claim, the distinction between formal and informal markets represent some barriers in understanding and tackling the issue, identifying elements that link one to the other, explaining the changes that land and housing experience over time, and omitting to distinguish between users –i.e., owners, tenants, and people in shared accommodation. The evolution, mix, and changes experienced by land and housing provided a diversity of themes requiring special awareness in understanding the impact on the urban poor. Gilbert and Ward conclude that the most important aspect was related to the process by which land is designated –or appropriated– for different uses and by different users (1985: 6). As Sawyer (1993: 33) defines, the ultimate key role of markets is exchange and allocation of assets, products, and services. They exist to facilitate their transactions, incorporating their associated costs in both legal and economic aspects and maximizing the perceived benefits for their participants. Assets are available at a value defined by the markets. Some specific segments of the population can cover this value according to their economic capacity –i.e., high– and middle–income people– whilst others cannot.

In theory, the formal housing market usually allocates the types of assets where legal contracts backed by the existing legal framework property and economic rights are enforced. However, when formal markets fail to provide for some segments of the population, these create a number of alternatives to cope with the needs of those left out and for transactions to occur within the same markets' dynamics. These informal alternatives establish their own nature of transactions and contracts in which property values and economic rights are defined, established, and enforced. Often, the legal framework neither recognises nor enforces transactions but this fact does not prevent users from making transactions and enforcing security of tenure in such circumstances. For transactions to take place, the users –or potential buyers– have to make some decisions to

assess the facts around them. Herein, the costs of transactions, the role of institutions, the property rights[19] acquired, and the way they are enforced were relevant issues before, during, and after transactions have taken place in both formal and informal markets.

Transaction costs take into account different aspects of the asset that becomes available in the market for negotiation. These characteristics consider not only the physical attributes of assets, but also the rationality and the behaviour of the buyer (Williamson 1996: 18). An asset represents both the tangible nature inherent to the goods and the intangible conception given by existing and potential users at the time of transactions. An asset with similar characteristics may have different costs in different locations and under different circumstances –i.e., legal status. Dietrich (1993: 168) considers at least three costs in transactions: "the search and information costs, bargaining and decision costs, and policing and enforcement costs". Yet, costs are different in informal markets regards policing and enforcement, as these involve the cost of absent elements rather than present ones. It is different, for instance, in a transaction between an informal resident and a landowner as contracts are often verbal or written on any piece of paper. Coase (1988: 115) proposes that to know the costs involved in a transaction:

> "…it is necessary to discover who it is that one wishes to deal with, to inform people that one wishes to deal and on what terms, to conduct negotiations leading up to a bargain, to draw up the contract, to undertake the inspection needed to make sure that the terms of the contract are being observed, and so on."

Coase's (1988: 33) definition of transaction costs deals with the organisation of firms and the associated costs of products in which the market bases its operations. The transaction costs approach explains the way an economic activity is organised and, as a result, impacts on when people make decisions during the transactions. Transaction costs rule the economic environment and decisions made following the associated tangible and intangible costs. In the case of land and housing, their costs depend on the physical qualities and other associated costs. As land is found in both formal and informal markets, it is enmeshed in a set of rules that define its costs of transactions, which becomes important in deciding its acquisition. When land is the product of an unauthorised

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[19] As to property rights, this paper follows the definition of Libecap as follows: "Property rights are the social institutions that define or delimit the range of privileges granted to individuals to specific assets, such as parcels of land or water" (Libecap 1989: 1).

subdivision, the risk perceived in the transaction may be high, yet, the price is low. This reflects the potential problems associated with the transaction for the buyer in the future or during the sale of the plot.

Based on identified attributes of the assets –legal status, perceived risk of eviction, access to services, amenities, location, and topography–the buyer makes the decision to pay for that piece of land or find accommodation elsewhere. It is the buyer who regards whether the cost of present and future conditions are worth paying for or not. Yet, contracts have to be agreed and enforced in both formal and informal transactions. Without formal titling and legal transactions, there must be mutually enforceable and acceptable informal enforcement systems that both parties feel is economically worthwhile. Although, in theory, the presence of a legal framework means that it will be enforced, the role of institutions and the concept of property rights are also relevant. The first refers to the capacity of institutions to establish an enabling environment within which goods become available to the majority. The second refers to the attributes of assets assigned or perceived by users.

Since institutions are responsible for delivering an adequate framework to enforce property rights "the degree to which ownership is established over a commodity's separate attributes depends on the cost of creating and policing contracts that establish that ownership–transaction cost" (Webster and Lai 2003: 7). Markets respond to the costs associated with transactions in both economic and legal aspects. Libecap (1989: 3) asserts that institutions were "the most efficient responses to particular social and economic problems". Their role was a key issue in the functioning of markets. In theory, institutions are to protect property rights, yet, the arrangements can be both formal and informal. If formal, they rely on rules and judicial provisions to enforce it. If informal, these are based on customary conventions, rules, and values regarding the transactions and the properties concerned. In the market, both arrangements take place constantly and evolve according to the economic circumstances of societies over time (Libecap 1989: 2). Moreover, these arrangements often overlap. Yet, despite of its nature, the economic, legal, and social aspects of the transactions prevail.

In terms of economic rights, these have been associated with the capacity to obtain income from properties derived from their attributes, while legal rights are those, which the legal or *de facto* means enforce. This means that a property could have economic attributes that

are derived from its legal features. Yet, though, this is not necessarily a rule for every case. For instance, informal settlements do not have the benefit of legal rights but a *de facto* tenure of land does not necessarily deny them economic benefits, such as the sale of the plot/house. A property's value depends on the valuation of the commodity made by buyers and of the enforcement of rights, which affects the increase, or decrease of its price. When the perceived risk in the transaction is high, the value is kept low and the market for that asset is restricted to those willing to pay for the associated costs. Yet, the poor are often willing to take over places with high risks due to the marginal value of land. This logic responds to the "necessary creativity" evoked by Webster and Lai (2003: 19) to provide all markets' participants with the goods required for life.

Land available to house those left out of legal markets is usually situated in low–valued areas disregarded by formal markets, because of its location beyond municipal grids and the cities' facilities, or close to unattractive areas –i.e., landfills and dumps–, and the cost of development may be high for topographical or flooding risks. Land is low– valued for reasons that exclude the interest of formal markets, but it the price is what makes land attractive. If land is invaded and consolidated over time, it means that market forces were not present there and therefore, the institutional framework was not active in pursuing property rights of the third parties potentially affected. If governments attempt to impose their rules, Webster and Lai (Ibid: 77) argue that, this is "prone to failure". Transactions in informal markets follow customary and, often, spontaneous rules with a different logic from that of the formal sector. Both security of properties and transactions in informal markets are *de facto* organised and recognised by their participants. Often, this fact prevents informal residents from participating in formal transactions and regularisation programmes as participation represented additional costs, taxes, or jeopardised security – i.e., if relocation is involved. If markets worked as based on De Soto's assumptions, poverty, customary and spontaneous rules would eventually be replaced by formal economic forces. Yet, this may not necessarily work efficiently among the poor who rely on customary conventions, and shared values to keep the informal markets working. If informal transactions existed, this was explained by the presence of a market ready to participate, as traders perceived a value in it. In contrast to De Soto's arguments, Webster and Lai (Ibid: 61) argue that these elements –i.e., institutions not necessarily formal– kept "markets working". These premises apply to a wide range of social and economic activities taking place informally, i.e., business, trade, and housing.

The intervention of public institutions has had important effects on the functioning of markets, not only in regulating them but also, due to inefficiency, leading them to fail. As Webster and Lai (Ibid: 65) define, these interventions may "exacerbate" their failures, create market distortions, increase taxes, and an "over participation" of official bodies in public issues. These inefficiencies were common in markets, critical, and cyclical in the South. They argued that the order was successful if it "delivers efficient order in exclusive property rights" (Ibid: 70). A society is successful if institutions –formal or informal–, governments, and market forces are able to guarantee property rights (legal or de facto) and a better functioning of markets. Yet, De Soto claims that legal frameworks and legal property rights make markets function better. This cannot necessarily be the rule, as markets function differently under various circumstances. Informality, although not desirable as De Soto says, is an imperfect setting for markets to work and deliver what formal markets have denied to millions in cities.

Although De Soto (2000: 48) defines property as not only the asset itself, but also its representation, his claim that the legal must be the exclusive framework that protects it is contested. Its representation, he asserted, is separate from its materialisation, though assets acquired in the informal sector do not lack any of them. This representation is linked to the attributes that assets symbolize for people and to the value that markets assign to land, which in turn relieves the informal of external pressures. If formal markets do not capture the value of property by transactions ruled by the legal framework, the value remains low until inherent factors affecting the property change due to internal or external interventions, such as the installation of municipal services or the inclusion of land in urban development plans. However, if land becomes attractive to public or private bodies, the informal count on customary rights, political pressure, and tenure to defend property against market forces and the legal system. In the end, as Webster and Lai (2003: 6) establish "the boundaries between market–delivered order and planned order evolve over time in a spontaneous fashion", thus markets evolve and accommodate commodities accordingly.

2.9. Credit and savings.

Often, credit is assumed as an alternative source for land and/or housing acquisition. Yet, the informal character of the poor's assets prevents the banks from offering credit based on it not only because of their own policies, but also due to the low profitability perceived in

the process (Gilbert 2002: 12). Moreover, a newly formalised dwelling does not transform into a better–built structure and better–located assets immediately after titling. Certainly, informality is a major reason for lack of credit among the poor but even more so poverty itself and the income levels of potential clients are causes for banks and other formal bodies declining to grant credit. De Soto (2001: 37) claims that once legal tenure is granted, residents might be able to access credit from formal institutions. However, this is not always true, as applicants have to satisfy other requirements, such as work in formal and stable jobs and time in employment.

The house is often insufficient to guarantee credit as physical collateral as the financial institutions do not consider it attractive for commercial purposes. Farfan (2004: 230) argues that achieving land and housing through credit with commercial institutions is virtually impossible for the urban poor. The mobilisation of loans is directed towards those segments of population with higher possibilities to repay, stable incomes, and credit history. Gilbert (Ibid: 32) adds that banks do not offer loans to the poor since they are considered "both an unprofitable and a problematic exercise". McCarthy (2003: 12) indicates that the absence of secured assets, uneven jobs, and low paid make the poor an uninteresting target for banks, resulting in their exclusion from financial services.

Lack of constant income makes the poor being perceived as an uncertain portfolio for commercial lenders. The poor resort to informal lending mechanisms available in their own communities or to relatives. In general, lending procedures of banks, as Durand–Lasserve (2006: 11) asserts, are simply not adapted to the needs of the poor. The lending process includes some requirements designed in such a way that the poor are unable to satisfy, creating a permanent cycle of banks refusing to lend money and the poor refusing to approach banks. Formal lenders consider jobs in the informal sector as risky since they often assume that the poor will not be able to honour credit (Daphnis et al 2002: 2).

The causes of such exclusion from the banking system have been discussed in the literature. Marx and Charlton (2003: 19) provides a common structure of these restrictions: the absence of collateral to guarantee the loan is common among the poor and a strict requirement for banks; lack of guarantee of funds; conventional mortgage terms; repayments through payroll reductions; lack of formal employment; and absence of a freehold title over poverty. Often, the urban poor perceive banks as abusive due to high interest rates and "hidden" fees on housing loans. Choguill (2007: 148) analyses the

restrictions, demanding a more creative approach in housing finance for the urban poor. He stresses that lenders should recognise informal sector income as valid for the granting of a mortgage loan. Yet, high management costs associated with reduced savings/credit and potential defaults in loans repayments appeared to be barriers to commercial institutions.

After a *quasi*-permanent financial crisis in poorer countries, banks promote loans to arguably more reliable clients. Okpala et al (2006: 10) claim that this has limited the development of housing markets especially that focused on the very poor. In contrast, Payne (2001: 421–2) claims that the poor do not require large loans but small amounts of money for physical improvements; yet, commercial banks are not interested in extending such small amounts due to their administrative costs. The poor do not want to be burdened by "rigorous" methods of payments, especially because commercial banks require fixed payments that often, the poor cannot meet due to their uneven incomes. Varley (2002: 455) says that borrowing money from a bank or government agency means losing the flexibility, which is one of the reasons people house themselves illegally in the first place. Yet, Gilbert (2002: 11) claims that the "possession of a legal title makes little or no difference to the availability of formal finance". Legal titles do not offer a direct solution for entering into the formal finance market and the poor remain as unattractive to bankers, but also, banks remain unattractive for the poor (Ibid: 13). This is not only due to the nature, unevenness, and levels of income, but also due to the features of the assets to be used to guarantee the loan. Many informal areas are located on dangerous topographical conditions –i.e., along riverbanks, boggy areas– and this prevents banks from granting credit due to the perceived physical risk of the assets.

> "If lender [i.e., the bank] has doubts about the values of the property, it matters little that the evidence suggests that poor families can be extremely reliable in repaying loans." (Ibid: 12).

Arguments favouring the potential benefits of small loans to help improve housing conditions for the poor are not questioned, but the extent of the reproduction of such schemes, the feasibility to access loans, the flexibility on the size of loans, and repayment terms must be analysed in detail in various settings. That credit is available once land titles are issued is a contested assumption in housing the poor. Due to limitations of income, saving are small and the process of home construction to reach a consolidation stage may take over 15 years in many cases (Ferguson 1999: 185). Yet, these savings are not necessarily represented in terms of constant money as these can take other forms. Ferguson

(Ibid: 189) identifies individual and group savings, windfalls, erection of their own building, materials, sweat equity, small loans from neighbourhoods, moneylenders, barter arrangements, and communal self –help, and remittances from family living abroad.

These sources substitutes formal finance, as they are more flexible and adequate to the "size" of the resident's needs. However, the sources vary and are usually unavailable for families, affecting the speed of home construction in informal areas. Some housing programmes condition access to beneficiaries based on previous savings (Rueda–Garcia 2003: 20), which prevent the poor from participating due to the uneven and unpredictable of income in long term. The argument is that constant savings generate a habit in the potential buyer despite the fact that these may be of small amounts.

2.10. Taxation and mobility.

Often, an envisioned effect of legal tenure is the increase of the tax base (Payne 2001: 422). Jansen and Roquas (1998: 82) say that after land titling takes place, "a property holder becomes connected to the state, thus enhancing tax–levying possibilities". If legal tenure was envisioned to increase the number of people paying land taxes, evidence from Payne's research shows that this is not often the case; once people feel safe in the place, they often refuse to pay taxes or simply are unable to meet the costs of taxation. Frequently, a feeling is that paying taxes is useless since the poor will not necessarily benefit with the introduction of missing municipal services, school, transportation, or security. The disenchantment with authorities is important. The poor pressure them for the provision of services. This seemed to increase during electoral periods. Gilbert (2002: 7) claims that the point is not "whether the poor suffer from the granting of title deeds, but whether they actually benefit from their entitlement". If benefits of regularisation were not clear, or, if potential "beneficiaries" could not pay the insertion into a legal framework, the process frequently becomes irrelevant to residents who will refuse to participate.

Varley (1987: 474) describes the lack of enthusiasm to participate due to the "attachment" to fixed monthly payments to cover the improvements and because of the poor quality of programme results. A legalisation process may represent an increase in living expenses for the "beneficiaries" and indirectly for those who are not direct beneficiaries (Gilbert 2002: 7). When titling represents further taxation, the information regarding the amount, periodicity, and increase is usually unclear, discouraging residents to participate. Gilbert

(Ibid: 7) claims that land titling often takes place for reasons "that have nothing to do with helping the poor". A genuine intention to improve their home conditions is not necessarily the main driver. It seems that a more direct beneficiary of such schemes, according to Gilbert, is the government as regularisation programmes seem to be cheaper than to build adequate public housing with all the services. The government will eventually increase the land taxation of newly regularised plots and the use of this money for improving infrastructure and services is not clear. Thus, regularisation is associated with planning purposes to re–organise zoning in order to insert some informal areas into the urban grid as cities absorb them over time.

Yet, Payne (2001: 423) envisages that legalising a settlement could also be interpreted as a driver for generating further irregularities. Once an informal settlement is legalised "title provision or regularisation may therefore stimulate the very processes of unauthorised development they seek to prevent and therefore reduce, not increase, public sector influence over land and housing markets." Recently legalised areas come to the attention of those with higher incomes once security and legal status have been granted. Payne called this effect as the "downward raiding" coming from better–off segments of the population causing a gentrification process as the ultimate effect of long regularisations programmes. This can generate an "accepted" gentrification in exchange for a lump sum that means a lot to them but little to wealthier groups.

If generating wealth and income was arguably a goal in legalising informal settlements, the level of mobility was not as high as envisioned once legalisation was obtained as Gilbert (2002: 10) reports from various Latin American cities –i.e., Bogota, Caracas, Mexico City, and Santiago. In some cases, after many years of legalisation, residents remained in the areas and mobility was not as expected in comparison to Western countries as De Soto (2001: 47) suggests. A missing point regarding the actual capital generation attributed to legalisation via a new value of former informal assets was that the implied mobility was not necessarily a direct effect of regularisation. In addition, Payne (2001: 424) offers an analysis of the consequence of land titling on the efficiency of markets. He argues that the expectation of further legal titles in a given area might raise the costs of the assets and therefore reduce the security of the poorer groups that may be tenants in informal areas.

The increased costs due to regularisation will be passed onto tenants who could be displaced if that cost cannot be met. Payne argues that the South have been unable to make

distinctions between the different segments of populations and that legal tenure was regarded as a linear rule applied the same way for everybody when it takes place. He ponders the need to identify more precisely the different segments even within a specific area, since the negative impacts cannot be corrected easily once legalisation takes place. Gilbert (2002: 9) reinforces the idea that home ownership does not guarantee money for those who make home improvements. Some factors were relevant to this assumption, i.e., the availability of resources to "cash" the improvements by selling the house.

When an informal settlement is legalised and titles granted, the stock of houses are variable. From shacks, one–room houses, one–storey houses, to more consolidated properties, it was difficult to obtain profits from the selling of the house given the availability of cash needed for the transaction. More transactions were found in less–consolidated homes since they were cheaper than consolidated houses improved over time (Gilbert 2002: 11). Therefore, the immediate benefits of the "unleashing" of the market did not derive necessarily from the legalisation of informal settlements. At the same time, yet, Gilbert (Ibid: 16) considers a less–favoured idea about the functioning of markets. He claims that, "in the unlikely event of a flourishing property market, there is little reason to believe that the poor will be major beneficiaries".

The economic development claimed by the authorities and the periodical booming of housing markets have not benefited the poor in the long term. Often, the change in laws intended to promote urban development and housing has resulted in the creation of more informal settlements. This is the case of the Mexican economy in the 1980s and 1990s. The economy was performing well and the law changed to incorporate communal land to the expected growth (Lea and Bernstein 1996: 87). Yet, the economy crashed in 1995. Informal areas became the place for millions.

2.11. Conclusions.

The role and impacts of land tenure in housing the poor remain contested based on the evidence reviewed in this chapter. The poor remain reluctant to participate in land regularisation programmes as they do not find attractive to be captured by the legal system. The fact that they often obtain basic services and consolidated housing without the legal possession of land means that regularisation does simply not make sense. For instance, access to credit is not necessarily eased by the fact that a piece of land has been legalised.

It remains unattractive to traditional banking systems anyway. This chapter illustrates also the challenge of dealing with informality and the impact of the advocates in favour of promoting the implementation in the South of a legal system similar to that in the North. Thus, it is evident the difficulties that replicating it represents in a place that presents a completely different set of rules.

Existing poverty definitions has proven not to be operational for implementing efficient poverty alleviation programmes, creating confusion, and controversy. Policies have failed to facilitate a better environment for the poor, particularly in improving their housing conditions. The approach adopted by many institutions has deterred the solutions they advocate, worsening the situation for many people. Some elements are crucial to understand poverty and its impact on housing the poor in this dissertation: the dynamic character of poverty as a social phenomenon; poverty is both universal and local; third, it is a continuum concept; and fourth, its evolution still requires providing consistent benefits for the poor. The consistency of concepts remains crucial, especially in shaping urban development and housing programmes for the urban poor. This dissertation is aware of the difficulties of defining poverty and making it operational. It considers the benefits of reviewing the different approaches and the way other scholars have explained it. It acknowledges the efforts of international agencies to reach consensus but this has limited the participation of people in its definition and the definition of potential solutions.

To assess, for instance, the role that plays informal housing transactions, helped this research understand the circumstances under which the urban poor make their decisions to select informal markets despite the challenges that they embrace. Besides, this section showed how security of tenure relates to factors others than exclusively those connected to the legal system. In particular, it was relevant to learn how people are prepare to deal with their limitations to access to the argued benefits of the legal land tenure and, at the same time, how they have learnt to build an environment where they implement their own rules to enforce their transactions. This analysis opened a wider perspective on how to approach further stages of this dissertation, particularly in the design of the strategies to apply in the planned case study and the fieldwork.

Informal settlements are a self–solution promoted by people owing to the incapacity of institutions to deliver housing opportunities to the large mass of poor residents of cities. Often, the intervention of government through legalisation is cheaper than newly

constructed residential areas, as they progressively introduce roads and services over time. The urban poor have managed to house themselves by implementing their own mechanisms with no or a few public interventions. That is of a major value for this research, which engages with the assessment of home production by the poor in the following section. The housing mechanisms analysed often overlapped at some point in the process of home consolidation. Whether a limited state–led housing process or a restrictive private lenders approach, the poor are left still with a few possibilities to recur to formal bodies in search of financial support. The evidence has proved that the poor are able to build their homes with their own means and many are able to honour their debts as recognised by pro–poor institutions, such as the Grameen Bank.

The scepticism of banks to lending to the poor apparently remains. Constraints on financial resources left governments the challenge to serve increasing poor communities with less money. It becomes necessary to review housing standards and implement follow–up schemes for home consolidation. Self–help will continue to be the most popular path for people towards a consolidated home as this only depends on their own means and effort. As long as the poor continue being regarded as incapable of honouring their debts by formal institutions, conditions seem to remain. On the contrary, public bodies must review and learn the way people make their living, consolidate their homes, and manage their finances. It becomes necessary for this dissertation to explore self–provision housing mechanisms directly on the field to assess the barriers and drivers for home improvements.

The next chapter concentrates more specifically on dealing with these issues in the Mexican context. In particular, it deals with land tenure as a driver of housing the urban poor, particularly regarding ejido land and its participation in such an equation.

CHAPTER 3. LAND FOR THE URBAN POOR IN MEXICO.

3.1. Introduction.

This chapter engages with the analysis of the role of ejido land in the equation for housing the poor. Then, it reviews relevant urban policies, and finally, it critically reviews the accessibility of housing and credit for the urban poor. The goal of this section is to scrutinise the key aspects that have an impact on the process of housing the urban poor within the existing legal framework and both the formal and informal mechanisms to access a piece of land for housing. The aspects herein analysed reinforce the understanding of the Mexican context with respect of the scenario experience by the poor in their process towards shelter themselves, the barriers, and the limitations faced throughout.

3.2. Ejidos, their role in housing the poor.

In Mexico, ejido lands –a communal land tenure type– has played a key role in the equation of urban growth and housing in the last decades, particularly in cities with an increasing pressure for land to house their poorer sectors of the population. Their role, though, has evolved in the last decades as some conditions changed with respect to their original aims, i.e., location, distance to urban areas, poverty, and changes in the law. An ejido, as Varley (1985: 1) defines, is land held collectively by a particular social group rather than individual landowners or the government. It was, she adds, supposed the response that embodied in practice the Revolutionary principle of a social right to land (Ibid) in the 1910s. In fact, the Revolution's slogan, "the land must belong to the tiller", attracted many peasants to the rebels' cause. When the Revolution ended, this land distribution was expressed in the Article 27 of the National Constitution (*Cámara de Diputados* 2014). As a result, the agricultural land was organised in ejidos[20] and distributed to groups of peasants named ejidatarios. Ejidatarios were entitled to farm the land (named the parcelled lands); live in a plot provided (named the human settlement land); and enjoy a social zone (common or social use lands) intended for the amenities, i.e., a school, a health clinic, a park, and a church (*Cámara de Diputados* 2012; and INEGI 2014). A major

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[20] A suitable definition of ejido land, apart from the legal, is Herrera's (2012: 633): "Ejidos are territories granted to groups of landless peasants upon demand… These lands were not allowed to enter the real estate market, therefore ejidatarios could not legally use them as guarantees for loans, nor were they able to rent, lease, sell, or use their rights on the land they worked, possessed or inhabited."

benefit granted to the ejidatarios is that becoming one has no cost and their holdings, i.e., the plot and parcels, can be inherited by the ejidatario' family by simply providing a list of those members to whom their rights have to be transferred after he/she dies (*Cámara de Diputados* 2012). In fact, the ejido is granted to peasants in perpetuity. After the Revolution ended, the government started a slow distribution of ejido land upon organised groups of ejidatarios. The ejidos were located in rural areas, outside the cities' limits at the time. Although figures differ, Colin and Restrepo (1998) report the creation of more than 27,000 ejidos and 3.5 million of ejidatarios.

Yet, ejidatarios have been under an increasing pressure to keep the original aims of the ejido as agriculture activities have declined and the land they "possess" is their only asset available to sell. Besides, the expansion of cities puts additional pressure, as the land available for growth is precisely located in the neighbouring ejidos. Oliveira (2001: 5) calls this increasing cities advance as "an unceasing national urban growth". This was especially critical, as the ejidatarios were not allowed to sell their land, neither the parcel –intended for agricultural purposes– nor their plots –intended for housing the ejidatarios. Yet, this limitation did not prevent many from selling their lands, resulting in ejidos as places for less expensive land mostly because the areas sold lacked basic services for housing purposes. Thus, ejidos became a low–cost land supply for developers (at a large scale) and individuals (who looked for a plot to build a house).

These transactions were illegal so the land was cheaper than elsewhere. Ejidos attracted many with lower incomes and became a preferred place for informal settlements. They also became attractive to speculators who bought those lands near to the city, waited for the urban area to expand, or put pressure on local authorities to change zoning regulations, in order to develop formal housing areas. For instance, during the 1970s, ejido lands provided 15 per cent of the land required for urban expansion in the metropolitan area of Guadalajara, and the 66 per cent during the 1980s (Siembieda 1996: 377). This growth, as occurred elsewhere, happened without and/or despite urban regulations.

By early 1990s, ejido land "had become the most important single source of urbanisable land, and it is almost developed illegally" (Austin 1994: 327). However, the Mexican Constitution was amended in 1992 during the Presidency of Carlos Salinas. This amendment allowed the association between ejidatarios and land developers to insert their holdings into a more planned urban development (*Cámara de Diputados* 2012). It is

acknowledged that, as Herrera (2012: 647) claims, the reform cannot be studied in isolation from the general context and specificities. Yet, the agrarian law –intended to make the amendment operational– the possibility to sell, lease, and collateralise the land is now possible (Ibid.). Immediately, this amendment brought some important effects. For instance, Olivera (2004: 8) claims that such an amendment simply removed the taboo that the ejido was "untouchable". The law establishes a sort of distinction among those ejidos closer to the urban areas or partially absorbed by the city growth by allowing them to expedite their process of incorporation to the urban fabric in the way by following the regulations as for the rest of the city.

Siembieda (1996: 371) argues that this reform took place in response to the restructuring requirements demanded by the World Bank and in anticipation to the North American Free Trade Agreement, NAFTA, with the US and Canada. The structural changes, under Siembieda's view, responded more to an external agenda intended for economic aims; the incorporation of communal land into the economic equation seemingly was a key factor. The ejido, thus, seemed to have finished their original function as a means to attempt to guarantee the social right to land and, in contrast, converted the land into a commodity. Actually, Perramond (2008: 356) portrays the ejido system as the "Mexico's long experiment…" that had ended in 1992. He adds that Mexico abandoned the role of land as a means to address social inequalities (Ibid.). Moreover, the ejido reform and system remained as unattractive for some authors, such as Thompson and Wilson (1994: 448) who remained sceptical regarding the promoted benefits of such a reform.

Nevertheless, ejido lands increased their role as potential land suppliers, both through formal and informal mechanisms particularly in growing urban areas. The new possibilities to transact land, made the ejido attractive to developers but it remained particularly attractive for the poorer residents who, despite the official efforts of modernising the ejido, kept finding it cheaper than in the formal land. Informal land sales and speculation continued after the constitutional amendment and ejidatarios openly continue promoting land sales based on demand and, at their convenience, their needs. Opportunely, ejidatarios do not consider ejido land transactions as illegal, only "informal" arguing that the change in the law actually allows them to do so. This position contributes to the dichotomy of the land of ejido in the equation of housing the poor. The institutional efforts to make the Article 27 operational after the amendment were also difficult to implement. For instance, the *Comisión Reguladora de la Tenencia de la Tierra*, CORETT, or the Tenure Land

Regularisation Commission, was in charge of regularising thousands of plots informally sold and developed within ejido lands (Olivera 2002: 182). The CORETT also administered the issue of titles to informal occupiers after the procedures were completed; yet, Jones and Ward (1998: 87) defined the process as slow. However, due to fact that CORETT initially depended upon the Agrarian Ministry, its role was more focused on the agricultural idea of its functions, leaving the urban role of ejido as land provider for development behind.

After the amendment, other authorities could participate in the process, such as the municipalities (Austin 1994: 334). Yet, the intervention of different federal, state, and municipal agencies in the process has made it confusing, slow, and unclear. The intended incorporation of ejido lands into a more "logical" process derived in a series of dichotomies and difficulties. The ejido was not necessarily attached to the new rules after the Article 27 changed; ejido land continue to be a place for informal sales as ejidatarios were "unwilling to relinquish" the political patronage system, in Perramond's words (2008: 369) and continue to benefit from it. Besides, the regularisation process promoted after the amendment provided a new variant of the intended market–led orientation of the reform intended by Salinas (Ibid.) which, somehow, was served as the motivations to consider it as successful. The insertion of ejido lands into a formal system was more attractive to public agencies than to ejidatarios who continue regarding their land as a commodity ready to sell whenever they need or want based on demand.

Evidently, the closer the ejido to the city, the better it can be sold at a larger scale to developers or even to the city whose agencies attempt to buy land reserves for different uses, especially for residential purposes. Varley (2002: 454) claims that the agrarian focus was always in detriment to the potential benefits of the reform in the urban arena. The scope of such a reform, thus, was insufficient as to promote the intended urban development desired to incorporate the country into a more dynamic economic relation within a globalised scenario. In such a contradictory scenario is that land markets has continue functioning attempting to comply with evolving regulations and a more effective, though, informal way to provide land for housing the poor.

3.3. Land and urban development policies in Mexico.

As seen, land has been a key factor especially due to the difficulties of incorporating ejidos into the equation of urban development. From a "compensatory" policy intended to restore the dispossessed, i.e., the pre–revolutionary peasants, to a market–oriented approach, the land has been the centre of discussion among scholars and policymakers. For the purpose of this dissertation, however, land policies are scrutinised to understand their role in housing the urban poor. The availability of land at their grasp is central, as land policies and programmes dictated from the different governmental bodies impact on the way they may or may not access a piece of land for housing.

Although different factors influence land policies design, this study focuses on some institutional, social, economic, and demographic drivers to illustrate the way these have had an impact on housing the urban poor. Garcés (2011: 15), for instance, claims that urban development programmes of 1978 and 1982 first called for the attention to establish the "*ordenamiento territorial*" –or the territorial planning– as a priority in the national policies towards a sustainable development and an equalitarian society. Then, the 1984–1988 and the 1990–1994 programmes challenged the growth of the cities derived from various factors of the time, ranging from the financial crisis, the land reform, and the earthquake in 1985. Also, the institutionalisation of urban and land policies by the creation of special public agencies along the country, can be seen as an attempt to implement those policies. However, 1995–2000 and 2001–2006 programmes translated the national urban policies into the social development ministry, centring them more into a social approach intended to tackle poverty (Ibid.).

This can be seen as a setback, as institutions in charge of land policies did not respond to a national urban policy. Instead, they worked separately in solving urban and housing problems without a clear institutional direction. Iracheta (2000: 15) claims that political will has been insufficient to promote innovative initiatives and to design long –term policies. During this time, state and municipal institutions dealt with land and urban policies within a restricted framework as a permissive Article 27 restrained them from intervening in land speculation and informal sales. Yet, after the reform which allowed them to participate more actively in regularisation programmes, such processes remain unarticulated, slow, bureaucratic, and from the viewpoint of ejidatarios, useless. Their difficulties to create land reserves from ejido land surrounding urban areas, including economic constraints, pushed many governments to tolerate an increasing informal market owing to their incapacity to provide suitable land for the urban poor.

More recently, as a new approach intended to concentrate the efforts toward land tenure, urban planning, and regularisation policies, the federal government created a new ministry in 2013 (SEDATU 2014) called the *Secretaría de Desarrollo Agrario, Territorial y Urbano* –Agrarian, Territorial, and Urban Development Secretariat. This office is in charge of both land and housing policies through the following programmes: a) Decent Housing; b) Rural Housing; c) Habitat; d) Land Reserves Consolidation; e) Regularisation of Informal Settlement; f) Incentivising Rural Urbanisation; g) Public Spaces Rescue; h) Informal Settlements Prevention Programmes; and i) Housing Finance and Subsidies Programme, among others (Ibid.). Certainly, the evolution of social and demographic conditions has had an impact on the way cities grew in the last decades. Millions found larger cities more attractive as the industrial development, thus jobs, concentrated in the three largest Mexican cities –Mexico City, Guadalajara, and Monterrey. At the same time, rural areas lost their intended attractiveness and competitiveness, which was supposed to be the aims of the restoration of land to peasants after the Revolution throughout the ejido land scheme. The evolution into an urbanised Mexico accelerated from 1950 as follows (Garcés 2011: 2–5):

- The number of people living in urban areas with 15 thousand inhabitants or more increased from 6.6 million of people in 1950 to 70.1 million in 2010.
- The number of urban areas increased from 93 to 630; those with more than 1 million of inhabitants from one in 1950 to 11 in 2010.
- The most important growth occurred in cities ranging from 100 thousand up to 1 million of inhabitants; as 9 per cent of the population lived there in 1970 against the 19 per cent in 2010.
- People living in cities with a population range of 500 thousand up to 1 million multiplied by 11 times.
- In contrast, the population growth rate dramatically reduced from 5.3 to 1.7 in the same period.

The transformation of Mexico into becoming an urbanised country seemed to reach many places throughout the years. By mid 1990s, intermediate cities had become attractive areas for (industrial) development. For instance, border US cities, such as Tijuana or Queretaro and San Luis Potosi in central Mexico, received many industries because of NAFTA. Automobile industries, for instance, installed in the Bajio area corridor –i.e., León, Silao, and Salamanca–, which complemented those previously installed in Aguascalientes as

Nissan had in the 1980s. This industry, as many others, was highly export–oriented accordingly to the free trade agreement in place. The location of many industries, though of a low –wage type, had an impact on at least the increase of migration to cities and, eventually, the growth of those cities and its accompanying effects in social, economic, land, and housing aspects to mention a few. Garza (2002: 9) summarises the process of urbanisation in Mexico as follows:

- From 1900 to 1940: Moderated –low urbanisation process. The country started a moderate path towards urbanisation, as this was eminently rural in the early 1900s. The main cities were Guadalajara, Monterrey, and Mexico City.

- From 1940–1980: Medium –accelerated urbanisation process. A large portion of this stage was also known, at least locally, as the Mexican miracle due to the accelerated economic growth. Twenty–nine new cities were incorporated into the urban fabric. Largest cities remained industrial clusters, whilst border ones, i.e. Tijuana, Mexicali, Chihuahua, and Juarez City, increased their economic participation. Puebla, Toluca, Cuernavaca, and Querétaro also experienced an economic boom due to their proximity to Mexico City.

- From 1980–2000: Low –accelerated. The 1980s are considered as the "lost decade" due to the recession and economic crisis. This affected the industrial and economic process, yet the population continued to grow along with unemployment and poverty. Mexico City reduced its growth rate in contrast to those close to it previously mentioned. A moderate boom occurred in touristic cities, such as Cancun, Puerto Vallarta, Acapulco, Oaxaca, Guanajuato, and San Miguel de Allende. Finally, interior cities accelerated economically, such as Aguascalientes, Saltillo, and San Luis Potosi, industrial cities all. Finally, cities with a more agriculture –oriented economy also become relevant at national level, such as Culiacan, Hermosillo, Celaya, Los Mochis, and Obregon City. Mexico City became a "megalopolis", a predominance of a polycentric pattern. By 2000, the ten largest cities accounted for more than 45 per cent of the country's population.

As a result of the urbanisation "boom", the federal government attempted to first, understand the complexity of Mexican cities relationships and, second, to "organise" and "structure" them in an urban system intended to support the design of social and urban policies (SEDESOL 2012: 7). One of its arguments was that the country's urban profile engineered as a "system", would expedite Mexico's capacity to develop and growth and, at

the same time, alleviate poverty, unemployment, and contribute towards education, housing, land, and water supply and transport (Ibid.). The result was the National Urban System, NUS, which included basic concepts ranging from defining a city within the Mexican context, to the difference between urban development and growth. By 2000 (CONAPO 2014), the NUS reported 364 cities, of which 42 were metropolitan areas and 322 cities with more than 15 thousand inhabitants; two out of three Mexicans lived in these cities.

- Large cities: seven metropolitan areas and two cities with more than 1 million inhabitants. One third of the population lived in these cities.
- Intermediate cities: thirty–five metropolitan zones and thirty–six cities ranging from 100 thousand to less than one million people. One out of four Mexicans lived in these cities.
- Small cities: comprised by 284 cities ranging from 15 thousand to less than 100 thousand people. One tenth of Mexicans lived in these cities.

All these cities occupied more than 800 thousand hectares in the whole country, which represented the 0.4 per cent of the national territory (SEDESOL 2001: 16). Finally, in 2012, SEDESOL updated the NUS with information of the 2010 National Census. The result was an evident increase in the number of urban areas and of people living in cities. It divides the urban areas into three categories as follows (SEDESOL 2012: 13):

- Metropolitan zone: comprised a central city and the agglomeration of various highly interrelated functionally municipalities. A MZ is also an urban centre with 1 million inhabitants or more.
- Conurbation: it is the physical continuum of two or more urban centres with more than 15 thousand inhabitants. Its population ranges from 15 to 49 thousand people.
- Urban Centres: urban areas with less than 15 thousand inhabitants.

Figure No. 8. National Urban System: Cities and Population by Type, 2010.

	Total		Metropolitan zones		Conurbations		Urban centres	
	No	Population	No	Population	No	Population	No	Population
NUS 2005	**358**	73,718,053	56	57,878,905	64	3,680,319	238	12,155,829
NUS 2010	**384**	81,213,281	59	63,836,779	78	5,175,008	247	12,219,494
Increase		7,516,228		**5,957,874**		**1,494,689**		**63,665**
Changes	**26**		**3**		**14**		**9**	

Source: SEDESOL: 2012. Sistema Urbano Nacional. Mexico.

The two first categories, i.e., MZ and Conurbations, are defined under the basis of their physical and demographic characteristics. This seems to respond more to a descriptive approach of the history of the cities rather than to a more functional focus. Yet, the aim of this dissertation focuses on the dynamics of these cities in relation with the impact on the provision of land for housing the poor. In the end, the relevance of the NUS and its evolution is its application in urban policies. Yet, its implementation as a tool for decision–making processes is limited. For instance, the Development National Plan 2013–2018 (published by the federal government) did not mention the NUS at all (*Gobierno de la República* 2013). The National Housing Programme 2014–2018 did not mention the NUS either (SEDATU 2014). It is not until recently in the National Urban Development Programme 2014–2018 (SEDATU 2014: 65) that the NUS is mentioned not only as a reference but also as a strategy to follow in order to accomplish a better urban system. In particular, the contribution of NUS is that the Programme proposes to consider the MZs and conurbations as "territorial units" for planning.

It also reinforces the goal of channelling federal funds towards MZs as a means to incentivise urban development. This seems to be only the beginning to insert the NUS into a more comprehensive planning system. Thus, the approach to achieve better cities and urban areas is incipient not only in its concepts but also in the implementing process. The review of the planning system shows how land intended for the poor is even further from being institutionalised in strategic planning instruments. The articulation of national, state, and municipal land and housing policies is still pending and each of these governmental bodies attempt to tackle land and housing for the poor following their own policies and to take advantage, if any, of the rest.

3.4. The process of land and housing for the urban poor in Mexico.

The challenge of making urban development and housing policies operational remains in place in the country. Its evolution towards an urban Mexico has represented some challenges, especially in the provision of land and housing for the urban poor. The first challenge has been to face economic conditions. This is more evident when recurring economic recessions and crisis affect economic growth and land markets. For instance, in 1995, the economic crisis of that year led to the banks stopping lending for housing and millions of people lost their homes after defaulting on their mortgages (Babatz 2004: 42).

Since then, Mexico has experienced a slow recovery; today, it is included among the so–called emerging economies. By 2011, its Gross Domestic Product, GDP, was $10,064 US, similar to those of Turkey ($10,498 US), Venezuela ($10,810 US), and Argentina ($10,941), but far from those of Luxembourg ($115,038 US) or Norway ($98,102 US) (World Bank 2012).

Other Latin American countries have higher GDPs, such as Brazil ($12,594 US), Uruguay ($13,866 US), and Chile ($14,394 US). The Gross National Income per capita, GNI, was $15,060 US, similar to Mauritius ($14,070 US), Romania ($15,140 US), and Malaysia ($15,190 US), but far from Qatar ($87,030 US), Luxembourg ($64,410 US), or Norway ($62,970). However, it is still a country of major inequalities, in which millions struggle to find a job sufficient for their basic needs. Mexico struggles with the unique problem of bordering the richest country in the world. Economic challenges evidently influence the country's capacity to deliver land for housing the poor. This second challenge has been critical during the last decades, especially in terms of increasing and improving the housing stock. The World Bank (2004: 2) calculated a deficit of 750,000 housing units per year in Mexico and that, by 2030, the demand of housing would double to embrace about 45 million households. A 40 per cent of this demand comes from low–income earners unable to buy a house in the formal sector.

In 2005, the National Population Council in Mexico –CONAPO– claimed that, due to the formation of new families, households would increase from 27.8 million to 30 million by 2020 among the population 20 to 34 years old, putting an enormous pressure on housing provision (CIDOC 2005: 23). Besides, it was estimated that 10.8 million new households would be formed by 2020 entailing 36.6 million more Mexicans (Ibid: 24). The demographic bulge was supposed to be a bonus since the country would have the youngest population in its history in the following decades. In 2001, the National Housing Commission –or *Comisión Nacional de Vivienda*, CONAVI– was created as a public federal decentralised body in charge of coordinating the national housing policies (CONAVI 2012). In 2006, the Commission estimated that by 2012, the total housing deficit would be of 7,357,948 housing "needs" in the country, of which 4,427,754 would be new homes and 2,939,194 in need of improvement (CONAVI 2006: 14). This meant that, of the total housing needs in Mexico, 60 per cent was for new homes and 40 per cent for home improvements.

The number of houses in need of improvement was as important as that for new homes. Moreover, the Commission predicted that the current housing stock of 24.9 million of homes would increase by 14 million new dwellings or 560,000 new homes per year over the next 20 years. Since 2001, the CONAVI estimated that from 11.3 million beneficiaries of housing actions, 50 per cent of them had access to a mortgage and the rest had received a loan for home improvements (CONAVI 2012b). However, the inability to satisfy housing demand reflects the economic conditions of millions of people who cannot cope with the costs of the housing promoted by the formal sector. For instance, like many other developing countries, Mexico presents economic and social disparities. Unemployment has worsened over the last 12 years. From a 2.71 rate in 2000, it increased up to 5.01 in 2012 (INEGI 2012) (see Figure No. 9). While, this rate might be not as high as in other countries, the measure requires consideration that is more accurate. For instance, unemployment differed according to gender. Often, it has been higher among women than men; by 2010, women headed 24 per cent of households (INEGI 2010).

Figure No. 9. Unemployment rates in Mexico (2001–2011).
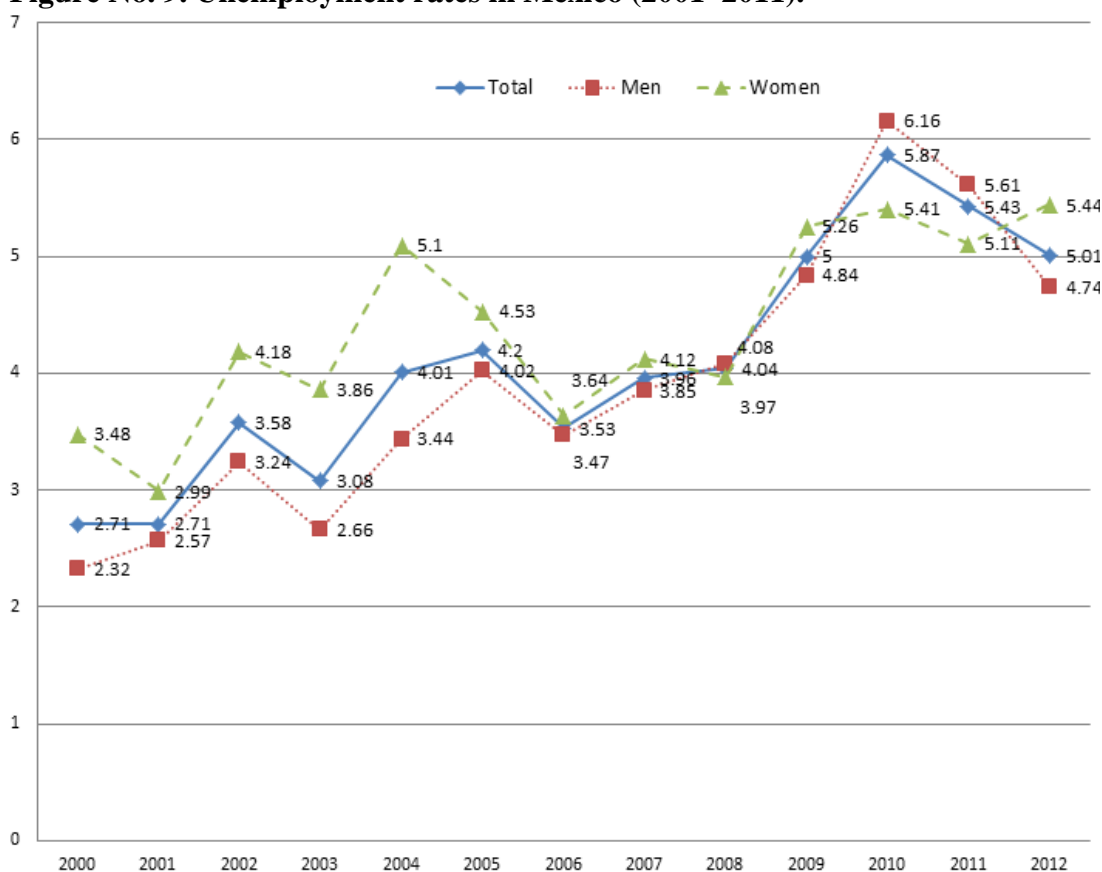
Source: INEGI (2012). "*Encuesta Nacional de Ocupación y Empleo*" (National Employment Survey). In http://www.inegi.org.mx/Sistemas/infoenoe/TriPreliminar.aspx?s=est&c=27736&p. Last accessed in September 2012.

Another challenge in making policies operational is the growing informal sector in the country. Many people are self–employed outside the formal and taxation system. Whether low–profit or higher–profit occupations, the range of activities have allowed people to survive and support their families. Many worked on the streets as vendors, while others were drivers, plumbers, salespersons, and traders. Many women find work as domestic employees. Some authors rejected official statistics and methodologies to measure employment rates and the informal sector in Mexico. On one hand, the circumstances have changed. By 1999, 59.9 per cent of the Mexican work force remained in the formal sector, while 40.1 per cent informally (OIT 2011). By 2012, 29.35 per cent worked in the informal sector at national level (INEGI 2012). Figure No. 10 shows that the informal sector has grown. This increased the dependency ratio[21] to 62.27 by 2010 (INEGI 2011).

Figure No. 10. Informal workers from the EAP in Mexico (2000–2012).

Year	2000	2005	2010	2012
Percentage	26.9	28.4	27.2	29.3

Source: INEGI (2012). "Sistema para la Consulta de Indicadores Estratégicos InfoLaboral". In http://www.inegi.org.mx/est/contenidos/espanol/sistemas/enoe/infoenoe/default.aspx?s=est &c=14042. Last accessed in October 2012.

An additional challenge is the low–income levels in the country. Here, a person is considered as poor if he/she earns less than three minimum wages, a middle–income level earner has between three to five minimum wages, and an upper–income earner receives more than five minimum wages (INEGI 2010). In 2000, 60 per cent of the Economically Active Population, EPA, earned less than three minimum wages.[22] By 2012, the percentage was much the same at 59.4 per cent (INEGI 2012). People earning more than five minimum wages reduced from 12 per cent to 8.1 per cent during the same period. Yet, in 12 years, the income levels have shown no significant improvements. Created in 1962 by Constitutional mandate, the National Commission for the Minimum Wages, CONASAMI, was designed to police the income levels of Mexican workers (*Cámara de Diputados* 2011: 93). Its creation was to define a minimum wage "sufficient to satisfy the normal

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[21] The dependency ratio is the number of dependents (0 to 14, and 65 and older) for every 100 independent people of working age (15 to 64 years) (INEGI 2011). "Censo de Población y Vivienda 2010". In http://www.inegi.org.mx/sistemas/olap/Proyectos/bd/censos/cpv2010/PT.asp?s=est&c=27770&proy=cpv10 _pt#. Last accessed in January 2011.

[22] A national commission of representatives of the federal government, employers, and union leaders define the minimum wage and agree on the annual increase of salaries based, in theory, on changes in the cost of living during the previous year (CONASAMI 2012).

needs of a head of household in physical, social, and cultural terms and to provide for the obligatory education to his children" (Mexican United States Political Constitution, Art. 123, Chapter VI, p. 93). The approach by which the authorities define minimum Mexican wages, does not relate to, for instance, the poverty line defined by the World Bank or any other international organisation.

Figure No. 11. Earners by income levels in Mexico (2000– 2012) (%).

Period	Up to 3 Minimum Wages a/	From 3 to 5 Minimum Wages	More than 5 Minimum Wages	No income	NA
2000	60.8	15.2	12.0	8.7	3.3
2005	54.3	19.7	11.4	8.6	5.8
2010	55.2	19.1	10.1	6.9	8.5
2012/a	59.4	15.0	8.1	7.8	9.6

Source: INEGI (2012). "Encuesta Nacional de Ocupación y Empleo. Indicadores Estratégicos." (National Employment Survey). In http://dgcnesyp.inegi.org.mx/cgi–win/bdieintsi.exe/CONTN#. Last accessed in October 2012.
a/ By 2012, three minimum wages equalled $181.98 Mexican Pesos per day or £8.63 UK Pounds per day whilst five minimum wages equalled $303.30 Mexican Pesos per day or £14.39 UK per day.

A controversy arose from the fact that the Commission divides the country into regions with different salary scales, which means that similar jobs are paid differently simply because of their location. The Commission argues that the cost of living differs geographically and has refused to set a national minimum wage (CONASAMI 2010); yet, this is contradictory as the Constitution in its Article 123 (*Cámara de Diputados* 2011: 93) states that the salary must be the same for similar jobs. Yet, the Commission established three zones for the country: Zone A –with the highest costs of living–, Zone B, and Zone C –with the lowest costs of living (see Figure No. 12).

Figure No. 12. Municipalities by minimum wage zones.

Zones	Municipalities
Zone A	All the municipalities in Baja California, in Baja California Sur, the Federal District (Mexico City) and some municipalities in Chihuahua, State of Mexico, Guerrero, Sonora, Tamaulipas, and some in Veracruz.
Zone B	Some Municipalities in Jalisco, Nuevo Leon, Sonora, Tamaulipas, and Veracruz (where the main cities are located)
Zone C	All the municipalities in **Aguascalientes**, Campeche, Coahuila, Colima, Chiapas, Durango, Guanajuato, Hidalgo, Michoacán, Nayarit, Morelos, Puebla, Oaxaca, Querétaro, Quintana Roo, San Luis Potosí, Sinaloa, Tabasco, Tlaxcala, Yucatán, and Zacatecas. The rest of municipalities not included in Zones A and B in Chihuahua, Guerrero, Jalisco, State of Mexico, Nuevo Leon, Sonora, Tamaulipas, and Veracruz

Around 95.2 per cent of Mexican municipalities belong to Zone, C, while 2.2 per cent to Zone B, and only 2.7 per cent to Zone A. This policy can be read in two ways. People may prefer to search for jobs where wages are higher whilst investors may prefer Zone C as labour is cheaper but, at the same time, the purchase power is lower. The differences between Zones have reduced since 2000. For instance, the difference between Zone A and Zone B is 8.62 per cent in 2000, 9.40 per cent in 2005, but 5.3 per cent in 2012. Controversially, the poorest regions in Mexico are located in Zone C.

Figure No. 13. Minimum wages in Mexico by zones (pesos per day).

Period	National average (Mexican pesos)	Zones		
		A	B	C
1990	9.27	10.08	9.33	8.41
2000	35.23	37.90	35.10	32.70
2005	45.40	46.80	45.35	44.05
2011	58.01	59.82	58.13	56.70
2012	60.66	62.33	60.57	59.08

Source: CONASAMI, the Minimum Wages National Commission. In http://www.conasami.gob.mx/indice.htm. Last accessed on October 2012.

Yet, the same geographical criterion does not apply to other economic matters. For instance, price inflation affects everyone almost the same regardless of their geographical location. From 1975 to January 2011, inflation increased 329,036 per cent (Banxico: 2011)[23] with a 1.94 per cent increase on average every month during the period. In the last ten years, the increase in salaries has never reached above 5 per cent per year. Figure No. 14 compares the evolution of the increases in the minimum wage and inflation since 1993.

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[23] Inflation calculated in the Banco de Mexico self–calculator software available in the Internet. In http://www.banxico.org.mx/politica–monetaria–e–inflacion/servicios/calculadora–inflacion.html. Last accessed in January 2011.

Figure No. 14. Inflation VS. minimum wages evolution in Mexico (1993-2012).
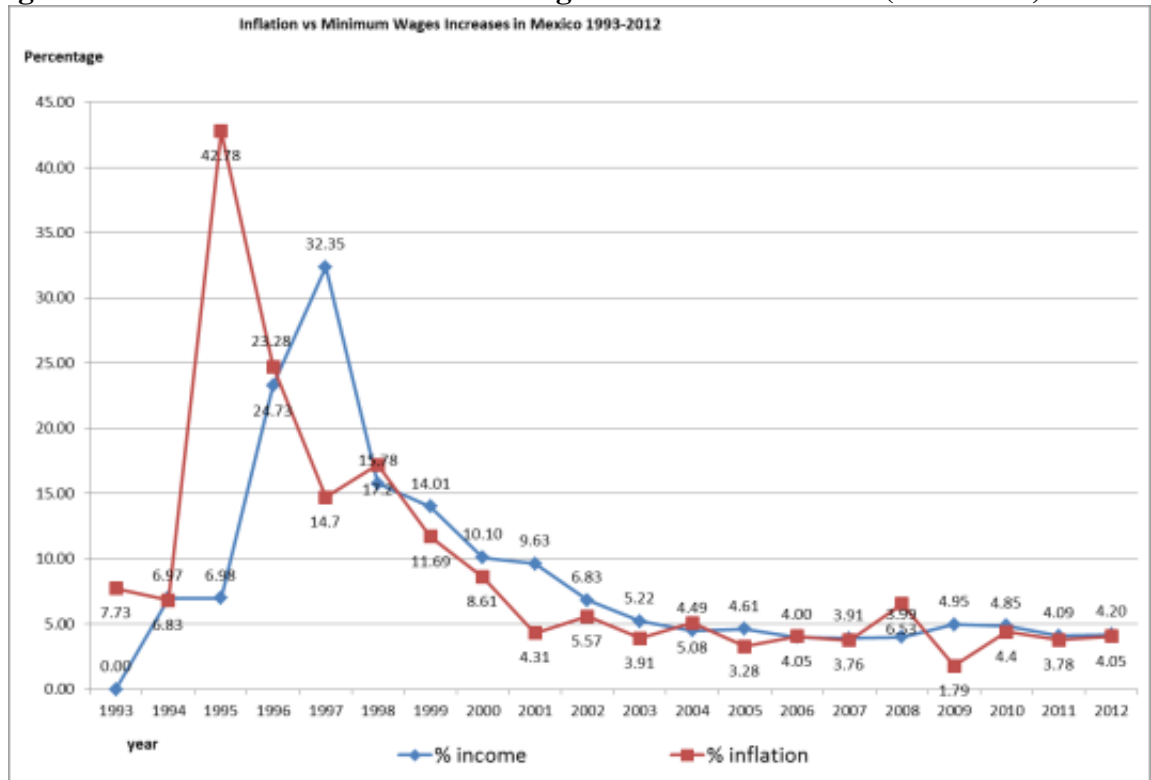
Source: BANXICO (2012) and CONASAMI (2012), in
http://www.banxico.org.mx/eInfoFinanciera/FSinfoFinanciera.htm and
http://conasami.gob.mx/nvos_sal_2012.html, accessed in October 2012.

The policy seems to be designed to favour the upper Zone A rather than approaching a more comprehensive strategy to improve incomes in the poorer Zones B and C. In Zone A, the search for a job can be highly competitive simply because of the number of people living in these larger cities. However, even with the installation of industries in Zones B and C, the search for jobs has become equally competitive due to the existing unemployment rates accompanied by a growing informal economy. Evidently, the location of industries and, thus, sources of employment affect land and housing policies and, as seen, although jobs can be offered, these are of the low –wage type. The creation of jobs does not necessarily mean that these formally employed workers have access to formal housing, as many do not qualify for a mortgage due to their salary level.

On the other hand, many people may earn higher incomes informally; formal lenders do not regard them as eligible just because they do not have a formal proof of income. The following section scrutinises how these land and housing policies are implemented in practice; in particular, it reviews the four main paths towards housing by which the poor attempt to gain access to it and how the state attempts to provide options to them through

its own programmes. This helps illustrate that accessing programmes "designed" for the poor is limited and how their impact has been throughout the last years.

3.5. Poor's housing promoted by the State.

As the constitutional mandate indicates, the federal government has the duty to promote housing for all Mexicans (*Cámara de Diputados* 2011: 5). To pursue it, it has promoted public policies, created agencies, and established several trusts and funds for many years. All this activity attempted to create a legal housing framework, a structure in which housing is supposed to be delivered to the population. Yet, the growth of housing needs has surpassed its capacity to deliver for the millions of the urban poor. In 1973, the Institute for the Workers' Housing Fund, INFONAVIT, was launched to deliver housing to employees in the formal sector. INFONAVIT has become the largest formal housing finance institution in Mexico. By law, formal employers, regardless of the size of their companies, are required to register workers in the Institute and pay 5 per cent from the workers' salary into the fund to finance mortgages (INFONAVIT 2012).

Eventually, the worker is entitled to apply to the fund for a mortgage, a housing loan for home improvements, or to buy a plot. By 2011, INFONAVIT had granted more than 6.3 million housing loans across the country to its affiliates, of which 82 per cent have been mortgages (CONAVI 2012). Yet, INFONAVIT has still to cover a growing demand for mortgages. By 2012, the demand published on the Institute's web page was for 4.6 million housing loans, while only 913,748 credits were offered (INFONAVIT 2012). This meant that supply covered only 19 per cent of the demand. Many of its affiliates still wait for finance to satisfy their housing needs. The second largest formal public housing institution is the Federal Mortgage Society, or SHF. This body is a development bank run by the federal government. Its objective is to incentivise primary and secondary housing markets through credit (SFH 2010). SHF funds savings entities and credit unions who grant loans to people who, in theory, are ineligible to apply to the large housing funds. Loan applications are usually for home improvements as the amounts are relatively low due to the levels of income of applicants.

Although, this seems to be a positive approach to tackle the housing needs of the urban poor, the applicant must show proof of legal tenure of the plot in order to apply for a loan. This deters those who cannot meet this requirement. The third formal public housing

institution, the Institute for the State Workers' Housing Fund, FOVISSSTE, specialises in financial assistance exclusively to workers in the public sector. Created in 1972, the Fund follows a similar mechanism to INFONAVIT with the exception that loans are exclusively granted to public sector workers. By 2011, FOVISSSTE had granted 1.2 million housing loans of which 72 per cent has been mortgages (CONAVI 2012). Yet, the fund has only met about 30 per cent of the demand from its affiliates (FOVISSSTE 2011). This brief review of the three main formal housing sources promoted from the state illustrate that even the more consolidated schemes have been unable to cope with demand and, moreover, this seems to continue increasing. Paradoxically, people still pending to access these schemes need to solve their housing needs and presumably they cope with this through other means, e.g., informal schemes.

Figure No. 15. Main formal housing sources in Mexico (1973–2011).

	HOUSING INSTITUTION	**TOTAL** a/	**%**
Source type	**TOTAL**	**19,609,415**	**100.00**
Public	**Public housing bodies**	**9,636,999**	**49.14**
	INFONAVIT	*6,392,844*	*32.60*
	SHF	*1,247,998*	*6.36*
	FOVISSSTE	*1,246,771*	*6.36*
	FONHAPO	*633,831*	*3.23*
	INDECO	*115,555*	*0.59*
	Federal subsidies	**6,486,113**	**33.08**
	State housing bodies	**1,504,915**	**7.67**
Private	**Financial institutions**	**1,418,287**	**7.23**
Private	*Banks*	*1,083,607*	*5.53*
Intermediary	*SOFOLES[24]*	*181,691*	*0.93*
Public	*BANOBRAS[25]*	*128,230*	*0.65*
	Army bank	*24,759*	*0.13*
	Others	**434,342**	**2.21**
	Emergency programmes	**128,759**	**0.66**

Source: CONAVI 2012. "Estadísticas de Vivienda". In
http://www.conafovi.gob.mx/documentos/vivienda%20en%20cifras/estadistica–
vivienda/EV–1993–2010_a_284.pdf. Last accessed in October 2012.
a/ Includes new houses, initial house (a one–room house), upgrading, financial support, and infrastructure improvements in dwellings.

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[24] SOFOLES: *Sociedades Financieras de Objeto Limitado* or Limited Object Financial Societies. In http://www.banxico.org.mx/sistema-financiero/material-educativo/basico/fichas/estructura-del-sistema-financiero/%7B2B7B661D-368D-BCC5-7B7C-EB7E764FF408%7D.pdf, last accessed in January 2014.
[25] BANOBRAS: *Banco Nacional de Obras y Servicios Públicos* or Works and Public Services National Bank. In http://ww.banobras.gob.mx/quienessomos/Paginas/Inicio.aspx, last accessed in January 2014.

FONHAPO,[26] the Army Bank, and INDECO[27] have had a less important role in public housing finance. In fact, INDECO closed in the mid–80s.[28] Housing promoted through federal subsidies comprised 33 per cent of the whole market. Yet, housing programmes and the design of subsidies often change at the beginning of each federal government term and the continuity of policies is limited. For instance, one of the most appealing programmes was the self–construction in place for many years. Nevertheless, it stopped in 1999; that year, only 1,385 households accessed a loan for home improvements. Since then, the federal government practically eradicated self –help programmes. State housing bodies represent the fifth source of housing loans, maybe low if millions of the urban poor, as seen, face difficulties accessing formal housing programmes. For instance, in 2011, state housing bodies only granted 4,446 mortgages, for home improvements 10,902, and 71 small loans for self–help in the whole country (CONAVI 2012). Only 15 per cent of all credit from state housing states bodies was directed to mortgages and 2 per cent for self–help (Ibid).

To reduce housing shortage, the federal government created the Limited Object Financial Societies, SOFOLES, as intermediary bodies to channel housing subsidies (AMFE 2011).[29] However, their impact on markets is still only a minor one. The role of the state as an enabler for housing in general, but for the poor in particular, still has to improve as demand continues to increase. Based on the historical series since 1973, 49 per cent of the total credit was in the form of a mortgage; 39 per cent for home improvements; 1.6 per cent for self–help; and 1.6 per cent for sites and services schemes. The main housing funds remain focused on formal workers, leaving millions in the informal sector ineligible for credit.

3.6. The formal financial sector.

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[26] FONHAPO: *Fideicomiso Fondo Nacional de Habitaciones Populares*, or Social Housing National Housing Fund Trust. In http://www.fonhapo.gob.mx/2013/index.php, accessed in January 2014.

[27] INDECO: *Instituto Nacional para el Desarrollo de la Comunidad y de la Vivienda Popular*, or National Institute for Community Development and Social Housing. In http://www.gobierno.com.mx/conafovi.html, last accessed in January 2014.

[28] The analysis of the private housing bodies is included in the next section.

[29] The SOFOLES were corporations that specialised in lending to a particular activity or sector. For example, mortgage, consumer, automotive, agribusiness, micro, capital goods, and transport. The Credit Institutions Act empowered them to obtain resources from the placement in the market of debt securities registered in the National Registry of Securities and Intermediaries. They can also get bank financing.

Source: Banxico (2011c). "Sociedades Financieras de Objeto Limitado SOFOLES". In http://www.banxico.org.mx/CatInst_Consulta/sistemafinanciero.BuscaSector.do?sector=67&seccion=2. Last accessed in January 2011.

Although, Mexican banks were privatised in the mid–1980s, access to financial services has been limited for many people. For instance, by 2010, only 30 per cent of adult Mexicans had a bank account (CGAP 2010: 1) to either buy things via the Internet, pay school fees, receive remittances from abroad, or receive their salary from the employer. However, this bank account did not make them automatically eligible for credit from the same banks or any other financial institution. For instance, a builder company may pay workers' salaries through a debit card to avoid having cash at construction sites, but this did not make bricklayers bankable or eligible for other bank' services. Only a few people in Mexico are considered eligible for credit from a bank and, even fewer for a mortgage. As Figure 17 shows, banks served only 5.5 per cent of the total housing market. Banks have struggled from economic crises. First, the Mexican economy crashed in December 1994 during the transition of powers between Presidents Salinas and Zedillo. Then in 2008, the USA housing markets crisis also hit the national housing sector.

Figure No. 16. Housing loans by banks in selected years in Mexico.

Year	Housing units	Events
2011	6,063	
2008	**33,433**	**USA housing markets' crises.**
2007	61,000	
2000	1,101	A new party took power for the first time in 70 years.
1999	865	Lowest in history. The political party in power for 70 years lost the presidential election for the first time.
1996	2,317	
1995	**17,503**	**Mexican economy crisis.**
1994	85,198	
1993	102,416	
1992	129,362	Highest in history.
1983	43,085	First housing credit granted by banks recorded.

Source: After CONAVI (2012).

Banks' lending levels have not attained a steady performance. Only about six thousand housing loans were granted in 2011. Given the banks' restrictive approach to housing finance, one needs to know the requirements imposed by banks in order to grant a loan to potential clients. The main banks' web pages and their housing credit simulators were consulted in October 2012 to ascertain when a person is eligible for credit. It transpired that for the National Bank of Mexico, Banamex, for instance, the minimum income required to buy a new house through a mortgage is $15,000 Mexican Pesos per month, or £714 UK/month (Banamex 2012). Thus, only a person earning at least eight minimum wages is eligible for a mortgage from this bank.

Figure No. 17. Screen from the Banamex Credit Simulator.
Source: BANAMEX (2011). Note: the pop–out message indicated "Please, type an income higher o equal to $15,000" Mexican Pesos or £714 UK per month.

This simulator indicates that with a minimum income of $15,000 Mexican Pesos per month, a person is eligible for a house valued at $500,000 Mexican Pesos –or £23,825 UK– on a 15 year mortgage, an annual interest rate of 10.9 per cent, and a 12.4 per cent total annual cost before VAT. The 85 per cent of the value is financed by the bank and the applicant must pay a 15 per cent initial fee or down payment. The monthly repayment is £221 UK over the life of the credit. Life insurance is required and the mortgage includes unemployment insurance for up to 18 months at extra cost. The home must be finished, fully serviced, and located in a formal settlement. Applicants must show proof of current address, income slips, annual tax form, or bank account statements.

The same calculation was made using the HSBC bank credit simulator. To acquire a house of the same value, terms, and conditions as in Banamex, HSBC requires a lower income of $13,793 Mexican Pesos –or £657 UK per month–, which is 7.3 times the minimum wage. The monthly payment for the house would be of $4,228 Mexican Pesos or £201UK (HSBC 2012). The total annual interest is 12.2 per cent, but this bank applies a 1.94 per cent interest to adjust the final cost. The bank requires a proof of current address, credit references, and the annual tax form. The house must be fully serviced, the construction area must be at least 35 sqm in a 60 sqm plot, and located in a formal settlement.

Figure No. 18. Screen from the HSBC Credit Simulator.
Source: HSBC Mexico (2012).

Finally, a third bank's housing credit simulator was activated using the same house value of $500,000 Mexican Pesos. The Santander's bank simulator indicated that the amount financed would require the client to have an income of at least $12,932 Mexican Pesos –or £207 UK per month. This amount was 6.9 times the minimum wage. However, the monthly payment would be higher, at £237 UK for the whole credit (Santander 2012). The applicants were required to provide the same documentation as Banamex and HSBC. The bank financed only 85 per cent of the house cost and it required a 15 per cent initial fee.

Santander

Simulador de credito

Monto de la propiedad: 500000

Producto	Plazo	Crédito máximo	Pago mensual*	Ingresos requeridos	Pagos
Hipoteca 10x1000	15 años	$450,000	$4,982	$12,939	Congelados
Hipoteca 10x1000	20 años	$450,000	$4,500	$11,688	Congelados
Hipoteca Light	15 años	$450,000	$4,275	$11,104	Crecientes
Hipoteca Light	20 años	$450,000	$3,983	$10,344	Crecientes
Hipoteca Premier	15 años	NA	NA	NA	Congelados
Hipoteca Premier	20 años	NA	NA	NA	Congelados
Hipoteca Premier	15 años	NA	NA	NA	Crecientes
Hipoteca Premier	20 años	NA	NA	NA	Crecientes
Hipoteca Inteligente	15 años	$450,000	$4,884	$12,686	Variable
Hipoteca Inteligente	20 años	NA	NA	NA	Variable

* El Pago Mensual no incluye seguros ni comisión. Con posibilidad de financiar seguros

Figure No. 19. Screen from the Santander Bank Credit Simulator.
Source: Santander Bank, 2012.

This brief review of three of the main banks' housing finance options for the public shows that even the cheapest mortgage offered was unaffordable by the poor or an informal worker. First, the urban poor earn much less than the minimum income required by banks. Even those earning up to five minimum wages, do not reach the threshold required. Santander required 6.9 times the minimum wage, which is the lowest between the three banks consulted. Yet, this amount is still very high in comparison to what a low–income earner made –up to three minimum wages– or a middle–income earner –up to five minimum wages. Applicants must prove a steady income in ways that the poor cannot. They are asked to demonstrate a constant income for at least two years in the same job or, if self–employed, they need to show the income tax form that demonstrated earnings in the previous years and, evidently, their registration in the taxation system.

Many self–employed worked informally and do not pay taxes to the revenue office so this requirement cannot be satisfied. Another requirement for all is the review of the credit history of potential clients in the credit bureau. The client must have a "clean" financial record to be regarded as eligible. Yet, millions of poor do not have a credit history, as they have never accesses any sort of credit. In addition, the house value in the three credit simulators is $500,000 Mexican Pesos, the cost of a social housing unit, which, in theory, is intended for low–income earners. Thus, the banks do not offer a product suitable for the

urban poor due to cost, requirements, and the characteristics of the houses eligible for mortgages. The poor clearly need to find housing through other means than banks.

3.7. Self–help housing.

CIDOC and SHF (2009: 38) estimated Mexico's housing stock at 26.1 million units of which 31 per cent was considered overcrowded, precarious, or built with inappropriate materials. These units house 35.4 per cent of the population or 36.7 million people (Ibid.). They also estimated that 8.9 million housing units needed to improve due to their current physical conditions (Ibid.). More than 41 per cent of those living in these houses were officially poor, as they earned less than three minimum wages (Ibid: 40). These houses were built by the residents in 40 per cent of the cases, 40 per cent with the help of a bricklayer, only 2 per cent for by a commercial builder, and 0.6 per cent involved an architect (Ibid: 39). This is, according to CIDOC and SHF, the real picture of the paths followed by Mexicans in sheltering their families.

Hence, the path towards achieving a consolidated and fully serviced house may take many years due to the limited financial support. Often, the process may be interrupted for many years more. Without formal financial options available, the poor embarked on a process to attain housing through their own abilities, for instance, by learning how to build a house on their own and to negotiate for services and infrastructure with local authorities. They learn how to deal with the fact that the places where they live does not comply with local regulations. They often manage to transform initial shacks or small rooms built with materials found in the dumps, into more solid structures of bricks and mortar, or/and concrete. The process is uneasy. It requires effort, creativity, and the ability to read the environment to decide when and how to invest.

Knowledge about the assembly of a shelter is important in the process towards home consolidation. However, one cannot assume that all the poor know how to build their homes. This may be a stereotype, which also requires to be scrutinised. With the growth of the informal economy, many urban poor work in sectors not necessarily related to construction. They could be street vendors, sellers of products from the home, and traders in street markets. Yet, through building and improving their own homes, many learn how to do it on their own or with the assistance of friends or relatives. However, a starting point for young members of families in search of a job is often as apprentices. These are usually

the sons of bricklayers or other construction workers who take them to a site to learn a skill and contribute to the family. The same happens among other workers in the informal sector. Street vendors also bring their children onto the streets with them to teach them how to sell goods.

In any case, families need to acquire some basic knowledge to perform the construction tasks needed to assemble a shelter. Sometimes, this knowledge is acquired in practice while they actually build something in their own places. Certainly, for those working in construction, their knowledge is, in theory, useful for their own homes. It is common to see both women and men making bricks, mixing mortar, or simply carrying materials on the site. The process is much the same even for female heads of households. Some are able to get help from a friend for more specialised tasks such as the electricity or plumbing. This helps the poor expedite the construction of a house that, otherwise, they would not be able to afford. Some of the most representative strategies implemented by the urban poor to raise resources available for various tasks, especially for housing–related aspects, have been listed by Fekade (2000: 139), Ferguson (1999: 189), and O'Keefe (2002: 33) as follows:

- Using individual or group/family savings,
- Keeping spare money under the mattress,
- Using windfalls (extra income),
- Using local building materials and/or implementing indigenous technologies–i.e., vernacular architecture,
- Seeking small loans from money lenders, bosses, or workmates
- Exchanging some arrangements or activities/jobs with landlords,
- Receiving community self–help,
- Using remittances from family members living abroad, and
- Participating in rotative savings groups.

Often, some families keep livestock and poultry in urban areas as a way of making money for potential emergencies (Taber 2004: 118). However, not all income is available for construction. People need small savings or loans requested from local moneylenders to

cope with health problems, the death of a member, the birth of a new child, an emergency, or to celebrate special family events, such as the "sweet fifteen"[30] of daughters.

In Mexico, there is a widespread practice of rotating savings group schemes called *tandas* (Campos 1998: 199). Here, small groups agree to pay a weekly/monthly fee. One of the members receives the total sum on a rotating basis. There is no limit to participants, and groups can be of as many as 20 people. The idea is to keep the *tanda* for as long as possible to "plan" the dates on which to receive it when a person needs it most. Members run the tandas based on trust, keenness, knowledge about each other, and references. The group agrees on the fees, their periodicity, and the turn of each member to receive the money. Usually the turns are drawn in front of the members as a way to make the process transparent. These sorts of schemes are not exclusive to Mexico and take place in other countries (see Ashe 2002: [127]; Campos 1998: 199; Gallardo 2001: 12; O'Keefe 2002: 34; Taber 2004: 118; and Titus 1997: 230). Although, tandas are built on trust, unexpected events may cause members to default. Taber (2004: 18) reports up to 6 per cent of non–compliance or defaulting in these sorts of groups. Yet, tandas are a flexible mechanism to finance land and housing needs. Defaulting in a tanda is complicated as people know each other, some may be even neighbours, and the social pressure is an important driver for complying with the commitment.

Another source of finance among the poor is local moneylenders, often called usurers. Often, people regard moneylenders as abusive, as their interest rates are often higher than other sources. Zapata (2002: 186) reports interest rates of as much as 20 per cent per month or even 20 per cent per day, at the extreme, in poorer urban areas. This activity is unregulated, yet, based on demand. Indeed, many people make their living as moneylenders. They may live in the same area as their borrowers. They often know each other, as this is the basis for having access to the loan. These transactions are often written off on small pieces of paper torn out of notebooks and kept as the proof of the loan. Once the loan is repaid, the paper is destroyed in front of the borrower. The poor try to avoid this type of loan since it is expensive and it is often an option only in emergencies. Yet, access

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[30] This is probably one of the most important celebrations in a Mexican family; it includes a big party with relatives and neighbours when the daughter celebrates her fifteen birthday. This represents her "formal" insertion into the society, leaving her childhood and entering into her adult life. The celebration includes a religious mass, a traditional dance, and a waltz selected by the girl and prepared with months of anticipation by a group of young escorts. If resources are limited, the celebration takes place in the street, often in front of the house of the family, where people gather to party.

to moneylenders does not require collateral or pre–requisites in order to obtain a loan. Probably the most common way of financing housing needs among the urban poor is to invest small sums of money in building materials whenever they can. It is common for people to buy a bag of cement or some bricks just after receiving their salaries before the weekend. Many buy these materials and use them in their homes on the same day. Others accumulate and use them when they have sufficient to complete a wall or a part of the house. This way, the process is lengthy and people need to combine other sources of financing, such as *tandas* or loans from local moneylenders, especially when the cost of some parts of the house demand more money or a lump sum, i.e., the roof.

When the money is scarce, many people use building materials collected from nearby construction sites or dumps (Fekade 2000: 139), such as wood, cardboard, or defective building materials. Gilbert (1994: 88) describes a typical initial shack in a poor urban area as one built from scratch, with cardboard boxes, wood, and of discarded material elsewhere. The shack will eventually show signs of consolidation, more solid walls, floors, and roofs replace some of the initial materials.

Figure No. 20 illustrates such a shack. This shelter is located in Aguascalientes, Mexico. One can observe both a more consolidated room built with bricks and mortar, and two small rooms built with corrugated cardboard and wooden pallets. Electricity cables lie on the unpaved street from which the house takes its power. These are illegally connected to a public lamppost. The entrance presents a number for identification on a fence built for security reasons and delimitation of private space. Clothes are dried in the sun by hanging them up from the walls outside the house. There is no running water. This is saved in big cans filled by a smaller bucket full carried from elsewhere.

Figure No. 20. A typical shack in an informal settlement in Mexico.
Source: Carlos Hernandez–Velasco (2003).

On the left, one can see a pile of sand needed for mortar and concrete in the future, along with another of rocks to lay the foundations of other rooms. The room made of brick has concrete columns at the corners with extended steel bars projecting from the roof. These are for a potential second floor. The difficulties faced by people living in these types of dwellings include health issues, security concerns, and safety matters, such as those of the risk of electrocution due to the cables on the streets. People hope to be able to cope with the challenging environment and improve their living conditions over time. The ways they are able to finance their homes determine the period of the consolidation process.

Another example of this process is shown in Figure No. 21. The shack has been built using different materials collected from nearby areas; the owner is buying periodically, for instance, some brick, which will eventually replace the planks of the shack.

Figure No. 21. A house in the process of consolidation process.
Source: Carlos Hernandez–Velasco (2010).

3.8. Microfinance institutions as financial sources for the poor.

Microfinance in general, but housing microfinance in particular, is a relatively new financial approach in Mexico (ProDesarrollo 2008: 15). By 2012, ProDesarrollo, the national organisation that gathered the most important 87 microfinance institutions, MFIs, reported 2,094 branches in 30 per cent of the municipalities in the country (ProDesarrollo 2011: 22). MFIs have privileged smaller communities for their services but they have progressively extended their provision to larger communities. Even so, two thirds of the branches are located in municipalities with less than 100,000 inhabitants and only 8 per cent in areas with more than 500,000, and only 10 per cent were located in areas with less than 15,000 people (Ibid: 24). In fact, MFIs operated in 60 per cent of the areas with lower human development indices according to the national category (Ibid: 25).

There are two types of MFIS in Mexico. First, there are those, which do not manage savings from clients named *unregulated* MFIs. These comprise not–for profit associations, charities, for profit organisations, and limited object financial institutions. The rest are regulated MFIs, which are allowed to receive savings from their clients, i.e., specialised

MF banks, popular financial societies, savings and loans cooperatives, and communitarian financial societies. The number of clients for MF services has increased in the last years. By 2007, microfinance institutions reported 2.2 million clients and this number reached 7.6 million in 2011; 80 per cent of beneficiaries were women and 53 per cent lived in rural areas (Ibid: 16). Around 35 per cent of credit was to individuals and 65 per cent followed a group credit scheme (Ibid). Meanwhile, average credit has reduced. In 2008, the average was $7,022 Mexican pesos or £326 UK (ProDesarrollo 2008: 15) and in 2011 only $5,701 Mexican Pesos or £271 UK (ProDesarrollo 2011: 16). This means that MFIs are reaching a larger number of clients but the loans granted are smaller year after year. This may have resulted from the fact that many MFIs were small and needed time to reach a consolidated portfolio. The average age of Mexicans MFIs is only 8 years (Ibid: 16). Their portfolio has almost tripled, increasing from $10,019,069,808 Mexican Pesos in 2007, to $28,902,963,031 Mexican Pesos or £1,377,265,196 UK in 2011.

Figure No. 22. The five largest MFIs in Mexico (2011).

No	Name of MFI	Clients	Portfolio (Mexican Pesos)	Active borrowers
1	Compartamos Banco	3,393,440	11,882,000,000	2,334,440
2	Financiera Independencia	1,617,170	7,347,670,050	1,617,170
3	Provident México	670,925	1,817,773,350	670,925
4	Came	298,564	970,481,218	298,564
5	Finca–Mex	142,511	566,994,324	142,511
	Total	**6,122,610**	**22,584,918.942**	**5,063,610**

Source: ProDesarrollo (2011).

Three aspects make housing microfinance unattractive to the poor. First, although the MF sector is growing, its focus on loans for productive activities remains. Only 18 per cent of MFIs offer housing loans (ProDesarrollo 2011: 8) whilst MixMarket (2011) reports only 5 per cent. Second, in order to access a housing loan, 9 per cent of MFIs require previous savings to clients. Clients need to prove they are as reliable for credit as they are for savings. Third, in addition, MFIs still require collateral when applying for a housing loan (ProDesarrollo 2008: 116). Many people are unable to save money for a consistent period as income is not constant and, at the same time, it is difficult to find a person willing to provide collateral for someone else in the savings group. For the other types of credit, ProDesarrollo (Ibid: 16) reports that 72 per cent was based on social collateral to groups of up to six people with a one–year period for repayment. The five largest MFIs in Mexico are Compartamos Banco (37 per cent of market), Financiera Independencia (25 per cent), Provident (10 per cent), Came (5 per cent), and Finca–Mex (2 per cent). Together, they

account for 72 per cent of the clients in the market (ProDesarrollo 2011: 18). Compartamos Banco and Financiera Independencia, however, dominate the market, with 62 per cent. Although, living in informal areas or working in the informal sector may not make the poor ineligible for microcredit, the interests charged are still high. Despite the recent trend in MF, its limitations for financing housing are evident. Potential clients are still reluctant to apply for credit. MixMarket (2011: 12) reports that more than half of the population use their own resources to finance their needs, 19 per cent ask for loans from friends and relatives, and 20 per cent believe that interest rates are high. Figure No 23 shows the main features and requirements to apply for a microloan. The amount of money lent is small but it can be used for home improvements rather than for home acquisition.

Figure No. 23. Housing MF products in the two largest MFI's in Mexico.

MFIs	Housing MF product	Features	Requirements
Financiera Independencia a/	*Crediconstruye*	Maximum credit: $20,000 Mexican Pesos –£953UK. Up to 2 years to repay. Implemented through building materials vouchers. 10 % start–up commission. 78 % Total Annual Cost without VAT.	Official ID Proof of address Proof of income
Compartamos Banco b/	*Crédito Mejora tu Casa* –Home Improvements Credit. Exclusively for women	Maximum credit: $30,000 Mexican Pesos –£1,429UK. Up to 2 years to repay. No start–up commission. 96 % Total Annual Cost without VAT.	Proof of home ownership or proof of a minimum five years residency in the place. Collateral within the savings group.

a/ Financiera Independencia (2012). Crediconstruye. In http://www.independencia.com.mx/credito.aspx. Last accessed in October 2012.
b/ Compartamos Banco (2012). Crédito Mejora tu Casa (Home Improvements Credit. In http://www.compartamos.com/wps/portal/ProductsServices/Credit/HomeImprovement, last accessed in October 2012.

Although CEMEFI (2011) reports more than 10,000 NGOs in Mexico, their impact on housing programmes is still low. Less than 1 per cent of them work in housing– related activities, services, and infrastructure. More than 66 per cent concentrate on social programmes. Another issue is their concentration in Mexico City where more than 26 per cent of them located. Less than 6 per cent work in Oaxaca, Chiapas, and Zacatecas (Ibid), the poorest Mexican states.

3.9. Conclusions.

This chapter engages with the analysis of the role of ejido land in the equation for housing the poor. Then, it reviews relevant urban policies, and finally, it critically reviews the accessibility of housing and credit for the urban poor. The goal of this section is to scrutinise the key aspects that have an impact on the process of housing the urban poor within the existing legal framework and both the formal and informal mechanisms to access a piece of land for housing. The aspects herein analysed reinforce the understanding of the Mexican context with respect of the scenario experience by the poor in their process towards shelter themselves, the barriers, and the limitations faced throughout.

This chapter illustrated the relevance of the ejido in the provision of land for urban development and, in particular, its role as provider for the poor. Herein, it is evident that ejidos will continue to play an important role, especially those closer to urban areas. Their value for formal and informal developers will continue to increase, as the institutional framework has been unable to ease the process of incorporating them into the urban equation. Thus, it seems that they will continue to be a place for informal sales and an option for millions of the poor in search for a place to live. In exceptional cases, ejido land will be incorporated into the urban fabric as long as the local authorities were able to negotiate with ejidatarios the necessary conditions for it. Yet, this seems to be difficult as, based on the review, ejidatarios do not find it attractive to participate in the established procedures to sell their land. Enforcing ejidatarios to comply with the law after the land reform has simply been limited.

Consequently, the urban poor find difficult to access land for housing purposes throughout the existing formal mechanisms. Both banks and public programmes demand for a number of pre–requisites that millions of the urban poor cannot cope simply because their income is insufficient or jobs are informal. Besides, the disinterest of public programmes to incentivise self –help programmes pushes millions to make housing efforts in isolation. The poor, nevertheless, have been able to manage sheltering themselves; though, innovative schemes are needed to help them expedite access to land, housing loans, and/or simply assistance.

CHAPTER 4. METHODOLOGY.

4.1. Introduction.

This chapter engages with the methodology followed to address the aims and objectives of this dissertation. This is based on an approach that scrutinises the way people perceive their context and act consequently in pursuing shelter and better housing conditions in order to hear the voice of the poor. Briefly, the aim of this research is to assess the motivations and barriers of the urban poor to invest and achieve fully consolidated and serviced housing. The first objective is to assess the living conditions of the urban poor by contesting the utility of the dichotomy of informal and formal in categorising the poor. The second examines critically the circumstances under which the urban poor make choices regarding their efforts to achieve permanent housing. The third objective scrutinises the contribution of security to informal house construction. Thus, the present chapter discusses the rationale behind the selection of the methodology employed to incorporate the voice of the main actors involved in housing the poor. First, it discusses the conceptual framework of the methodology to, second, explains the reasons behind the selection of the City of Aguascalientes as the case study in this dissertation.

4.2. Perceptions and interpretations of housing, and decision making.

The places where people live are the result of a series of decisions made over time by individuals within a community. Harvey (1981: 18) claims that the place where people live is the physical expression of their decisions and is highly influenced by their environment.[31] People respond not only by considering their own interpretation but also to a series of limitations imposed by and interpreted from previous and current circumstances. Giddens (1984: 8) argues that agents/actors decide on actions as a response to their environment and that these depend on their capability of doing those things in the first place –called *agency*. This implies that in interacting with the environment, knowledge shall be relevant at the same pace as the capability of the individual to achieve their goals through actions.

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[31] For the purpose of this research, environment refers to both the tangible (physical) and the intangible context (social, economic, cultural, and political) that relates to the life of an individual or a community.

Over time, in theory, people accumulate experience and knowledge within a specific social structure that influence on their choices. The interpretation of the people's environment is crucial as it eases or deters the housing process. Human agency is a key in this process as it deals with past, present, and future events based on people's perceptions. The relationship between a person and his/her environment is often called the "human–environment relationship" and it is central to this research. Following the assumption that legal tenure is a relative driver for housing choices, the analysis of the environment is pertinent at different stages in this process. For instance, people have to make decisions when they choose to start a family or to leave the parental home, or when they need to select a place in which to buy land, or buy a house, or rent a room. What drives such choices? What makes one option more appealing than others do? Is a land title so appealing that people are willing to pay the extra cost of living in formality? On the other hand, does it deter contrary?

This dissertation scrutinises the human–environment approach shaping housing choices. The challenge was to find a framework that allowed the voice of the urban poor to be heard from their own perspective rather than dealing with that from officials or governments. This dissertation follows a behavioural perspective based on the perceptions, learning, and actions of people resulting from their interpretation of the environment, or as in Giddens terms, the structure (Ibid.). This approach helps provide insights from perspectives seldom analysed by Mexican policymakers and in medium–sized cities in particular. This also provides an understanding of the process of house production *by* the poor. Johnston (1986: 5) reinforces the relevance of such an approach by considering that it offers "objective investigation of these individual worlds". He emphasises the role played by people's perceptions within a specific set of conditions which are true for them but he does not claim for the "replicability and truth" for everyone. It is only true for those involved. The study of people's behaviour does not attempt to generalise, as other schools of knowledge, such as positivism claims. Instead, it attempts to offer useful knowledge by comparing similar situations across different groups, finding similarities, or spotting differences.

Another challenge is that, as perception is involved, it demands an interpretation at a very "imaginative extent" as Holt–Jensen (1988: 108) suggests. For instance, in terms of housing, the researcher needs to demonstrate, as Perkins et al (2008: 35) claim, an "understanding of the subjective experiences of housing and neighbourhood, and the social, economic, and regulatory forces that influence those experiences". This is the

intangible extension of the (tangible) environment. This is the "structure" constraining the lives of people as Giddens (1984: 17) suggests, i.e., power, institutions, political, and economy.

There is an environment in which social, economic, legal, and political aspects overlap which, at the same time, makes interpretation challenging. Golledge and Stimson (1987: 4) highlight the significance of behavioural analysis by emphasising the focus on the *process* –i.e., the decisions and the human–environment interaction –or the human agency, rather than emphasising the *form*– i.e., the outcome. By understanding the process, the results become outcomes intimately connected one to another. The outcome of the interpretation can result in an image of what people actually perceive and interpret. Giddens (1984: 19) argues that sometimes this relationship overlaps to the extent that it takes a dualistic form in which it can be undistinguishable whether the environment shapes people's actions or these shape the environment (hermeneutics).

Van Kempen and Sule (1998: 1638) coincide that the study of people's interaction with their surroundings provides an image of the preferences, perceptions, and their decision–making process. These are, for instance, images constructed by the results derived from the satisfaction of perceived needs and by the knowledge of the housing issues of dwellers (Golledge and Stimson 1987: 263). Knowing people's opinions –i.e., learning from the images they construct– helps distinguish between the enablers and disablers in the housing process. Blaxter et al (2001: 61) support the idea that asserting people's opinions is essential to understanding their surroundings. By exploring these images, the evidence of what legal tenure represents among the poor allows us understand its relevance.

It is also important to approach other actors or agents who influenced the environment in different ways, such as policymakers. Walmsley and Lewis (1993: 181) consider that access to housing is not only a reflection of constraints on people but also on the mode of operation of those involved in organising the housing market. This is part of the structure – in Giddens' terms (1984: 17) – in which the urban poor make decisions. It is the person, though, who can reflect better on their decisions. It is the role of the researcher to make the analysis from a comprehensive viewpoint. In summary, this approach fits with what interpretivists proposed as the way to explain the social construction from a person's viewpoints. Golledge and Stimson (1987: 5) claim that in studying people's behaviour, researchers have:

"…recognised their thought processes from the base up, starting with the individual, searching for commonalties across groups of individuals, aggregating on the basis of commonalities, and then searching for potential generalisations that might be used to modify existing theory or to develop new ones."

An interpretivist approach provides a suitable perspective to the problem of housing the urban poor. As Fay (1996: 113) recalls, "interpretivists think that to comprehend others is to understand the meaning of what they do, and that to understand this meaning is to understand them simply in their own terms". Although, this is also its major critique, arguing that such analysis is limited to its own settings and generalisations cannot be made. It is also important to recognise that individual's viewpoints are of great value when the human factor and human behaviour shape the decision–making process. Additionally, Blaxter et al (2001: 61) claim that interpretivism is a philosophical paradigm that provides both the *understanding* and the *explaining* of a phenomenon as the basic elements in investigating social sciences. An interpretivist focuses on a smaller number of people than large–scale studies, which increases the possibilities of obtaining relevant information about people's activities and experiences (Johnston 1986: 74. and Travers 2001: 11).

Furthermore, Flowerdew and Martin (1997: 15) suggest that a comprehensive perspective goes beyond a descriptive exercise to understand how and why people make their housing choices within a constraining urban environment. What is needed is to analyse critically the outcomes as the results of an environment, which may enable or deter people's decisions. In brief, asserting people's viewpoints helps understand the elements, which are relevant to them in making housing choices (Blaxter et al. 2001: 61). A behavioural approach represents two additional challenges for the researcher when collecting information in the field. First, information from primary sources is relevant to whether to use a structured or a more flexible/open approach to ascertain peoples' viewpoints. Golledge and Stimson (1987: 4) recommend conducting fieldwork that puts the participant subjects at the centre of the research process. Second, the next step is to compile and analyse the information from the various actors intervening in the process. Travers (2001: 11) stresses the importance of developing an inclusive analysis by comparing "insiders and outsiders in the course of daily affairs". In pursuing this, a case study provided sufficient elements to scrutinise human agency among the poor within their environment –or structure– in which they make their decisions to attain a place to live.

For that reason, this research not only approaches the process from the dwellers' perspective but also from other actors, such as policymakers, officials, political leaders, and academics. In summary, this methodology helps shape the further sections of this dissertation. In particular, it is suitable for the design of the methods and tools to deal with the fieldwork. For instance, it is evident that this approach puts the viewpoints of individuals in the centre of debate. Hence, trying to understand the environment in which people make housing choices –structure– their opinions are both central and the focus of the efforts in conducting the fieldwork. In addition, it highlights the relevance of scrutinising the viewpoints of the different actors involved in the housing process. Thus, the data collection process must include the voices of the urban poor and the decision–making actors.

4.3. Choices in the housing process.

To understand what shapes people's choices, it is necessary to understand the factors shaping their behaviour. For the analysis, these factors can be divided into three central elements: perception, learning, and actions. These are the core in the process of interaction with their environment and central to human agency, as people's capacity to accomplish is fundamental in achieving shelter. Perception relates more to the capture of the environment by people. It is an individual action fed by some of the elements around them –or the structure. Learning is a process of interpretation and accumulation linked to experience, knowledge, and expectations, whilst, acts relate more to the capacity of people to interact with their environment by responding in an active or passive way to a stimulus. For instance, Golledge and Stimson (1987: 46) claim that, "the location of human activities and the spatial pattern of their movements will be the outcomes of their perceived and cognitive structuring of their environment". They are the tangible results of acts.

At community level, the way cities have been created is the consequence of the accumulation of peoples' acts arising from their perception and interpretation. The resulting city is the product of a collective human agency. At individual level, shelter is also the result of that process. Yet, the behavioural perspective relies on these elements as the drivers of spatial behaviour (Anderson 1989: 133). The place where an individual lives is the result of many factors interaction. Walmsley and Lewis (1984: 4) suggest that the underlying rationale of a behavioural approach is the intervention of people in the environment:

"…an understanding of the spatial distribution and pattern of man–made phenomena on the earth's surface rests upon knowledge of the decisions and behaviours which influence the arrangement of the phenomena rather than on knowledge just of the positional relations of the phenomena themselves."

The reaction to the environment –i.e., the acts –finds motivations at different levels– depends on the intensity of the stimulus/information and of individual experience. As a result, the behaviour may show some patterns in the life of people. For instance, Golledge and Stimson (1997: 155) define three types of behaviours in human beings that, they claimed, explain how people react to their context: a) weakly motivated and random behaviour; b) the behaviour resulting in a problem–solving interaction where conscious thinking is involved to solve the problem; and c) the repetitive learned behaviour. Housing choices in particular differ from one individual to another and within the life of the same individual depending of his/her stage of life, experience, and knowledge. For instance, moving to a new place to live might mean something different to the same person depending on whether he is moving when young or at the age of 40 with his own family. It might also mean something different whether the move is to the city or to a rural area. The perception, learning, and acts are, eventually, different. At this point, it is necessary to establish how to deepen the analysis, becoming necessary to survey frameworks that translate the theories of behaviour into operational ones. Three frameworks are assessed to understand how scholars have dealt with human behaviour: a) the Golledge and Stimson model (1987: 11), b) the Rossi's model (1955: 174), and the Giddens' Theory of Structuration (1984: 16). First, the Golledge and Stimson's model (1987: 11) is known as the "man–environment behavioural interface"[32] (Figure No. 24).

It focuses on how three elements –i.e., attitudes, cognition/perception, and learning– interacts between them and how through interpretation, the spatial behaviour of people changes over time. In this framework, the central interacting elements comprise the core of people's response to the environment. This is transformed into a spatial behaviour in relationship with the environmental structure. The feedback is constant and enables the process continually to repeat that behaviour. This process is modified or reinforced

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[32] Hereafter referred to as the "human–environment behavioural interface". The "man" concept as to refer to human was accepted at the time of Golledge and Stimson's model. That is not acceptable now in terms of equality and gender discourses.

because of the permanent man–environment interaction reflecting various aspects of people's lives.
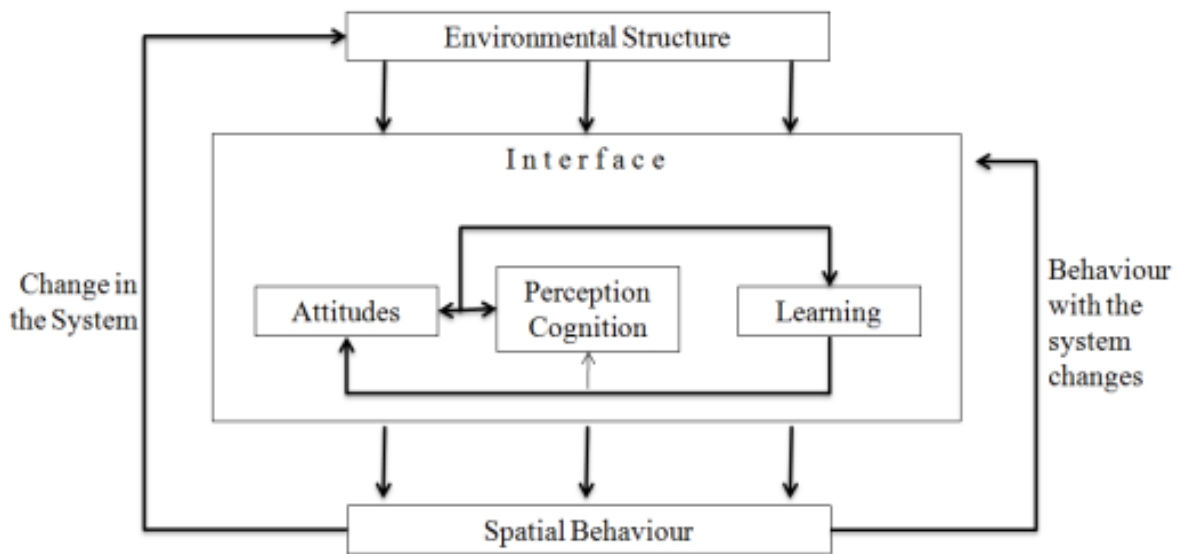
Figure No. 24. The Human–Environment Behavioural Interface.
Source: Golledge and Stimson (1987: 11).

This model explains *subjective transactions* between people and their context, which, as for the majority of the urban poor, is likely to be an environment of uncertainty[33] (Golledge and Stimson 1987: 11). The elements interpreted can be eventually modified accordingly. For instance, people evaluate their economic conditions, priorities, needs, and aims and reassess them eventually to make, in theory, better decisions, i.e., making housing investments. Feedback plays a key role as this provides the opportunity to re–interpret the environment to accommodate people' needs better. In housing, the core elements interact transversally by shaping people's behaviour. If housing conditions are regarded as inadequate, the behaviour –specifically, the acts– would be reflected by a modification within the individual's system –i.e., the environment– which as a result, would offer a modification of the structure with new elements. This process can be repetitive as many times as needed. In other words, this interaction modifies the behaviour of the individual who, at the same time, modify their living environment through the acts based on their interpretations.

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[33] Here, uncertainty referred to the precision and accuracy with which something was known or predicted by people from knowledge (Golledge and Stimson 1987: 206). Uncertainty related to knowledge, whether existing or assumed, in connection to people's own lives and experiences.

People's decisions may offer a sensible explanation regarding the housing issues that this dissertation seeks to address within this interface. Some elements may be seen as a dichotomy during the process. For instance, the legal framework can be perceived as an enabler or a disabler in the same environment and for the same people. Van Kempen (1998: 1683) notes that such a process is especially relevant to housing. People' perceptions and their transformation into a decision–making process provide an insight to their preferences. The environment is a decisive element in knowledge accumulation and a driver for making decisions, i.e., people's mobility or, when decisions are made for the enhancement of housing conditions. On the other hand, Rossi (1955) develops a model to study the relationship between people and their context focused on housing behaviour in which people's decisions are claimed not to be isolated events.

To the contrary, these are shaped by their needs, dissatisfactions, and aspirations to find better conditions (Ibid: 175). This model attempts to explain why people decide to move to a different place and comprises three stages (Ibid: 174): a) the reasons to leave the existing household; b) the search for a new place stage; and c) the reasons for choosing the new place. Rossi puts emphasis on changes in family composition and in life cycles (Ibid: 9). Although this is evident as changes are part of family life, it is an interpretation of these changes that pushes people to move or to stay. Rossi claims that people tend to move when families experience "greatest growth" when children are born, or extended family members arrive. Yet, needs are different when an individual lives in the parental house to the needs faced when living on their own or with a family of their own. The house is adapted to accommodate such the needs of its residents. People perceive, interpret, and face these cycles differently. An individual might decide to move from his parental home due to reasons related to the house itself –i.e., overcrowding– or to changing personal circumstances, such as getting married or finding a job elsewhere– or for externalities –i.e., eviction, or flooding.

Figure No. 25. The Rossi Model summary.

Stage I. Reasons for leaving the old home	Stage II. The search for a new place	Stage III. Reasons for choice among alternatives
Decision forced by outside circumstances	Channels of information employed: a) formal and b) informal	Only one opportunity offered: Reasons presumed to be identical with specifications
Decision made because of dissatisfaction with old place	Specifications (features desired in new home)	Several opportunities: Choice made because of comparative attractions of alternate opportunities

Source: Rossi 1955: 174.

The elements driving decisions or "stressors", along with the stress, and the stress response as proposed by Rossi (see Figure No. 26) may explain people's behaviour still in many places in the world today, despite this model was designed a few decades ago.

Figure No. 26. Stressors, stress, and stress reactions.

Stressor	Processes	
	Stress measurement	**Stress response**
Size–facilities of dwelling Access to work Access to friends Kind of people in neighbourhood Air pollution (smog)	Derived from stress mode, using individual household attitude scale on stressors. N.B. subjectively evaluated by households	Desire to move Actual movement Modification of dwelling Public action, i.e., petition for more services.

Source: Rossi 1955: 474.

Rossi's study would have benefited from analysing what actually happened once people moved, but, as he explained, that was not the scope of his research. Neither Golledge and Stimson nor Rossi include other aspects that may have enriched the discussion, such as the legal status of land, or family growth, or informality as drivers/stressors. However, for the purposes of this research, the two models complement each other. They both help illustrate the life cycles as they are reflected in the housing choices process –i.e., from deciding to move to making home improvements. Their importance relates to the fact that other elements can be incorporated, such as land tenure. This plays a role in different ways. For instance, an individual may prefer a formal area simply due to its social status or so as not incur in bring legal problems for the household in formation.

Sometimes, legal tenure may imply associated costs that people are simply unwilling or unable to fulfil whilst, for others, formal tenure may represent various costs but for different reasons. A decision has to be made as to whether a person is willing to pay the cost in either place. Walmsley and Lewis (1993: 173) argue, "…residential preferences seem to be strongly influenced by factors such as socio–economic status and stage in the life/family cycle". A young couple may be more willing to embark on a process of housing in an informal area as time, effort, and willingness to improve shelter may be more difficult for a couple at a different life stage. In practice, resources are often most limited among the younger urban poor. Although, the parental home is often a place where young couples start their life together, this research dealt with the actual decision to move and its drivers up to the fact of moving, choosing a place, arriving, and making home

improvements in the selected place. Renting a place is also an option for many and its selection relates to perception and choice. However, this research only dealt with those in search of a place of their own and the subsequent processes involved.

After deciding to leave the parental/original home, a young couple starts the search by using the information available from formal and informal sources. At this point, risk is a central issue besides the quality and availability of that information. Golledge and Stimson (1987: 210) warn that risk plays a major role. They argue that the interpretation of that risk depends, first, on the information available and actually regarded as a truth; second, on the social experiences and values of the people involved; and, third, on the cognition (knowledge or their lack of knowledge) of the world they now face. The risk can be associated with the risk of either buying a home through a mortgage (i.e., debt for many years). Potential evictions in in an informal area or the risks of actually moving to a place associated with some potential problems (i.e., health problems and flooding). People evaluate the risks under considerations of past, present, and future events that will often influence the decision. The common assumption is that risks are negative attributes but, at the same time, people evaluate the positive aspects of either decision taken too. These factors may be considered as the values people attach to the targeted place, which makes it favoured or not.

The factors or values often relate to the proximity to jobs, the topographical features of potential sites, the legal status of land, affordability, potential neighbours, and costs involved. Then, based on the number of alternatives, a decision is made to match the aspirations and capacity with the offers in the surroundings. People also evaluate their capacity to honour the commitments that such decisions represent in the long term, i.e., mortgage payments or those to the landowner. In tracking people's decisions, some patterns help understand people's behaviour. Decisions also relate to economic issues. Williamson (1996: 18) notes that the rationality and the behaviour of the buyer are key aspects during the transaction processes. Thus, the decision to acquire a piece of land or for improving housing conditions in formal or informal housing is the result of the interpretation and the actions leading to such investment.

In buying a piece of land or a house in either formal or informal sector, the perceived security of the transaction is a major driver. This may not necessarily depend on the legal status of what is actually acquired, as this research assesses whether the dichotomy about

safer transactions associated with either sector prevailed. The conditions may change over time and people's commitments may not be completely fulfilled, especially in terms of the money available to pay for lengthy mortgages. Golledge and Stimson (1987: 11) suggest that people base on their knowledge/experience accumulated over time to screen such variability and take their decisions. The transaction, as such, is an important decision whenever it has to take place. Risks then take an important position in evaluating the surrounding environment. Among many of the poor, informal land occupation provides the security sought by buyers despite of the illegal character of its transaction. The legal environment dictates the rules. Yet, people often perceive them as unenforceable. People moved from one place to another or make home improvements to stay for many years as their aspirations neither match nor achieve according to these decisions. Housing is one of the most tangible results no matter the stage of consolidation that one investigates. Thus, human behaviour and its logic are relevant to this research. These help contribute to the existing knowledge on housing that is not often approached from this standpoint in emerging markets.

4.4. The methodological framework.

As this research focuses on how poor people's decisions are based, on how they perceive the environment, and the extent to which land tenure impacts on their housing options, a methodological framework is proposed to organise the way the theories reviewed above and the aims and objectives could be tested in the field by a case study. The models presented by Golledge and Stimson and Rossi and the structuration proposed by Giddens are not sufficient to fully explain the impact of land tenure on housing choices but provide guidance as to the experiences to be taken into account. I proposed a methodological frame that organises my case study, the primary data, and the conclusions.
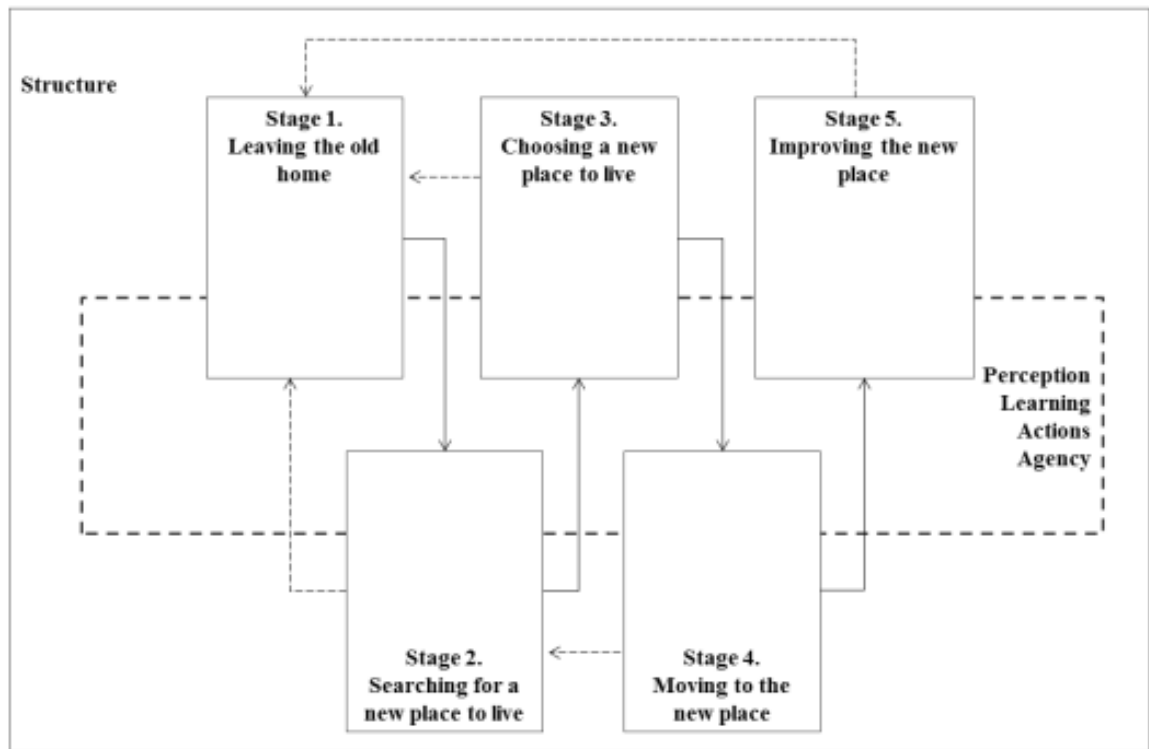
Figure No. 27. A Shelter Process Framework.

This framework comprises five stages, each of which is a process by which an individual/family follow in their attempt to achieve, first, shelter, and then to improve it later on. Each stage comprises a number of factors/drivers shaping the decision to advance on or to inhibit the process towards owned housing. These stages are first, leaving the old home; second, searching for a new place to live; third, choosing the new place; fourth, moving to the new place; and fifth, improving the new place. This process is not linear – i.e., not everyone follows this traditional life stages cycle– focusing on the possibilities that people face when deciding to continue or not onto the next stage due to changes in the personal, family, or environmental circumstances.

There is also the issue of the overlap of stages. A person could attain a more or less consolidated home before moving whilst living in the parental home, for instance. In any case, this framework provides a general structure to help analyse what many people experience in practice and how theories fit as it comprises three aspects on which this research was based: the human–environment relationship; the behavioural perspective of the main actors involved; and the activities of outside agents, such as policymakers. The three aspects comprise the relationship between human agency and structure within a given environment. This framework provides a structured housing path for the analysis to understand the process towards home consolidation among the poor. It is necessary, yet, to understand the context in which to assess the theories and the framework herein included.

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The next sections introduce the environment in which the urban poor attempt to achieve housing in the selected case study and the fieldwork strategy.

4.5. The case study design.

The reasons behind the case study design are the following: first, a case study is necessary to assess the extent to which the set of theoretical approaches reviewed actually applied to specific locations. Second, some contradictory evidences had been found in the literature claiming, in particular, the effects of a formal housing market on alleviating poverty. The insufficiency of data about informal housing in Mexico and, in particular, in the City of Aguascalientes also led to this decision as this made a quantitative approach impractical within the constraints of time and cost. This approach has not been explored much in in cities of this size in Mexico, as most of the literature refers to larger cities such as Mexico City, Guadalajara, Monterrey, Puebla, or the border cities in the North. However, scholars have disregarded the study of medium–sized Mexican cities, which represented an opportunity for this research to contribute to their understanding. Third, the completion of this research will add to the literature on housing *by* the poor in a medium–sized city following a behavioural perspective.

I chose to follow a nonprobability approach to obtain the data directly from residents and key informants who became the primary sources for this dissertation. This approach is common in the social sciences. Frankfort–Nachmias and Nachmias (1992: 175) observe that social scientists employ nonprobability samples due to the "convenience and economy" of exploratory research conducted in areas where the sampling population is unavailable, such as people living in informal settlements, as that information is often vague, out–of–date, or imprecise. Moreover, no datasets on informal housing choices existed at local or at the national level in Mexico. Therefore, a qualitative approach became essential based on a proper selection of participants. Blaxter et al (2001: 71) suggest that the number of participants had to be suitable for small–scale research if good or bad practices are to be assessed and a real problem illustrated.

A number of informal and formal areas were selected to illustrate the variation likely, given their scale and time of formation. Residents in both areas along with key informants were interviewed. The selection of the areas to visit within the case city and the people in the colonias to interview follows a purposive sampling procedure. This allows the

inclusion of settlements in different locations, of different legal status, and very importantly, at different stages of consolidation. Yet, it is acknowledgeable that this sample helps identify the role of the topics investigated only in the areas visited. The sample contributes to the understanding of housing the poor but does not provide generalisations about the topic. De Vaus (2001: 238) claims that the strategic selection of case studies "contributes to literal and theoretical replication" leading to the verification of specific arguments in specific locations. The purposive sampling helps identify areas with potential for providing insights into the theoretical concepts rather than statistical by significant results (Cohen and Manion 1995: 123; and de Vaus 2001: 240). The limitations on claiming representativeness are acknowledged but this was compensated by previous personal experience in the field.

4.6. Secondary sources.

Research of this sort requires independent sources of data on topics ranging from poverty, urbanisation, and informality, to service provision, and finance. There are various levels and sources of data consulted, varying from journals, working papers, and books obtained directly from libraries, to the data from various Internet pages. The data at international level, for instance, was consulted from the World Bank, the United Nations, Habitat, and the International Labour Organisations sources. This allowed analysing data at the macro level to make comparisons to illustrate the progress of housing for and by the poor in different contexts. Access to data from these agencies was relatively easy by Internet. Yet, this research is aware of the implications of its use.

Some of these organisations almost exclusively respond to particular agendas related to their own purposes. Additionally, the National Statistics Institute, INEGI, the Bank of Mexico, the National Housing Commission, CONAVI, various private banks, the National Commission for Evaluation, CONEVAL, the Workers' Housing Fund Institute, INFONAVIT, and the Social Development Secretariat, SEDESOL, are among the various sources of data consulted at national level. They provided information in the form of technical reports, working papers, statistics, surveys, and censuses within the Mexican context. I accessed these data by their interactive Web pages.

Yet, the reliability and consistency of data from official Mexican sources is a challenge. For instance, some data and the concept of poverty itself differed over a relatively short

period. CONEVAL changed its definition three times in the last 10 years, i.e., moving from poverty lines approaches and three–dimensional, to multidimensional poverty. The INEGI published the censuses and surveys based on criteria that have changed from one to another. The 2000 census provided data on people's income levels, whilst the 2010 census eliminated it. The reliability of the data from private banks is also a challenge. Banks offer credit simulators on their Web pages. Although the digital tool is practical, its accuracy is not. The banks explain in a small footnote that the information is only valid as a reference and it may vary without previous notice. At the local level, data was obtained from public bodies, political leaders, and experts, by visiting their offices and through the Internet. The local government was the main source of secondary data, including that related to housing the poor. Moreover, once I interviewed some of the key informants, they referred to me some additional materials to consider, such as maps, plans, and unpublished reports.

In some cases, public agencies lacked information or were unwilling to disclose it to me often arguing that data were "being processed". Some public offices counted on data that I found biased or lacking sufficient methodological rigour. For instance, in defining an informal settlement, the local public agency in charge offered me different lists of areas considered as informal. These lists have changed over time as some settlements were simply erased and others included with no apparent reasoning. That is the case of settlements categorised as "deactivated" since there was no clear definition of what this meant among officials. Some lists were inherited from previous government periods and the classification was unclear. Additionally, lack of continuity of officials jeopardised the consistency of data in the long term. The academic studies in the form of articles in professional journals and books were other sources of data. These were useful for the literature review, the methodological approach, and to construct the theoretical approach in this dissertation. Most of these data were consulted in libraries at the Universities of Glasgow and Aguascalientes. Most of the journals consulted were accessed through the University of Glasgow services.

4.7. Primary data collection.

The fieldwork comprised two types of activities. First, interviewing residents and second interviewing key informants. An important issue was to decide the best time to make the visits to housing areas as security issues are a major concern in the city at present. Violence and crime have increased and these were especially acute in poorer areas. This

also made me discard making appointments with residents. I considered that arriving at the place and conducting interviews was a more effective way to deal with security fears and availability. It is fair to say that I never felt threatened in these places and I found people kind to respond. I decided to visit the colonias on weekdays during the morning. As many residents have informal jobs, their schedules were flexible but arranging an appointment was too great a commitment to demand from them. This situation was also found in formal areas. People here were also low–income earners and their schedules were often unpredictable, ruling not appointments. I decided to make the visits from Tuesday to Friday from 9 AM to 2 PM. this way I avoided the presence of gangs on the streets as much as possible as, from my own experience of living in the city, they tended to gather in the afternoons and evenings.

I avoided also Mondays and weekends. From experience, people often take Mondays off especially because they drink excessive alcohol over the weekend. This was common not only among mature men but also among younger people. From my own experience as an architect, the construction sites were usually empty on Mondays with work starting on Tuesdays. This is an unfortunate common practice locally known as *San Lunes*–or "Saint Monday"– as a way to justify ironically a holiday. It was difficult to interview residents on the weekends for two reasons, the presence of youth gangs on the streets increased and because some families visit or receive relatives and friends, which might jeopardise the willingness to participate in the interview. Indeed, some people leave the city to visit relatives in the nearby communities as confirmed during my visits.

I followed the ethical procedures of the University in terms of the way the interviews were conducted. I showed my University identification to all the interviewees, explained the reasons of my visit, the way the information provided was to be used, and guaranteed the confidentiality of people's identities and responses. Presenting my University ID was useful as residents and key informants saw me as an outsider, with no personal or political interests and only hoping to obtain academic information. I did not offer any compensation or prize to those who deliberately and freely accepted to participate. My interviews did not harm or threaten interviewees in any way. As for key informants, some of them occupy a position in governmental offices. They often belonged to the political party in power or, at least, sympathised with them. I also guaranteed the confidentiality of their responses and, in particular, the exclusively academic use of information. This was especially important

when I interviewed political parties' leaders. They found my affiliation totally outside their political context and they were very willing to answer.

4.8. The City of Aguascalientes, Mexico, as a case study.

This section assesses key factors influencing the choice of the City of Aguascalientes, a medium–sized city located in central Mexico, as a case study. This city is located within the fifth smallest state of the country of nearly 5,500 square kilometres.[34] As widely predicted for mid–sized cities (see Baross 1998; Brambila 1992; Lustig 1992; SEDESOL 2001; Shaiken 1990; Warnock 1995), Aguascalientes experienced a booming growth due to the industrialisation process and the decline of agriculture (Aguilar 1990: 137). This transformation was accompanied by inflows of migrants in search for jobs (Ibid: 42):

> "Rapid urban growth associated with poorly defined and deficiently implemented legislation has led to an incongruous land use pattern. Commercial activities are being spread over housing areas in the city centre. Housing elsewhere is surrounded by warehousing, mechanical workshops, parking lots for heavy vehicles, specialised commerce and, above all, by industry."

The city was attractive to investors given its relative strategic position in the country. It is located relatively close to the main national urban centres, such as Mexico City (to 500 km to the South), Monterrey (590 km to the North), and Guadalajara (250 km to the West). Aguascalientes is located on the Pan–American motorway that crosses the whole country from North to South, providing a direct link to the US. Two events have been significant in the growth of the city. First, in the early 1980s, the car assembly plant Nissan was installed on the outskirts of the city, offering around 5,000 new jobs. Its arrival was accompanied by the installation of many other smaller suppliers. The majority of the jobs offered were low skilled that required little training after hiring. The factory has been a sort of a "symbol of success" among politicians who claimed that the city was selected due to their positive social and economic environment for investors.

In fact, Nissan launched a second plant in early 2012, which will be more technology–driven. The new plant will create another 5,000 direct jobs by early 2014, when production

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[34] The whole State of Aguascalientes is approximately half the size of the Strathclyde Region in Scotland.

starts. The two Nissan plants follow the maquiladora[35] scheme as the North America Free Trade Agreement, NAFTA, signed by Mexico, the US, and Canada in the early 1990s, promotes (Warnock 1995: 56). Maquiladoras' output is for export to the US and their stability depends on the evolution of the American and Canadian economies. The second event was the arrival of a large government ministry after a severe earthquake hit Mexico City in 1985. The National Institute of Geography and Statistics, INEGI[36], arrived with more than 4,000 public federal employees as part of the decentralisation policies promoted by the federal government after that event (INEGI 1992: 52). According to INEGI, Aguascalientes offered the potential benefits of its location, climate, and its apparent social stability:

> "A few years ago, the city of Aguascalientes was considered as an urban centre with ample perspectives for development due to its location, topography, climate, and for being a non–seismic zone. In addition, it had the capacity to satisfy additional demands for jobs, housing, and infrastructure. Thus, the city was considered as an option where changes would not affect drastically its equilibrium in the short term. The state had sufficient transportation networks, schools at all levels and health centres along with a dynamic economic growth due to its industrial strength. Because of the above, linked to the willingness of local authorities and the people to collaborate with this decentralisation effort, the city of Aguascalientes was selected as the new site of INEGI's headquarters." (Ibid: 51–2).i

As a result, the population has experienced considerable growth. In 1970–2010, it increased 3.9 times in comparison to the 2.3 times in the rest of the country (INEGI 2010). By 2010, 20 per cent of its residents were born elsewhere (Ibid). Furthermore, the majority of the State's population –60 per cent– was concentrated in the city alone (Ibid). The city changed in a relatively short period and the demands for services, jobs, housing, and employment were and are critical. One of the tangible effects of this growth was increasing urban sprawl towards peripheral lands as the city extended beyond its traditional limits. This growth resulted in the creation of a new metropolitan area that now comprised of two small cities –Jesús María and San Francisco de los Romo. This new metropolitan area totalled 1 million inhabitants (Ibid)

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[35] In–bond processing plants established to manufacture products exclusively for export, especially of clothing, electronic, and automobile parts. They were first established on the USA borders to soak up illegal migration northwards.

[36] Originally, the INEGI was part of the central federal government. Recently, it transformed into a decentralised public body. The major tasks of this Institute are to conduct the national housing and population censuses every five years.

Figure No. 28. Population evolution.

Location	1970	1980	1990	2000	2010
Mexico	48,225,238	66,846,833	81,249,645	97,483,412	112,322,757
State of Aguascalientes	338,142	519,439	719,547	944,285	1,184,116
City of Aguascalientes	**181,277**	**293,152**	**443,594**	**601,225**	**722,218**

Sources: IX Censo General de Población y Vivienda 1970; X Censo General de Población y Vivienda 1980; XI Censo General de Población y Vivienda 1990; Censo General de Población y Vivienda 2000; II Conteo General de Población y Vivienda 2005; and Censo de Población y Vivienda 2010 in http://www.inegi.org.mx/sistemas/ResultadosR/CPV/Default.aspx?texto=aguascalientes. Last accessed in November 2012.

Since the 1970s, this growth was accompanied by an increase in the housing stock. This grew 6.4 times in Aguascalientes compared to the national level of only 3.4 times (Ibid). The city alone contained 63 per cent of the state housing stock (see Figure No.29) and 60 per cent of the total population.

Figure No. 29. Housing stock evolution.

Location	1970	1980	1990	2000	2010
Mexico	8,286,369	12,142,555	16,035,233	21,513,235	28,607,568
State of Aguascalientes	52,722	84,353	129,832	199,398	290,777
City of Aguascalientes	28,596	49,165	83,074	131,488	185,120

Sources: IX Censo General de Población y Vivienda 1970; X Censo General de Población y Vivienda 1980; XI Censo General de Población y Vivienda 1990; Censo General de Población y Vivienda 2000; and Censo de Población y Vivienda 2010 in http://www.inegi.org.mx/est/contenidos/Proyectos/ccpv/default.aspx. Last accessed in March 2012.

Owing to its image of growth, the tertiary sector dominated the composition of employment despite the investment in large industries (see Figure No. 30). Only 24.6 per cent of the EAP worked in the secondary sector. With the arrival of the new Nissan factory, the share is expected to increase. The majority of the EAP –74.6 per cent– worked in commerce, trade, transportation, professional services, and government.

Figure No. 30. Employment by sectors in Aguascalientes.

Sector of occupation	2010	2012
Primary	**0.8**	**0.7**
Secondary	**26.4**	**24.6**
Extractive and electricity industries	*2.3*	*1.9*
Manufacture	*73.3*	*71.4*
Construction	*24.4*	*26.6*
Tertiary	**72.6**	**74.6**
Commerce	*29.2*	*30.0*
Restaurants and accommodation	*9.8*	*10.6*

Transportation, communication, postal services, and storage	*6.8*	*8.0*
Professional services, finance, and corporative	*11.1*	*13.5*
Social services	*17.4*	*14.2*
Other services	*15.6*	*15.4*
Government	*10.1*	*8.3*
Unspecified	**0.2**	**0.2**

Source: INEGI 2012 "Encuesta Nacional de Ocupación y Empleo: Indicadores de
Ocupación y Empleo al Segundo Trimestre de 2012", in
http://www.inegi.org.mx/Sistemas/temasV2/Default.aspx?s=est&c=25433&t=1. Last
accessed in October 2012.

The city has also experienced also some economic difficulties. Unemployment grew from
5.7 per cent in 2005 to 6.3 per cent of the EAP in 2012, above the national unemployment
rate of 5.2 per cent (INEGI 2012: 13). This was accompanied by the increase of informal
sector employment from 20.6 per cent in 2005 to 24.7 per cent in 2012 (Ibid).
Additionally, earnings were low. The share of the EAP earning less than 3 minimum wages
rose from 45.4 per cent in 2005 to 46.1per cent in 2012 (Figure No. 31) which represented
an income of $174 Mexican Pesos per day or £8.3 UK, a wage low enough to be ineligible
for a mortgage in the formal sector. This is contradictory, as a place apparently attractive to
jobseekers resulted in unaffordable housing.

Figure No.31. Selected economic indices for the City of Aguascalientes.

City of Aguascalientes information	**2005**	**2010**	**2012**
Economically Active Population	58.6	60.6	59.9
Employment Rate	94.3	93.7	94.0
Unemployment Rate	5.7	6.3	6.3
Employed workers by income levels			
Up to 1 minimum wage	6.2	6.5	6.3
From 1 to 2 minimum wages	17.5	18.0	19.5
From 2 to 3 minimum wages	21.7	20.1	20.3
From 3 to 5 minimum wages	23.6	19.0	13.7
More than 5 minimum wages	12.2	8.7	8.3
Unspecified	16.0	24.8	29.0
Informal workers	**20.6**	**22.8**	**24.7**

Source: INEGI (2012) "Encuesta Nacional de Empleo". In
http://www.inegi.org.mx/est/contenidos/espanol/sistemas/enoe/infoenoe/default.aspx?s=est
&c=14042. Last accessed in October 2012.

4.9. Housing the urban poor in Aguascalientes.

The total number of housing loans and mortgages extended, over nearly 40 years was
380,171 (CONAFOVI 2012). Yet, only two funds supplied almost half of the total, i.e.,
INFONAVIT with 26 per cent of the market and Popular Housing Fund, FONHAPO, with

23 per cent (see Figure No. 32). The local State Housing Institute, IVEA, a state funded agency, comprised 17 per cent of the market. This has limited the urban poor to a very few formal housing options as these focused mainly on formal employees. Moreover, many housing funds have disappeared over time, reducing the poor's options even more. The participation of private banks in housing finance was almost nil, as this accounted only for 0.63 per cent of the market. This confirmed their limited contribution to supply housing not only for the poor but also for the rest of the population.

Figure No. 32. Mortgages in Aguascalientes, 1973–2011 (%).
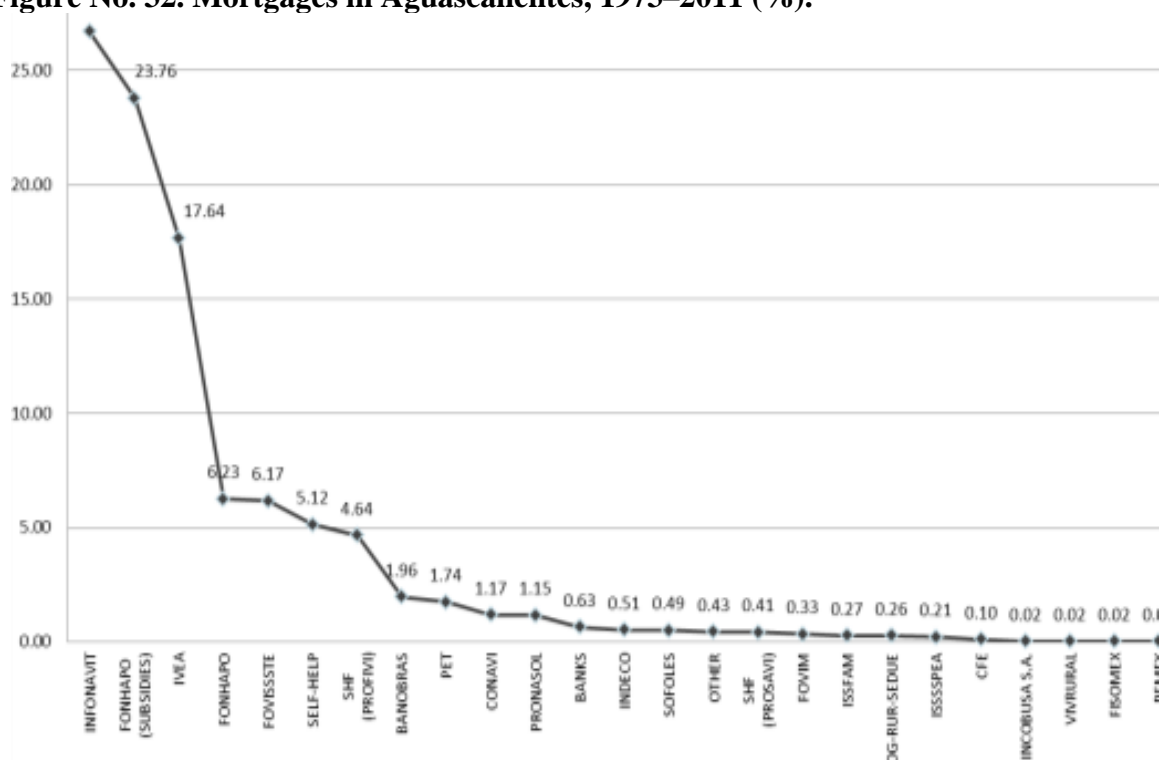
Source: CONAFOVI (2012). "Estadísticas de Vivienda" in http://www.conafovi.gob.mx/documentos/vivienda%20en%20cifras/estadistica–vivienda/EV–1993–2010_a_284.pdf. Last accessed in October 2012.

Obtaining information on informal housing settlements is difficult in Aguascalientes. In 2007, the extinct state planning office reported 115 informal settlements of which 32 were located in the city alone whilst informal residents were estimated as 7,105 in 2,000 dwellings (SEPLADE 2007: 5). However, by 2009, the newly created state housing institute reported only 99 informal settlements –16 less than two years before– and 9,685 inhabitants –or 26 per cent more residents (IVSOP 2012). It reported 506 hectares of informal areas comprising 2,243 dwellings at state level. In the city alone, there were 28 informal settlements covering 165.30 hectares and containing 751 dwellings with 3,505 residents (Ibid). The Urban Development Commission is responsible for the change in figures from one year to the other. It makes recommendations relating to the process to

deal with –and to define– informality. For instance, in 2009, the Commission ruled that 45 informal settlements were "feasible" for regularisation, 30 were inactive, 99 were "active", and 49 were approved for pursuing regularisation (IVSOP 2012).

Feasibility was based on an evaluation in the field as to whether the settlements were "ready" to proceed with the process of regularisation due to their consolidation levels, the number of municipal services introduced, the fulfilment of processes required prior to regularisation (i.e., study of water installation feasibility), and the proximity to –or insertion into– the urban area (IVSOP 2012). Yet, the same 30 informal areas were reported as "in the process of deactivation" since 2005 and those in the process of regularisation were 47 in 2005 whilst in 2009, they were 49. There was no clear process. The representatives of public agencies involved made the decisions during the Commission's meetings based on their own perception. Accurate numbers of informal areas were not evident in either primary or secondary sources of data. When visiting informal areas in the city, one realised that the number of dwellings, for instance, seemed to be far higher than the 751 dwellings reported by the Commission. Although, a survey of informal areas is not the subject of this dissertation, it is clear that a review of the numbers is necessary in further research to measure the extent of informal areas.

The *ejido* lands have played an important role in the dynamics of housing and informality. These are lands handed over to the peasants for agricultural purposes after the Mexican Revolution in 1917, as the demand for land was a major claim of the society at the time. "Land should belong to those who work on it" was the Revolution's slogan that attracted many peasants to the rebels' cause. When the Revolution ended, this distribution was expressed in the Article 27 of the National Constitution (*Cámara de Diputados* 2011: 26). The agricultural land was distributed to organised groups of peasants called *ejidatarios* who received large land areas, which was subdivided into three zones within each ejido. The first zone was for agricultural purposes only. Each peasant received a parcel to support his or her family. The second zone was for building the settlement in which ejidatarios could live. They were given plots for housing purposes in an area called the *asentamiento humano del ejido* or the ejido's human settlement. The third area of the ejido was the community zone supposedly to be the areas where the parks, schools, and churches were to be built based on community needs. A key aspect of the ejido system was that ejidatarios were not allowed to sell their land, neither the parcel (for agricultural purposes) nor their

plots (for shelter). They were only allowed to use their lands for productive activities and inherit them from generation to generation as long as they lived there.

The ejidos remained rural for many decades until the city's limits reached them. Ejidos became close or even absorbed by urban sprawl, and attractive land to developers. Many ejidatarios started selling their parcels and plots after informal land subdivisions. With a declining agricultural economy, the land became a source of income for many ejidatarios and a source of land for others. These transactions were illegal so the land was cheaper than elsewhere. Ejidos attracted many with lower incomes and became a preferred place for informal settlements. They also became attractive to speculators who bought those lands near to the city, waited for the urban area to expand, or put pressure on local authorities to change zoning regulations, in order to develop formal housing areas.

The Constitution changed in 1992, allowing association between ejidatarios and land developers to, in theory, insert their holdings into a more planned urban development. However, informal land sales and speculation continued and ejidatarios openly promoted land sales based on demand. Thus, it seemed that ejidatarios did not consider land transactions in ejidos as illegal, only "informal". In fact, the surrounding ejidos have been absorbed by urban sprawl; though, information was unclear regarding the precise areas involved, Figure No. 33 shows the evolution of this phenomenon in Aguascalientes. The dependency of urban growth on ejido land is evident; whilst ejido land only contributed with 5.61 per cent of the total land incorporated to the city in the 1980s, this share has continuously evolved in the following decades. This share was critical in 2010 when it represented 57.25 per cent of the total urban growth. Preliminarily, ejido land will contribute to 45.57 per cent of the total urban growth in 2014. This puts enormous pressure onto surrounding ejidos, which are now targeted by developers to incorporate them into the urban equation.

Figure No. 33. Ejido land share in the City of Aguascalientes.

Year	City area (Has.)	Ejido land incorporated to the city (Has.)	Share of ejido land from the total increase (%)	Change in urban area from previous decade (Has.)	Change from previous decade (%)
1970	1,749.88	80.40	--	--	--
1980	3,825.25	116.62	**5.61**	2,075.37	118.60
1990	7,472.56	406.64	**11.14**	3,647.30	95.35
2000	8,936.21	332.81	**22.73**	1,463.65	19.59
2010	10,498.75	894.55	**57.25**	1,562.53	17.49

Year	City area (Has.)	Ejido land incorporated to the city (Has.)	Share of ejido land from the total increase (%)	Change in urban area from previous decade (Has.)	Change from previous decade (%)
2014/[1]	13,002.00	1,140.96	**45.57**	2,503.24	23.84
	TOTAL	**2,971.98**	/[1]. Preliminary figures.		
	%	**22.86**			

Source: Aguascalientes Municipal Planning Institute (2014).

The land from ejidos is either promoted plot by plot or in large extensions. Now it is common to see signs promoting sales via mobile numbers. Figure No. 34 shows a sign promoting land sales in Los Pocitos.

Figure No. 34. Informal sales openly promoted along the roads; it says: "cheap plots for sale in this zone".
Source: Carlos Hernandez–Velasco (2009).

4.10. The sampling process.

Based on an initial evaluation of the number of settlements available, the areas selected were expected to reflect the variation of consolidation as to attain the aims of this research. The settlements were classified into two types, those informal in origin (Group 1) – although some of them may have been regularised subsequently– and those formal in

origin (Group 2). The schedules allowed for interviewing any person willing to answer them. Dwellings were chosen with a snowball strategy. The interviewees were either the male or female head of household or the couple who were willing to provide some information. The third group of informants (Group 3) comprised the key actors involved in the decision–making process about housing, services, planning, regularisation, or in politics, academia, and professionals. The twelve settlements were the following:

Figure No. 35. Housing settlements visited during the fieldwork.

Origin	Name of settlement(legend)[37]	Current land tenure status	Creation	Year of regularisation
Informal (promoted by ejidatarios)	El Rocío (ER)	Regularised	1980's	1995
	Los Pocitos (LP)	Regularised	1980's	2008
	Paso Hondo (PH)	Regularised	1980's	2007
	Cumbres III (CU)	Regularised	1980's	2007
	Jaltomate (EJ)	Irregular	1980's	NA
	Los Caños (LC)	Irregular	1980's	NA
	El Soyatal (SO)	Irregular	1990's	NA
Formal (promoted by state/national public housing agencies)	Guadalupe Peralta (GP)	Regular	2002	NA
	Valle de los Cactus (VC)	Regular	2005	NA
	Palomino Dena (PD)	Regular	1989	NA
	Ojocaliente (OJ)	Regular	1991	NA
	Morelos (MO)	Regular	1988	NA

Figure No. 36 shows some basic characteristics of the sampled areas: the surface areas, the municipal services provided, and their legal status at the time of visits.

Figure No. 36. Selected characteristics of the areas visited.

Name of settlement	Areas	Municipal services	Notes
Informal origin			
El Rocío	21.5 has / 163 plots	Partial	Regularised in 1995
Los Pocitos	8 has / 259 plots	Partial	Regularised in 2008
Paso Hondo	13.04 has / 471 plots	Partial	Regularised in 2007
Cumbres III	50.37 has / 823 plots	Partial	Regularised in 2007
Jaltomate	54 has, number of plots not available	Partial	Under legal dispute as the authority requested a size reduction of plots to proceed with regularisation

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[37] Legends for settlements are used throughout the dissertation. For instance, for the first house visited in Los Pocitos, LP-01 is used to identify this settlement in the text, or the third house visited in the Guadalupe Peralta settlement is identified by GP-03.

Name of settlement	Areas	Municipal services	Notes
Los Caños[a/]	47 has, number of plots not available	Partial	No negotiations reported for regularisation
Soyatal[b/]	383 has / 310 plots	Partial	An urban development scheme was published and authorised to allow residential uses in the informal settlement
Formal Origin[c/]			
Guadalupe Peralta	83 has / 4,403 plots	All	Municipalised in 2007
Morelos	195 has / 5,667 plots	All	Municipalised in 1995
Ojocaliente	NA	All	Municipalised in 1995
Palomino Dena	33 has / 1,452 plots	All	Municipalised in 1995
Valle de los Cactus	57 has / 2,235 plots	All	Municipalised in 2010

[a/] SEPLADE: 2010. [b/] Data estimated by the Municipal Planning Institute and published in the Periódico Oficial del Estado de Aguascalientes in October 4th, 2004 (Gobierno Constitucional del Estado de Aguascalientes: 2004). [c/] These settlements were promoted by the State government (Congreso del Estado de Aguascalientes 1989; and Gomez et. al. 1998: 200)

In terms of location, the urban growth has absorbed most of the settlements selected over time. Only two areas selected –Jaltomate and Los Caños– remain further away from the city but they have begun to experience some pressure on their land occupation. Both formal and informal areas are located mostly in the eastern part of the city as city planners designated this zone for low–income residential projects. Informal dwellers have found cheaper land on this side of the city too. The northern side of the city accommodated high–income earners whilst the southern– and western sides accommodated a mix of economic groups, with the majority of them being middle–income earners.
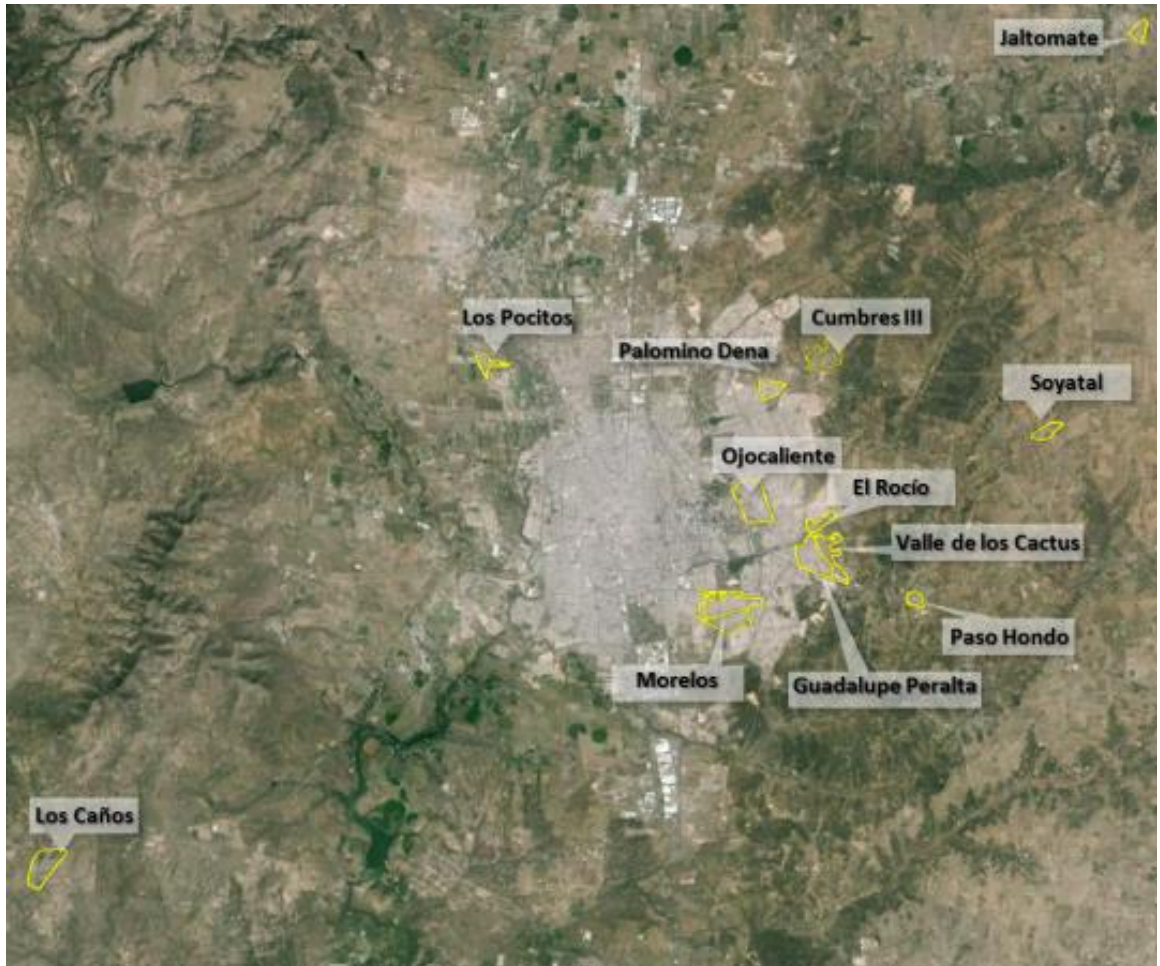
Figure No. 37. Location of visited fieldwork areas in Aguascalientes.

The following figures present a brief information about the areas visited, which includes the location with respect to the city, the legal status of the settlement, year of regularisation if applies, and some relevant aspects to consider during the fieldwork and analysis.

Name of settlement: **Los Pocitos**	Location
Current status: Regularised Created: in the 1980s Year of regularisation: 2008 Notes: The area visited is surrounded by upper–income residential areas, industrial estates and the Tecnologico de Monterrey. Residents are often pressured by developers to sell their land for new residential projects.	
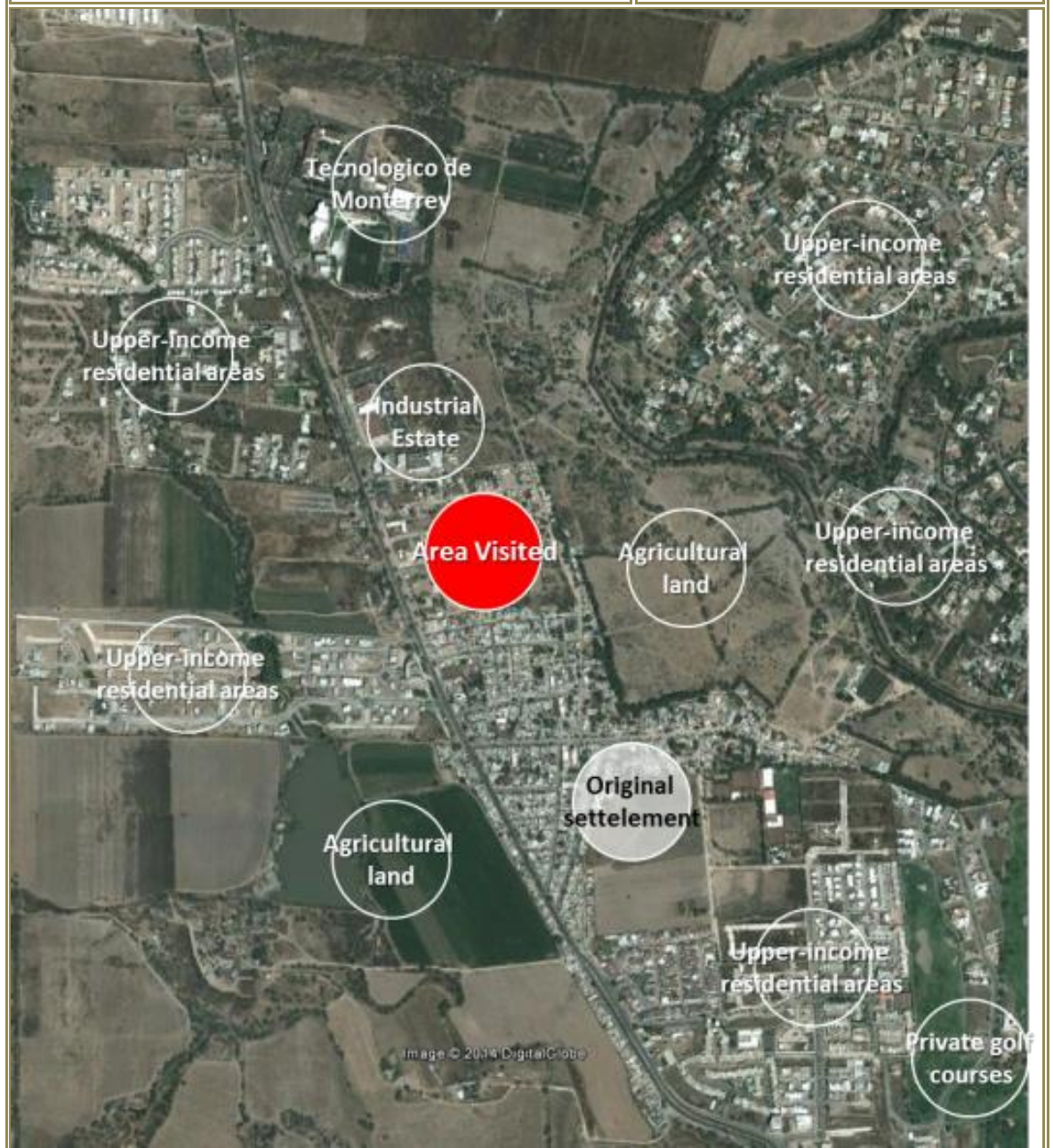
Figure No. 38. Basic information of Los Pocitos.

Name of settlement: **Los Pocitos**	Origin: Informal

2003

2009

Figure No. 39. Los Pocitos in different years (Google Maps: 2013).

Name of settlement: **El Rocío**	Location
Current status: Regularised Created: in the 1980s Year of regularisation: 1995 Notes: The area visited is surrounded by formal public housing intended for low–income people. It is under pressure for housing developers as it is located by the main road.	
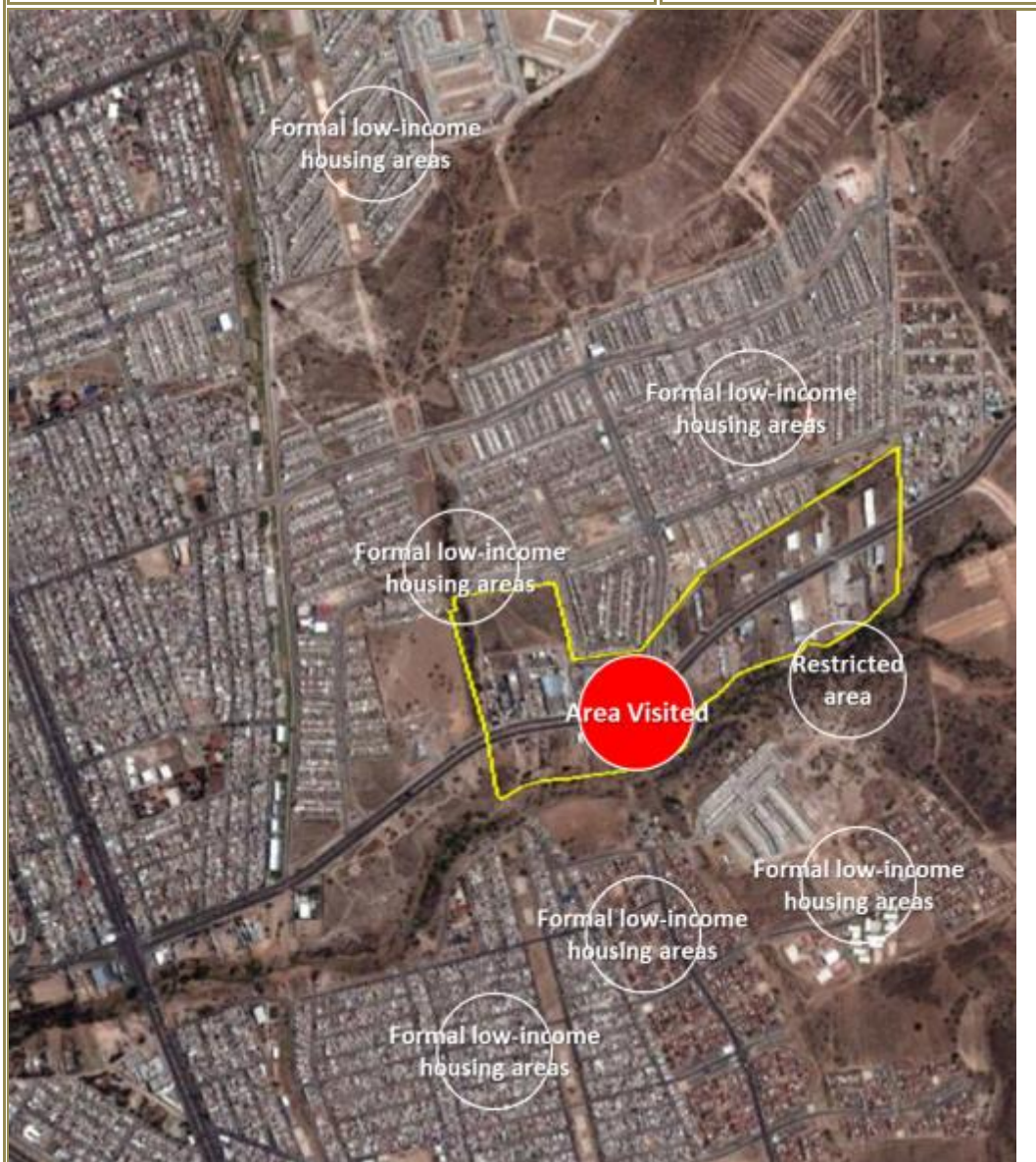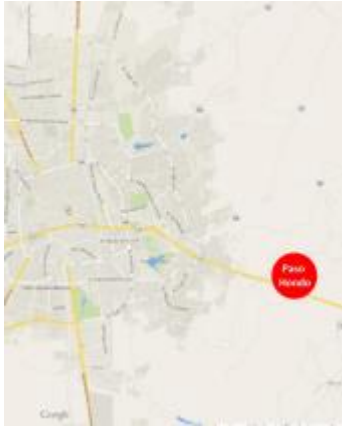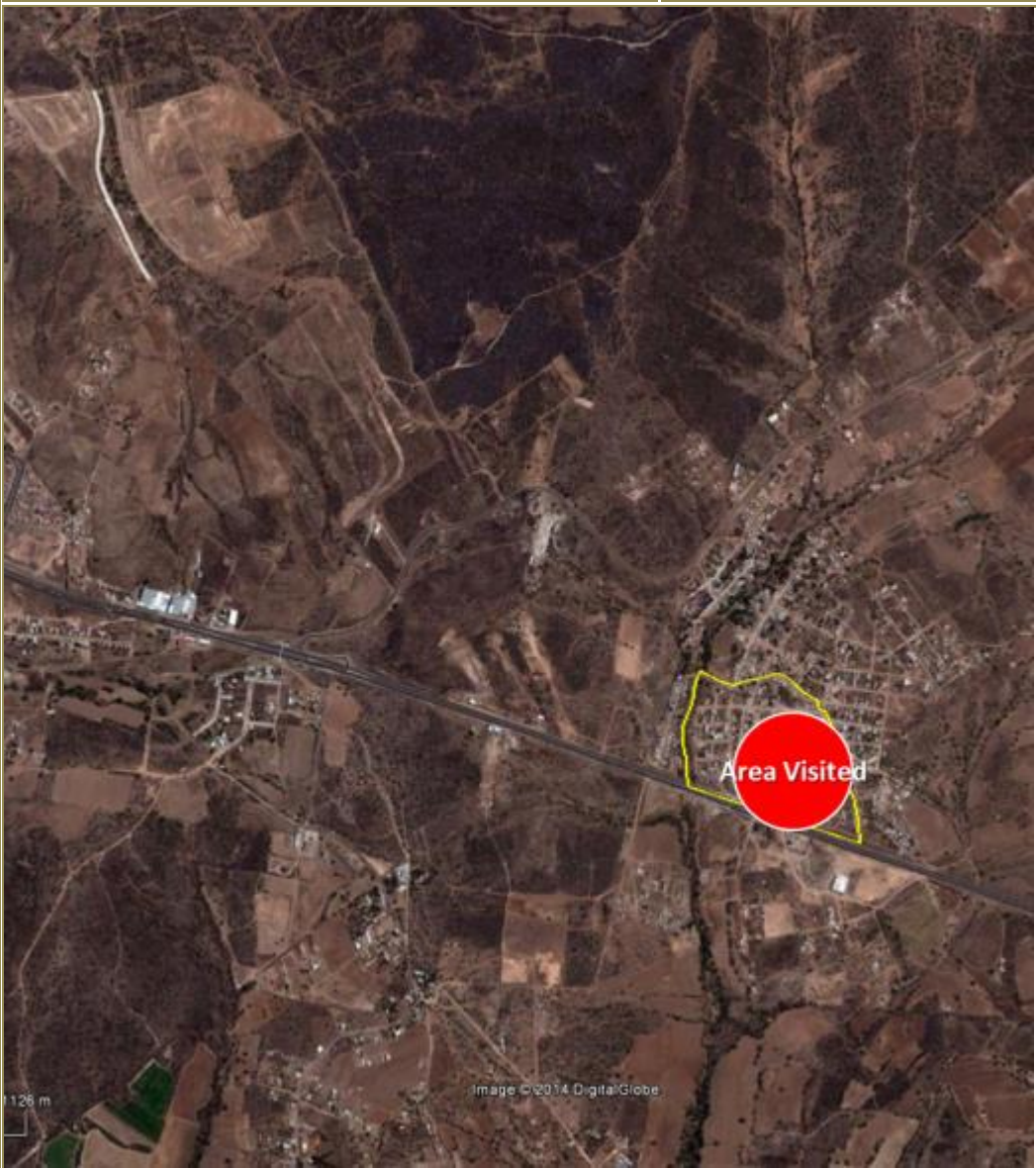
Figure No. 40. Basic information of El Rocío.

Name of settlement: **El Rocío.**	Origin: Informal

2005

2009

Figure No. 41. El Rocío in different years (Google Maps: 2013).

Name of settlement: **Paso Hondo**	Location
Current status: Regularised Created: in the 1980s Year of regularisation: 2007 Notes: The area has been neglected by the authorities, as it is located outside the urban pattern. It still lacks of some services.	

Figure No. 42. Basic information of Paso Hondo.

Name of settlement: **Paso Hondo**	Origin: Informal

2004

2011

Figure No. 43. Paso Hondo in different years (Google Maps: 2013).

Name of settlement: **Cumbres III**.	Location
Current status: Regularised Created: in the 1980s Year of regularisation: 2007 Notes: The area is highly polluted, as brick is produced without technological assistance.	

Figure No. 44. Basic information of Cumbres III.

Name of settlement: **Cumbres III**.	Origin: Informal

2003

2009

Figure No. 45. Cumbres III in different years (Google Maps: 2013).

Name of settlement: **Jaltomate**.	Location
Current status: Irregular Created: in the 1980s Notes: The area has been neglected due to the distance to the city. It is inhabited by ejidatarios families mostly.	

Figure No. 46. Basic information of Jaltomate.

Name of settlement: **Jaltomate**.	Origin: Ejido

2004

2011
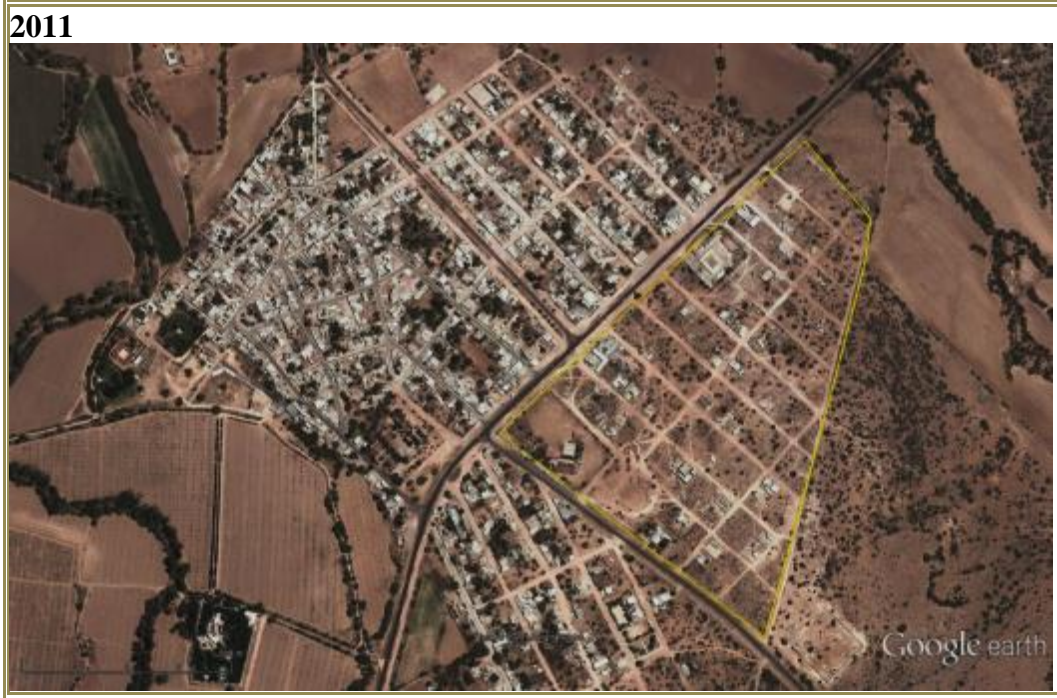
Figure No. 47. Jaltomate in different years (Google Maps: 2013).

Name of settlement: **Los Caños**.	Location
Current status: Irregular. Created: in the 1980s Notes: The area has been neglected due to the distance to the city. It is inhabited by ejidatarios families mostly.	
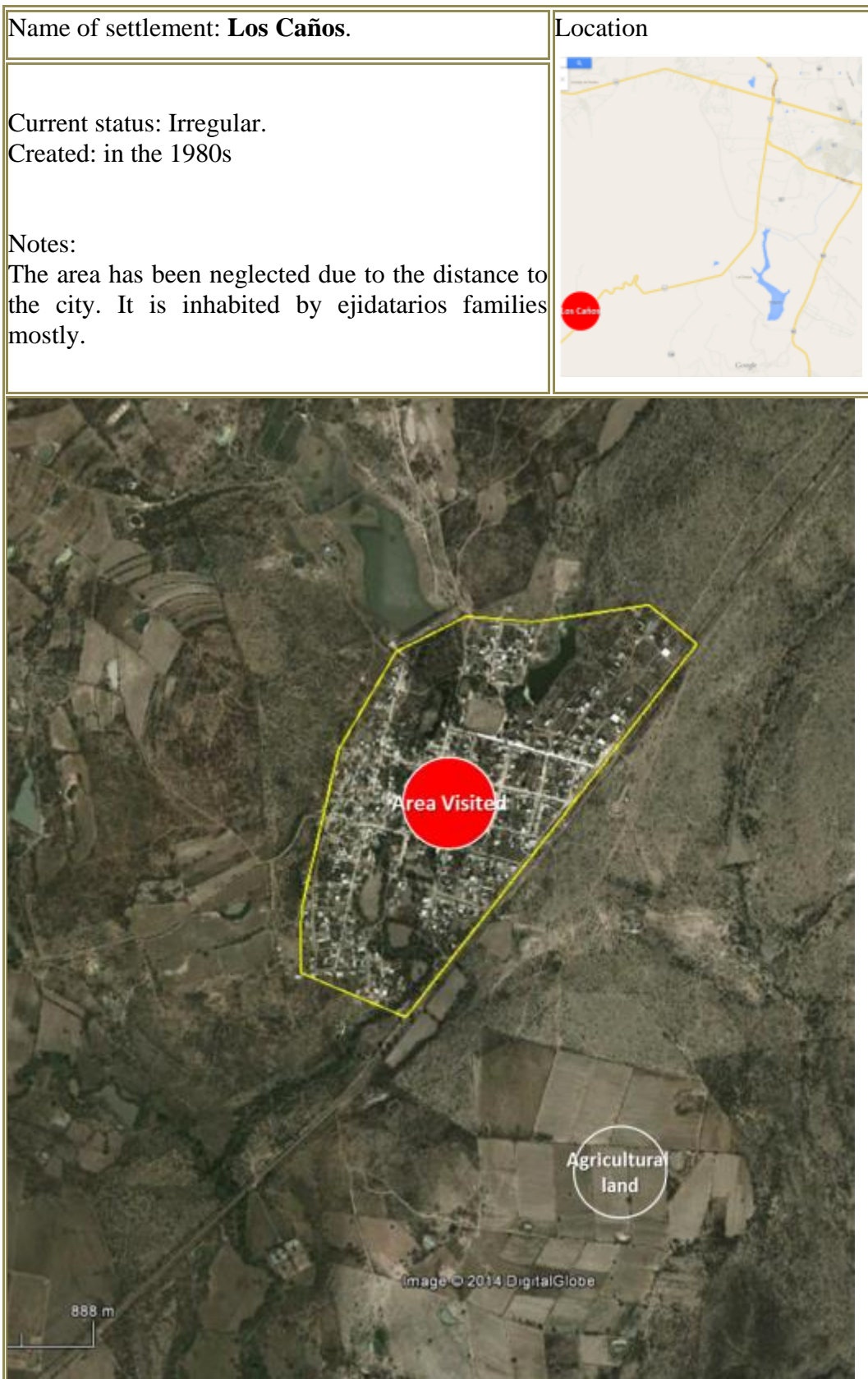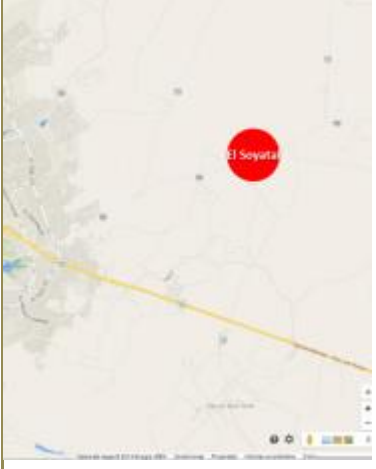
Figure No. 48. Basic information of Los Caños.

Name of settlement: **Los Caños**.	Origin: Informal

2004

2012
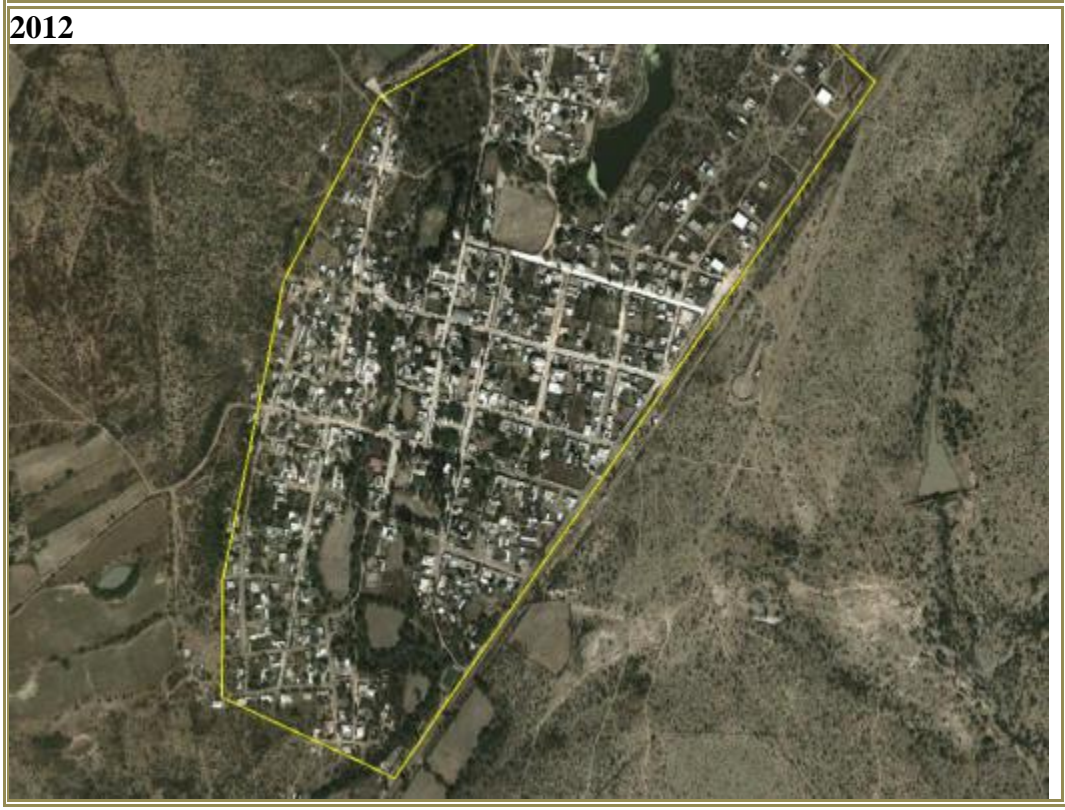
Figure No. 49. Los Caños in different years (Google Maps: 2013).

Name of settlement: **El Soyatal**.	Location
Current status: Irregular Created: in the 1990s Notes: The area has been neglected due to the distance to the city. It is inhabited by ejidatarios families mostly.	
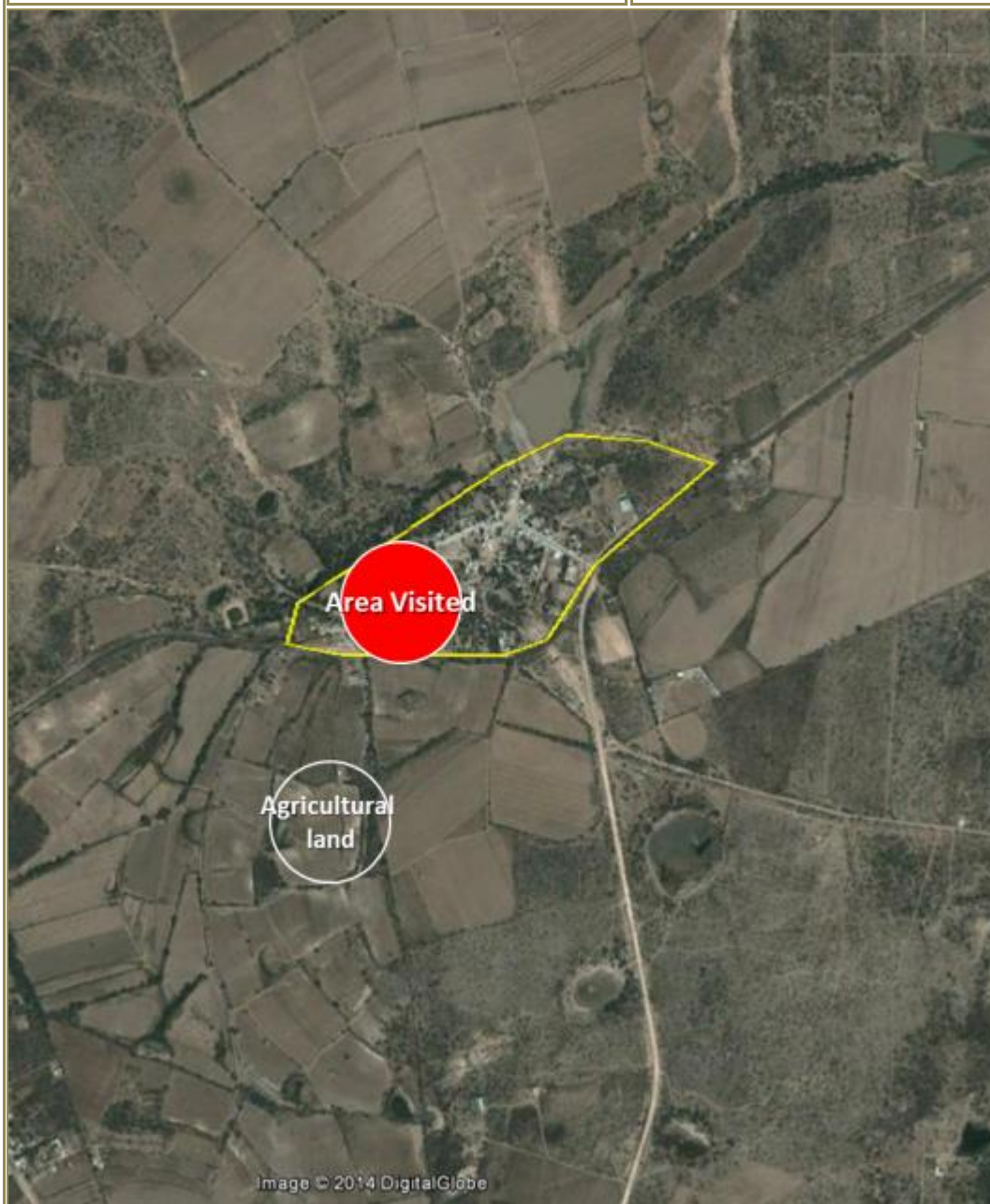
Figure No. 50. Basic information of El Soyatal.

Name of settlement: **El Soyatal**.	Origin: Ejido

2004

2012
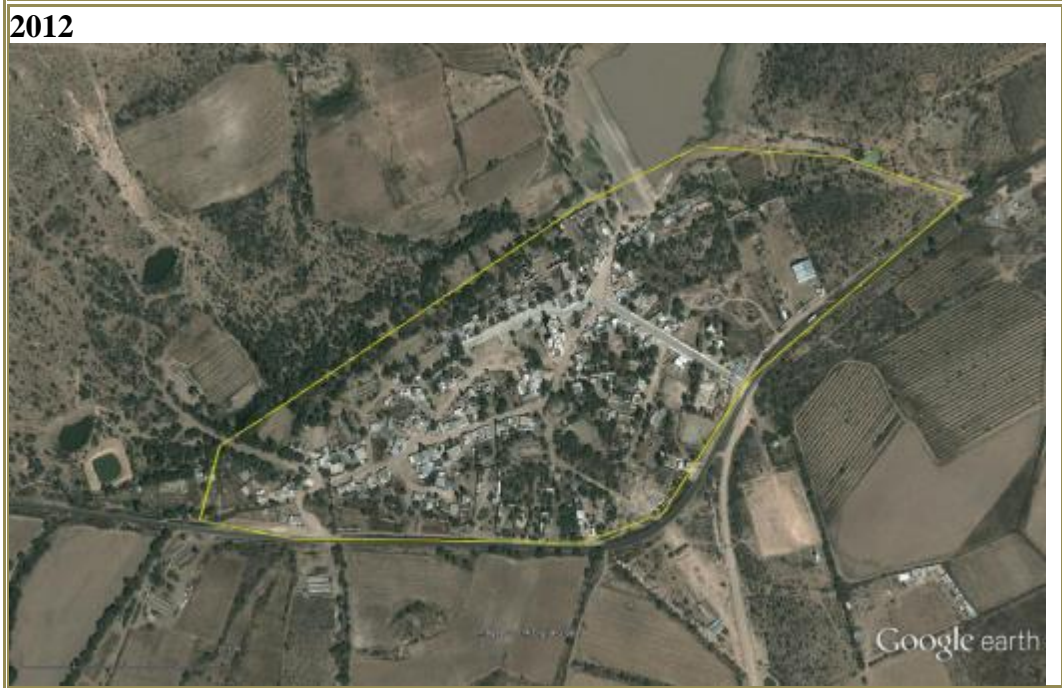
Figure No. 51. El Soyatal in different years (Google Maps: 2013).

Name of settlement: **Guadalupe Peralta.**	Location
Current status: Regular Created: in the 2002 Notes: It is a low–income housing project promoted by the state housing agency.	

Figure No. 52. Basic information of Guadalupe Peralta.

Name of settlement: **Guadalupe Peralta**	Origin: Formal public housing

2005

2013

Figure No. 53. Guadalupe Peralta in different years (Google Maps: 2013).

Name of settlement: **Valle de los Cactus**	Location
Current status: Regular Created: in the 2005 Notes: It is a low–income housing project promoted by the state housing agency. Residents have a condominium type of ownership, i.e., they share common open spaces and have to pay a small fee for maintenance.	
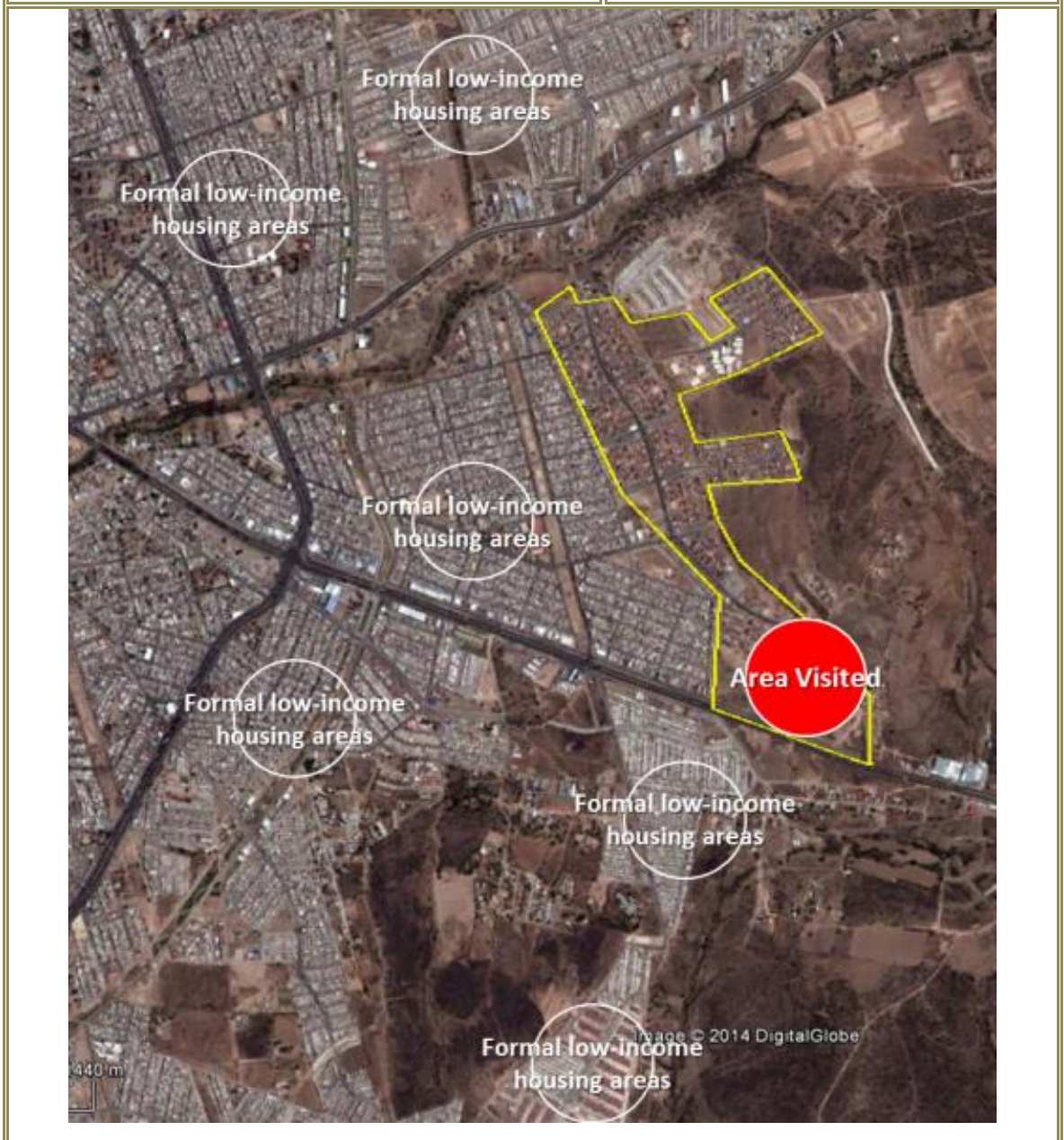
Figure No. 54. Basic information of Valle de los Cactus.

Name of settlement: **Valle de los Cactus**	Origin: Formal public housing

2006
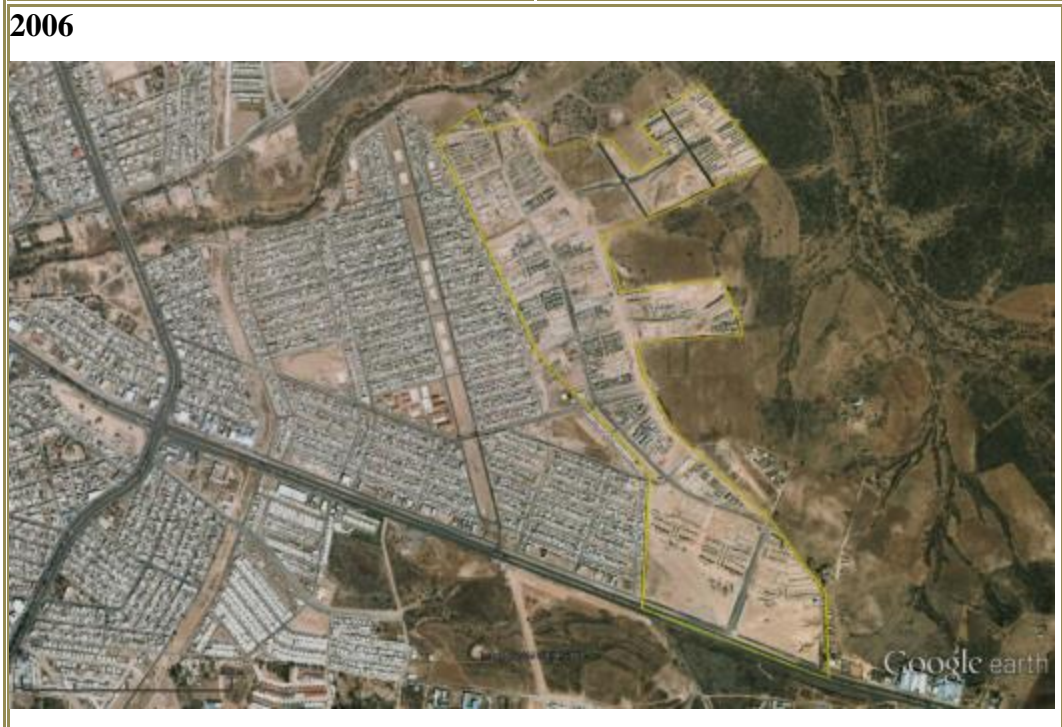
2013

Figure No. 55. Valle de los Cactus in different years (Google Maps: 2013).

Name of settlement: **Palomino Dena**.	Location
Current status: Regular Created: in the 1989 Notes: It is a low–income housing project promoted by a political party throughout an informal plots sale. Eventually, the same party promoted the regularisation.	

 Figure No. 56. Basic information of Palomino Dena.

Name of settlement: **Palomino Dena.**	Origin: Formal public housing

2005

2009

Figure No. 57. Palomino Dena in different years (Google Maps: 2013).

Name of settlement: **Ojocaliente**.	Location
Current status: Regular	

Created: in the 1991

Notes:

It is a low–income housing project promoted by the state housing agency, INFONAVIT, and FOVISSSTE as most of the mortgages were granted to workers coming from Mexico City after an earthquake
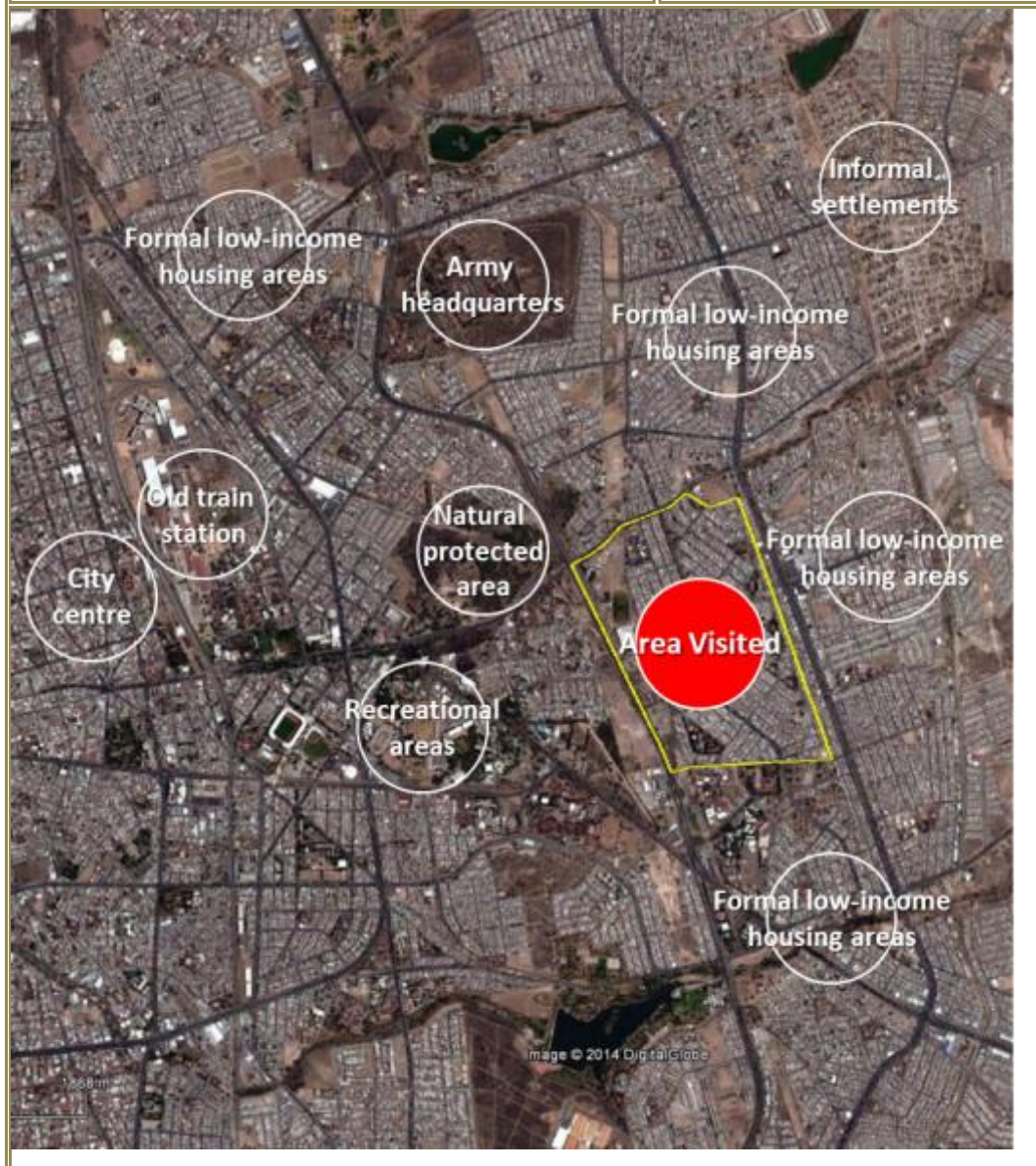
Figure No. 58. Basic information of Ojocaliente.

| Name of settlement: **Ojocaliente**. | Origin: Formal public housing |

2005

2009

Figure No. 59. Ojocaliente in different years (Google Maps: 2013).

Name of settlement: **Morelos**.	Location
Current status: Regular Created: in the 1988 Notes: It is a low–income housing project promoted by the state housing agency, INFONAVIT, and FOVISSSTE.	

Figure No. 60. Basic information of Morelos.

Name of settlement: **Morelos**.	Origin: Formal public housing

2005

2011

Figure No. 61. Morelos in different years (Google Maps: 2013).

In terms of the selection of informants or interviewees, the goal was to access those of the highest rank possible within their organisations. I selected those representatives of organisations implicated in the processes of housing the poor, or in the improvement of their housing conditions, such as those promoting regularisation, city planners, members of public and private housing bodies, of political parties, and a professional association concerned with urban development. They were contacted by telephone and/or electronic

mail to arrange an appointment for an interview. All the interviews took place according to a fixed schedule in their offices. No banker was willing to be interviewed. Only the manager of the most important MFI in the city accepted. Group 1 comprised 40 interviews; Group 2 of 15 interviews; and Group 3 of 10, as follows:

Figure No. 62. Key informants interviewed.

Type of Informant	Name of settlement / organisation (legend)	No. Interviews	Notes
Group 1			
Informal settlers	El Rocío (ER)	10	Resident
	Los Pocitos (LP)	13	Resident
	Paso Hondo (PH)	3	Resident
	Cumbres III (CU)	2	Resident
	Jaltomate (EJ)	3	Resident
	Los Caños (LC)	3	Resident
	Soyatal (SO)	6	Resident
Group 2			
Formal settlers	Guadalupe Peralta (GP)	3	Resident
	Morelos (MO)	3	Resident
	Ojocaliente (OJ)	3	Resident
	Palomino Dena (PD)	3	Resident
	Valle de los Cactus (VC)	3	Resident
Group 3			
Federal officials	CORETT, Regularisation of Land Tenure Commission (COR)	1	State's delegate
	INFONAVIT, Institute of the National Workers' Housing Fund (INF)	1	State's delegate of the national housing body
State officials	IVEA, State Housing Institute (IVE)	1	General director
	SEDESO, State Social Development Secretary (SED)	1	State Secretary
	SEPLADE, State Development Planning Secretary (SEP)	1	General director
Municipal officials	IMUVI, Municipal Housing Institute (IMU)	1	General director
Political party leaders	PAN, National Action Party (RWP)	1	Right–wing party leader at state level
	PRD, Democratic Revolution Party (LWP)	1	Left–wing party leader at state level
Private MFI official	LI, Lomelí Real Estate (LI)	1	MFI General manager
Expert	Urban development expert (UDE).	1	Urban development association
TOTAL: 65			

I had the opportunity to visit a few informal residents two times and hence had the benefit of the comparison of their housing conditions over time. One the other hand, one challenge

found during fieldwork in the housing areas was that a few residents were reluctant to be interviewed. As security problems, often due to drug trafficking, were unfortunately common in the country and in Aguascalientes, people were suspicious about strangers in their areas. As a way to build trust, once the first interview took place in a *colonia,* I commented to the next person that another neighbour had already participated, though securing his/her confidentiality. Some people warned me where not to go in the colonia in order to avoid risk of mugging and where the safer areas were in order to secure more interviews. In the end, this "snowball" strategy was useful to identify people willing to participate in the project and secured me a certain level of protection.

The next chapters include more details of residents' profiles; yet, the following is a brief review of some general features of those interviewed during the fieldwork in Aguascalientes, such as family type, gender aspects, and employment. This helps visualise, first, some basic aspects about the interviewees and positions the reader with respect to them. Besides, it also includes some aspects related to the plot and/or the house. These profiles reveal interesting elements for discussion; in general, although formal and informal households present some important differences, they keep the picture of a traditional Mexican family: that composed by a married couple and headed by a male. This picture varied whether a family occupies a formal area or an informal, For instance, men predominantly headed the households in both types of settlements; yet, 88 per cent of households were headed by male in informal areas, only 80 per cent in their formal counterparts. Women–headed households in formal areas reached 20 per cent whereas only 8 per cent in informal areas.

In formal areas, 6 per cent of head of households were divorced and none was found in informal areas. On the other hand, more nuclear families were found in formal areas, 86 per cent, and only 66 per cent in informal ones. Yet, there were no extended families in formal areas whilst informal households were composed of extended families in 22 per cent of the cases. Another difference was the type of employment found in the two areas. For instance, more than 61 per cent of heads of households in informal areas worked as bricklayers or in a construction related job; this, it is assumed, helped people build their own houses as they have some skills to do it. In contrast, only 26 per cent of formal heads of households worked in a job related to construction. In terms of the years living in the area, informal settlers averaged more than 19 years at the site whilst formal dwellers were there for only 10 years. In terms of the plots, their average size differs significantly; whilst

informal plots measured 179 square meters on average, formal plots stretched only 94 square meters; this often allows informal residents to host extended families and count on larger spaces to build their homes.

As for the Group 3 interviewees, they were predominately males; only one was a female and nine were male. From the ten people interviewed, eight were related to a government agency or a political party; yet, all of them had a political background and experience in working in the government, including the manager of the microfinance agency interviewed who had been a top rank official in the finance office just two years before the interview. The urban development expert interviewed also had experience as a head of the planning office in the city a few years ago. As volatile as employment in public offices is often in the South, none of the officials interviewed, either from a government office or from a political party, are working as heads in their respective offices any longer by the time of the publication of this dissertation. All of them have been removed; a few are working elsewhere; and some are facing judicial procedures for corruption. Additionally, all the state and municipal offices visited have been eliminated or transformed into a different sort of public agency over the last months. As for the political leaders interviewed, they have finished their terms in office and new leaders are now in charge. Finally, the federal delegates have been substituted by new delegates in the last months too. This seems to jeopardise the chances of continuity of policies and programmes as the following chapters will explain.

4.11. The schedules and the analysis of results.

Most of the fieldwork data were obtained through the application of semi–structured–face–to–face schedules, one for each group of informants. These allowed the informants to explain further the topics that they considered as most relevant for them. The semi–structured approach helped encourage interviewees to reflect on topics that could not be captured otherwise, such as those related to behaviour. The interviews design followed two conditions. First, usually the questions were useful to start the conversation on the corresponding topic but this did not mean that the sequence of questions was kept to at all times. This was because I asked people to develop their ideas in order to capture deeper insights. It was necessary to review whether all the topics on the schedule were covered before ending. Second, the initial organisation of the schedule followed the framework proposed in the methodology chapter, i.e., the five stage processes of land and shelter

provision. Most questions for Group 1 and Group 2 were similar but there were additional questions depending on the information that emerged from the schedules (see Appendix No. 3). These two groups were asked for to consent to the voice recording of the interview in order to make it flow more easily than if answers had been written.

I asked residents for consent to take some photographs following the interview once I had gained some confidence of the interviewee. Besides, as I had both offered and guaranteed the informants' confidentiality, their names were not asked nor their exact address requested and they did not appear in the photographs. All the interviewees accepted to be recorded and have their houses photographed. Only a few refused the request to photograph inside the dwelling. Interviews took place at people's dwellings, either on the threshold of the house or even inside the house. All the interviews in these groups took place in the home areas. No resident was asked to go somewhere else for interviewing.

All the interviews in Group 3 took place in the informants' offices according to a meeting arranged by telephone with their assistants. I found it more difficult to access the interviewees in this Group, as an appointment was necessary. The interviews had to be arranged through gatekeepers, their personal assistants. However, once the appointment had been set, this took place as arranged. Specific schedules were designed for each informant as they belonged to different organisations and their roles differed. For instance, a schedule with a political party leader had different concerns in terms of the questions and structure than those to officials of the local government. These schedules were also asked for their consent to be recorded. They all accepted. No photographs were requested. In all the three Groups, the schedules conducted were transcribed into Spanish. Their analysis was also conducted in Spanish. The quotations inserted in the following sections were translated into English.

Once the schedules took place and I transcribed them, I followed Hahn's (2008) guidelines for qualitative analyses. He defines a simplified process, ranging from capturing and organising, to identifying valuable comments and potential quotations from the schedules. The use of Word and Excel programmes made this process easy to follow. Hahn proposes a direct Excel template for coding the schedules that I used. This tool was helpful in providing an insight to the fieldwork data based on the amount of information gathered. I found Han's tool practical and easy to use for the purposes of this research. The tool identifies "levels" of information depending on the relevance judged by the interviewee.

The higher the code level, the higher the importance of the information contained. For instance, Code Level 1 meant that the information was very important, whilst Code Level 2 referred to the information from which the former was derived. This was useful for knowing why something was regarded as important and who said so. On the other hand, the information obtained from schedules in Group 3 was analysed individually due to their specificity. The analysis of the schedules was the main input for the following fieldwork sections.

4.12. The researcher and the case study

Factors driving the selection of the City of Aguascalientes for the case study ranged from practicability, access to information, the potential of the research, and my personal experience. I considered that researching a place where housing the poor had not been studied sufficiently yet, would contribute to a better understanding of this phenomenon to scholars and policymakers dealing with currently rapidly urbanising/industrialising– medium–sized cities in Mexico. I also have work experience in urban development and informal settlements in public bodies in Aguascalientes. That role allowed me to be aware of the relevance of housing to the increasing numbers of the urban poor in the city where I have lived for more than 25 years. In addition, visiting poor areas and interacting with residents was usual for me and resulted in a valuable experience in conducting this research. Part of my professional duties in public bodies included dealing with the branches where data were generated, organised, distributed, and published. This helped me find and access sources of data. All of the above allowed me to count on a small network of officials and policymakers to access information as required. Accessing information from public bodies within a restricted environment otherwise would have been difficult.

Aguascalientes also challenges the common understanding of housing the poor by scholars and policymakers. First, informal housing followed informal sales rather than land invasions[38] as in many parts in Mexico. Second, the effects of "unlocking" the value of informal areas through regularisation has not been tested in the city. Third, housing research was practically non–existent in Aguascalientes. I regarded this research as an opportunity to contribute to the understanding of the process by which people achieve

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[38]In the City of Aguascalientes, there has been only one land invasion registered in the last 50 years –i.e., in ejido Las Huertas in the southern urban area (Gomez et al 1999: 29)

housing from a fresh perspective –i.e., following the approaches defined in the methodology section. It was difficult to find a theoretical basis or a rationale behind the existing housing programmes for the poor, as only officials designed the programmes. Aguascalientes lacked the participation of researchers in the study of housing the poor where the issue was an issue exclusively for state and local governments. Personal reasons were also important drivers in selecting housing the poor as my research topic. For instance, living myself in the sorts of areas like those herein included for many years was a motivation to try to help others through research.

Finally, I have a professional interest in housing the poor and have worked on it for some years. I received the state housing prize in 2003 and the national housing prize in 2006 for a social housing project designed for the urban poor with disabilities built in one of the poorest areas in the city. This keeps me thinking that I can still contribute to some extent to the understanding of such an important aspect in people's lives. Additionally, due to personal reasons, I interrupted my studies in 2004 and re–started in 2009. The design of the fieldwork reflects this by considering the initial interviews conducted in 2004 not only as a pilot study but also as an opportunity to make a comparison between the housing conditions of the dwellings visited at different stages over time. Thus, the fieldwork took place at these two different moments; a set of interviews were conducted in 2003, mostly with residents in Los Pocitos, El Rocío, Paso Hondo, and Cumbres III. The rest of the interviews took place in 2009, including new interviews in these four settlements, those in the rest of the informal and formal areas included, and with the officials and experts.

4.13. Conclusions.

The methodological approach followed by this dissertation allowed me to define a suitable path to pursue its aims and goals. I had to take a number of key decisions; for instance, defining the methodology, taken after the review of different approaches, the consideration of my own background, the availability of data, and time and costs constraints. As a result, I decided to adopt a qualitative stance. Additionally, the selection of the range of informants was made under the consideration of including representative agents involved in the process of housing the urban poor. This resulted in the selection of agents living in diverse settlements under study and agents shaping the structure in which the process of housing takes place. This decision was influenced by the fact that I have some working experience in public planning bodies during which I had visited some of the areas as part

of my duties. I already knew some of the senior officials, which allowed me easier access to some of them and to unpublished materials.

Another decision was about the type of schedules to conduct in the fieldwork. I decided to use semi–structured schedules to help me capture more in–depth opinions of informants and, at the same time, maximise their voice. The schedules followed a set of basic questions but informants were free to expand on the issues they considered as the most important. I decided to allow the interviewees to explain as much as they wanted without imposing time limits. That allowed me to gain time building trust with the interviewees and the possibility to revisit them in the future if needed. In addition, that allowed me to gain their consent to photograph most of the houses.

Another decision dealt with the selection of the tools suitable for analysing the data from the schedules. I selected Hahn's guide as this provided an easy–to use tool for processing the information obtained in the field as is based on common software such as Word Processor and Excel that I have used regularly. Despite their simplicity, they provided me a clear understanding of what was important for the informants. Finally, it was necessary to research about the local and national context of the city selected as a case study. The rules governing the tangible and intangible environment in which the urban poor struggled to attain a place to live were central to the discussion. In summary, all the national and local secondary data, the case study, and the schedules conducted were not separate elements but these were complementary and reinforced each other. The context within which this fieldwork was conducted is scrutinised in the following section.

CHAPTER 5. THE URBAN POOR AND THEIR EFFORTS TO ACQUIRE PERMANENT HOUSING.

5.1. Introduction.

The following three chapters engage with the analysis of the data obtained in the fieldwork in order to address the second and third objectives of this dissertation. In particular, this chapter focuses on the second objective aimed to analyse the circumstances under which the urban poor make choices regarding their efforts to acquire permanent housing. These choices vary according to the conditions of either an individual or a family throughout their life cycles. The data is organised in a five–stage framework along with a cross–section analysis based on both the structure–agency approach and land tenure as drivers for housing choices.

The five–stage framework starts when, first, an individual decided to leave the parental home or the place where he/she previously inhabited. This house could be owned, parental, or rented. The second is when he/she searched for the information needed to select a new place to live, whilst the third stage is when the individual/family actually chose the place. The fourth stage comprises the arrival process at the place selected, and the fifth stage engaged with the process of home improvements. I did not expect to find a linear process in every case among the interviewees, as unanticipated events are always potential threats to the path towards a consolidated home. The five–stage framework is useful in organising the fieldwork data, helping understand how people's agency capacity allowed them to achieve or not their housing goals.

5.2. Leaving the parental/previous home.

The first stage is when an individual decided to leave the parental house, as some circumstances were about to, or had already changed. These are, for instance: the individual is in a relationship and needs a space of his/her own, the individual decides to pursue the aspiration to own a house, the parental home becomes overcrowded, privacy issues raise, and an opportunity to access land or a house arises so the individual seized it. This step is one of the first big decisions that many people take in their lives and means several challenges according to their life cycle and experience. For the majority of the interviewees, one of the most important challenges is the income required to cope with the

expenses that this endeavour represents. As most residents start this journey towards acquiring consolidated housing when they are young, job opportunities are limited, especially because the majority are poorly educated. This limits the access to a competitive labour market with higher salaries.

Generally, they got low–paid, low–skilled, and/or informal jobs with intermittent incomes. These circumstances had hardly changed over the years for many. None of the interviewees was able to buy a house/plot before leaving the parental home and needed to decide the way through which they would achieve consolidated housing. Only a few had a formal job but earned low too and they spent many years before they became eligible for a mortgage in a social housing development or fund. At this initial stage, both land and housing seekers, either in formal or informal areas, were under quite similar circumstances in terms of age, income, background, familiarity to the city, skills, and education.

Moreover, most interviewees were forming a new family at the time of deciding to leave the original home; the need for accommodating the family in formation is a major driver in seeking a new place to live. Others also considered leaving their place of origin in order to seek a better job in the city. LP–08, for instance, was composed of a newly created family at the time of deciding to move to the colonia; their main reason was the idea of obtaining a better job in the city. A plot of 150 square meters found in Los Pocitos, at the city's outskirts at the time, was sufficiently attractive to start their journey into the urban life. This young couple with no children were able to cope with the lack of municipal services and transformed their initial one–room house into a more consolidated dwelling over the years.

The majority of informal residents interviewed were familiar to either the city or the ejido system. Most of them were young and had lived in poverty in settlements similar to those eventually selected to move. This seemed to limit their options about the places where to start searching for a new place. Their poverty's background seemed to have conditioned to design their search for the new place to live. Many had the feeling of a lack of opportunities in many aspects of their urban life, but in particular in terms of employment and housing. Within these circumstances that most interviewed perceived as restrictive, the "opportunity" to access a piece of land needed to be seized. Although at present some informal residents mentioned that they would have preferred to live elsewhere, it was

probable that formal housing would have restricted access to those who regretted choosing informal areas anyway.

For the urban poor, especially if young, deciding to leave the parental home was the beginning of a long journey of struggle. The dichotomy started with choosing either a formal or an informal place to live. Most of them "dreamt" of owning the house to avoid paying for rented housing. Homeownership was, in fact, a major aspiration among the urban poor as it built up on the rationale of securing a patrimony for their children. For that, many people preferred to live in a settlement that partially or totally lacked basic services rather than living in a fully serviced rented house. For instance, VC–01 mentioned that after living in a rented house for 13 years, they left it with their "hands empty". Many considered renting a house as "transitory" while the opportunity to access a house/a piece of land arose. Among the interviewees, the main target was to own a house.

For young couples, coping with the expenses of newly formed families was difficult. Their resources needed to be allocated as much effective as possible. Renting a house was seen as a way to delay their goal to achieve an owned home, as money had to be divided in both, the rented home and the land/house where they aimed to live. Thus, many considered that achieving an owned house was a symbol of success and one of the major goals in life.

> "Look, before living in this neighbourhood I thought that I never ever was going to make it [having a house] and yet there was the opportunity to get hold of this small piece of land and here I am." SO–03ii

In embarking on this initial stage, the "dream" seemed to be more "achievable" among those who had lived already in an ejido and/or they were part of one, or knew some of the ejidatario's family members. Many knew that the ejidos were feasible places to start a house despite legal tenure issues or the lack of municipal services. Their personal/family experiences and networks played a key role in deciding to move further, yet, to afford the costs remained important. Some ejidos were targeted more than others were by land seekers. The farther the ejido, the cheaper the land. In Soyatal, Jaltomate, Los Caños, and Paso Hondo –originally peripheral ejidos– the pressure to sell plots seemed to be less strong than in Pocitos and El Rocío –ejidos closer or next to the city.

Young couples reported that children arrived soon at early stages of marriage. This represented additional expenses besides those related to housing. Some reported staying at

the parental home for some time which served as a temporary "buffer" that allowed young couples to channel their money towards the acquisition of a piece of land. For instance, ER–05, SO–01, SO–02, and PH–02 lived in the parental house when they got married. They gained some time, saved some money, and made the search more easily. The support received from the family was a key as their itinerant jobs and intermittent incomes were insufficient to make a commitment to pay for a piece of land or a house at this stage. Yet, the family supports played a key role in the decision to move and search for a new place, as young couples count on their help and complement their decisions.

If present, it seemed that parents–in–law's involvement provides young couples an additional driver for them to make such a decision to move. In two cases, the decision to move to an informal area was taken at a more advanced life stage. First, LP–03 was unable to keep paying for the rent of the previous house. They had to reduce the cost of housing as much as possible and decided to move to an informal area in an ejido. Second, SO–02 was unable to keep paying for the mortgage of the previous house and had to move to a piece of land that the father –an ejidatario– had given them. In both cases, the ejidos meant affordable areas that helped, often during critical events. It meant re–starting a housing process from an empty plot and the loss of all the previous investments, yet it provides an opportunity to start over again. Either as a couple or individually, young people needed to decide where to make a search for a place to live.

Having some job experience helped some of them in targeting a place where access to a job would be more feasible. The ideal situation was to find a place to live close to job sources to avoid the transportation costs. Many urban poor used a bike as a means of transportation in order to reduce their costs of living. In fact, many years ago, the City of Aguascalientes was "pejoratively" called as *la ciudad bicicletera* or the "biker's city" due to the number of people –mostly poor– using their bikes. Now, the distances and the risks of riding a bike have seen this transformed. Moreover, many policies attempting to promote sustainable development, including some in Aguascalientes, promote the awareness of air pollution, traffic, and mobility and try to incentivise the use of bikes again. Often, it seems to be too late. Mid– and low–income earners have had access

recently to very cheap/old cars –called *carros chocolates* or *carros piratas*–[39] introduced by Mexicans residents in the USA who leave them in the country illegally.

Several pirate or very old cars were parked along the streets during the fieldwork and a few belonged to some of the interviewees. Those working as a gardener or a bricklayer in different locations now have the opportunity to commute more easily, though, at a different cost. However, these cars were old, had no insurance, openly contaminated, and practically had null maintenance. Access to chocolate cars has eased the limitations on selection of a place to move, leaving the distance factor as a less decisive element for assessment. Access to a cheaper car –though of these characteristics– has slightly changed the need for matching locations. Generally, jobs came first and the house, second and, thus, jobs and house locations rarely matched.

Only a few residents in formal settlements reported having formal jobs at the time of deciding to leave the parental home. In fact, this is most evident among formal residents, as working formally for some years to become eligible for credit is a pre –requisite to apply. Thus, deciding to leave the original home was more a matter of aspiring to access the mortgage they were entitled to, making the choice of a specific place less relevant, as this was based on availability and formal housing supply in the city.

Only one interviewee mentioned that the city would provide a job opportunity for the wife in case that the husband was unemployed. Coming from a rural area with the husband commuting to the city to work, LP–08 claimed that they decided to move to the city simply because she would be able to find a job too.

> "In fact, my husband worked outside all the time, so living there (in the rural area) or here was the same. Yet, it would be easier for me to find a job, for instance, if he does not work." SO–02iii

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[39]The introduction of chocolate or pirate cars is common practice in Mexico, as both legal and illegal migrants buy old cars in the USA and eventually brings them on their return. Some keep them for a while and sell them later. This is a way to "invest" some money. The law allows these cars to enter the country for up to six months with minimum requirements. After that, the cars must return to the borders to arrange new permits, which is expensive. Cars remain in Mexico with no permits. The most common origins of pirate cars are California, Florida, Illinois, New Mexico, Oklahoma, and Texas, seemingly the preferred locations for migrants.

In summary, the decision to leave the original home where an individual or a couple lived relates to: a) the formation of a new family and couples deciding to go to a place to live on their own; b) the original home has become unpractical in terms of location, size, privacy, and overcrowding; and c) a chance to seize a piece of land or a house arises making people consider it as an opportunity. Certainly, belonging to an ejidatario's family is an advantage for young couples as, at least, the provision of a piece of land is practically a fact taken for granted. This way, young couples can concentrate resources in building the house from the beginning, in comparison to those without this "benefit". The next step was to the search for the place.. Again, although this is a non–linear path, these steps help understand the complexity in the decision–making process.

5.3. Searching for a new place to live.

In this step, the ability of people to gather and analyse information was key. The most common sources of information ranged from that obtained directly during the visits to the place of interest to live, the relatives and friends, acquaintances, and by experience. Among the most relevant information was –for informal land seekers–the availability of land, locations, flexibility of transactions, deal arrangements, trustworthiness of the landowners, and –for formal ones– the availability of mortgages and their length, amount, and interests. Thus, their possibilities to obtain formal housing were based on their capacity to "document" their reliability. Yet, the information about formal housing programmes was very limited. Even the local housing body, IVEA, mentioned that they did not have any strategy to promote their programmes. They claimed no need for that as housing demand was high anyway. Formal settlers mentioned that they had to seek for the information in person by visiting the housing agencies, which, some mentioned as difficult, expensive, bureaucratic, and lengthy.

Although, little information about formal housing programmes was available on Internet, this played a very limited role. Access to Internet was still low in the city in general and even lower among the urban poor. None of the interviewees reported using the Internet to search for information about the place where they lived at the time of my visits. This restricted housing seekers to search the information in person, increasing the searching costs of commuting to the potential places to live, the developers' offices, housing agencies, or even banks. Even those living in the recent public housing areas did not use the Internet. People were used still to search for the information in person and face–to–

face. Some interviewees who actually obtained some information in the IVEA, found unattractive the new housing policies promoting low–cost gated communities.

These comprised of communities under a condominium system where people shared green areas, parking, and pathways and paid a monthly fee for maintenance. The urban poor were not used to live in gated communities. Their awareness about the new schemes discouraged them from searching further. The condominium scheme and/or a gated community housing area are more associated with mid– and high–income groups in the city; thus sharing common spaces, such as the parking lots, are uncommon among the poor. Some interviewees totally reject these "innovative" schemes, which, as seen further, also limited them to make some income–generating activities in their homes as these are forbidden by the condominium regulations. Hence, searching in low–income gated communities was disregarded by most of the interviewees.

As for informal land seekers, taking an "opportunity" of buying a plot in an ejido widely depended on the trust built between the land seeker and the ejidatario from the search stage when they met or started talking. The agency capacity of land seekers demanded certain ability to negotiate a deal with ejidatarios and convince them to be a reliable client. However, this resulted in a relationship based on mutual perception of trust. The results were an agreement on the land price, availability of plots, and the methods and length of payments. Evidently, when newcomer is an ejidatario's family, the task is eased simply by this fact. LC–02 and EJ–01 live in a plot that their fathers –ejidatarios– gave them precisely for building their home once married.

For instance, SO–03 received 25 hectares of land, including a plot for the house, during a redistribution of land occurred a few years ago among ejidatarios. In cases like this, the resident is not only benefited by the fact of belonging to an ejidatario family but also, he/she has land available to continue informal sales. Figure No. 63 shows a view of what a person in search of a plot can find in the nearby ejidos where land is sold on an everyday basis, e.g., unpaved streets and lack of municipal services.

Figure No. 63. A general view of Cumbres III .
Source: Carlos Hernandez–Velasco (2003).

The search relates also to gender aspects. It was found that men were in charge of the search and of the selection of the place. It was common to hear women saying, "They were *brought* by the husband" to the place. It seemed that women played a minor role in selecting the place because they were *brought*.

> "Because I got married and they brought me here." SO–03 iv

Women seemed to play a supplementary role probably because the households were headed by men, at least, during the initial family formation. In addition, there was a sense of "following" the husband apparently to wherever he wanted to go. SO–02 illustrates this research's perception of the reason why the wife accepted to live in the place selected as follows:

> "Because I followed him, my husband." SO–02 v

Although, this would be interpreted as a men–only decision, the wives interviewed seemed not to be against such decisions. Their answers seemed to include a sense of approval of their husbands' choices. Nevertheless, there were found some female–headed households

in the fieldwork but these were formed initially in the traditional way with the men as a head of household. Hence, as the search for information depended mainly on men, this was contingent upon their time availability and abilities. Thus, the search prioritised some places limited to reduced geographical areas to reduce additional costs and commuting time. In addition, some limited their search to the weekends, as most of them worked during the rest of the week.

For many, the ejido practically represents an option for land. Most residents considered informal land as almost available permanently and flexible to purchase. Available because of the existing number of ejidos around the city and flexible because they knew that some payment arrangements could be reached with ejidatarios according to people's needs and financial capacity. With these two aspects in mind, seller and buyer negotiated and made the transactions engagements. This "customised" transaction has recently evolved based on land demand. This drives people to decide where to search and, eventually, to make their decisions. ER–02 claims that:

> "If this (the plot) were not irregular, they would ask you for more money. This way, you pay as you can". ER–02vi

For instance, in Los Pocitos, the plots were smaller as land was subdivided in a more traditional urban pattern –though informal. Plots, although still customisable, were smaller and the chances to select the specific location more limited. In addition, due to its proximity to expensive residential neighbourhoods and the *Tecnológico de Monterrey* –the most expensive higher education institution in Aguascalientes and the country– the plots have increased in price recently but decreased in size. In fact, it is more difficult to find a plot in Los Pocitos informal area nowadays. Today, Los Pocitos remain as an attractive area for developers despite the fact of having the informal settlement inserted in the middle of the zone, e.g., next to the most expensive golf course, a high–income residential tower, and some of the most expensive gated communities in town.

However, ejidos remained flexible. Two families that were not related to ejidatarios obtained their plots free of charge through donations, provided because they were extremely poor. Donations were rare cases though. LP–10 mentioned that his donated plot was more a matter of charity for the family, showing that searching for a window of opportunity for an extremely poor family to buy land was indeed possible. Yet, in such cases, the families obtained "land that nobody wanted" in the first place but this caused

some problems later among settled residents. The family reported that some neighbours disagreed with the donation to the point that the ejidatarios asked for the plot back when the water company requested a piece of land on which to build a well for the community. The pressure escalated but they did not leave the plot. Thus, land donations were not as safe as expected. This family faced potential eviction from the people who donated them the plot. The eviction threat came from "insiders". Presumably, this usually would come from outsiders.

In summary, some factors were found as relevant at the time of searching for a place to move. First, certainly access to information of value is highly relevant in order to guide the search. The preferred means of search was an in–person face–to–face search in both formal and informal settlements. The Internet did not play any role in such a process. Second, the search stage lasts differently for everyone. On one hand, ejidatarios' relatives find the search eased simply for being part of the family, whilst, on the other, the rest of potential residents face different conditions simply in gathering the information. The decision–making process seemed to result easier for ejidatarios' offspring than to the rest. Third, the poor found formal housing agencies, particularly the public ones, difficult to access for requesting valuable information. These agencies do not promote their housing programmes simply because they know these are insufficient to cope with demand, making this process subjected to the decisions made by public workers in selecting the beneficiaries. Some of them, as seen further in Palomino Dena, are connected to certain political parties, which make them eligible to the programmes.

> "(I knew about the place) after having some meetings with a person who was closely–tied to the party (in power at the time)." PD–02.vii

Finally, trust is a value of main concern among those searching for a place to live. This obviously is more relevant among ejidatarios' circles but becomes relevant after gathering some information from public bodies, private developers, and banks. The fact that some people partially paid for their plots by other means but money, illustrates a scenario where both the ejidatario and the buyer often go through difficult economic conditions, on one hand, or as ER–02 claimed, the ejidatario was "such a good person" and allowed him to pay as he could. In some cases, although these are not the original deals, it seemed that a relationship between the buyer and the seller is built and payments flow based on the needs of the both parties involved. Certainly, this is not the case in a formal transaction where

payments are fixed in terms of periodicity and amounts and there is no possible negation to accommodate dwellers' unanticipated events.

Many people must have withdrawn from the process towards finding a place to live during this stage of searching for information due to the same reasons this was favourable to others, e.g., location, price, access to information, trust, and arrangements. Yet, the value of information gathered and the capacity to access to it are remarkably important in making the next step, choosing the place to live. Agency capacity has been tested throughout the whole process and most people have to make their decisions with the information available.

5.4. Choosing the place to live.

After the individual decided to leave the parental/original home and sought a new place, the next stage focuses on its selection. At this point, housing seekers have assessed their needs, wants, and aspirations, and at the same time, their present and future possibilities. Such a decision seemed to be motivated by two main drivers. First, the internal ones, which referred to those related to the individual or families who made the decisions. Second, the external drivers that referred to the perception / interpretation of the context in which decisions were made.

The income available, for instance, is a key internal driver. This is low, intermittent, or the job is unstable, informal, or temporary in all the cases. Many of the interviewees mentioned that labour market has been often tough for them. Many acknowledged the barriers they faced to obtain a job or even to keep their current employment. For others, their circumstances changed over time. For instance, VC–02 is now headed by the female. The husband lost his sight and the wife cleans houses to support the family. They do not receive any help from relatives and they are both in their 50s. At time of the interview, they had paid one year only of their mortgage and needed nine more to finish it. This illustrates how difficult making the decision to select a formal place to live must be. Despite the fact that informal areas must offer flexible arrangements, the couple decided to go for a formal one. It would be worth to revisit this family in the future to know how they managed such difficult circumstances.

In addition, education levels among poor's residents were low and searching for better jobs, thus, limited –i.e., the majority only attended some years of the primary school, only a few secondary school, and none attended a high school or a University. Most informal residents worked as bricklayers, street sellers, gardeners, house cleaners, and peasants, whilst formal residents were employees of or retirees from public bodies in the city. In both cases, income was low. Most households counted only on one single income earned by the head of household. However, intermittent incomes from young children or the spouse sometimes complemented the family expenses. When the household was comprised of extended family members, more help was available to cope with the expenditures or the costs of home improvements.

Another aspect was the assessment regarding the potential help from friends or relatives. Only a few informal residents mentioned receiving help for coping with the cost of the new place selected. For instance, LP–08 received help from a brother–in–law to pay for the plot. The rest neither expected nor received any help. Some factors influenced the possibilities of receiving this help, such as the distance from potential helpers, the availability of resources, and of the time to help. The help from friends and relatives was practically inexistent, which contrasted to the initial assumption of this happening among the urban poor. Most people relied on their own resources and capacities. Thus, the help from friends/relatives was not a main driver in selecting the place to live.

In selecting the place, the value of peoples' word when making deals was something that seemed to be much appreciated among informal settlers. Trust is a central element in this stage, particularly among informal deals. ER–06 said that one's word was sufficient before at the time of making a deal. Now, ER–06 continues, *"papelito habla"* –or a signed paper is much better. A simple piece of paper as a proof of the transaction among previous settlers gave new comers also the confidence about doing it the same way. Informal residents regarded this "contract" neither informal nor illegal. Some showed me this paper as a proof of the transaction. During the regularisation processes, these were valid before the authorities. When asking the interviewees about the way they could demonstrate land ownership, most mentioned that transactions were often verbal, or relied on a signed piece of paper between them and the ejidatario. This "paper", referred to as the "contract", came from a notebook. Each payment was registered with the dates and the landowner's signature in each piece of paper.

> "Yes, we paid for it [for the plot]. It was only by word. They [the ejidatarios] used to write it down how much I owed them". EJ–01viii

LP–10, for instance, although received his plot by donation, asked the ejidatario a piece of paper as a proof of such donation.

> "With that paper I could move over here. It would be more difficult to get expelled once I had the paper because they [ejidatarios] authorised me to enter the plot". LP–10.ix

Although many informal residents mentioned that trust was a key, a signed paper reinforced the idea of making a "formal" transaction with ejidatarios. Yet, this deal was not safe from potential problems with local authorities. When these happened, the ejidatarios needed to react in order to guarantee the transactions. In El Rocío, some interviewees were pushed by the ejidatarios to sign some documents through which they "accepted" that their plots were donated rather than sold, presumably to avoid potential sales taxes. This happened many years after the transactions took place. Most residents refused to sign this to prevent frauds or the re–sale of their plots.

The arrangements with informal landowners were also flexible and convenient, especially during difficult times for residents. ER–02 and ER–07 partly paid for the plot with poultry and labour, ER–06 used an old TV and a pig, and LP–07 sold a few cows to complete the initial fee. Although, sometimes a fixed monthly payments and a deadline were fixed, only a few buyers stuck to the original deal. Some claimed that ejidatarios were "such a good people" for selling them the land under those conditions. These arrangements also illustrate people's agency capacity to negotiate payments with landowners despite of having a previous deal they could not cope with. As seen, this relationship was more convenient when the buyer was part of an ejidatario family. SO1–01 and SO2–02 received their plots from their respective fathers–in–law who were ejidatarios.

For families like these, the search for information became necessary only if they decided to look elsewhere. In Jaltomate and Los Caños, some informed that they originated from there and that having a piece of land was something that was "taken for granted" among ejidatarios' children. They have learnt a lifestyle that became their first choice in selecting a place to live. Some respondents were married with others living in the same ejido, keeping the traditions and inheriting land. Easing access to land to ejidatarios' children has become a survival and institutionalised housing practice for many. Thus, ejidos have been

able to absorb their own population growth and much of the needs of many urban poor in the city. In fact, Los Caños, Jaltomate, Paso Hondo, and Cumbres III still have large portions of land that will eventually be distributed to the next generations or, as it is now happening in particular in the last two, these will be sold to external buyers in search for land for housing, either individuals or developers.

In contrast, some formal settlers considered the local housing agency programmes as an option. Some found attractive the "draw system" offered in which people were eligible for winning free monthly payments or the full balance of their mortgage. The distribution of housing modules to applicants was through the draw also as so people could access them from the very first month of application if they were lucky. The process of accessing a unit often took around one year, but the draw was the opportunity to reduce the waiting period. Residents in Valle de los Cactus and Guadalupe Peralta obtained their units through the draw. The agency claimed that this incentive kept people paying on time, which was the requirement to participate in the draw. Nevertheless, none of the interviewees had won free instalments or the full balance of the mortgage so far. However, this keeps them thinking that someday they will eventually win the draw and will have their mortgages paid in full.

The physical characteristics of the land/house were important drivers in selecting the place. For instance, many informal settlers regarded the size of their plots as attractive. ER–02 said that they selected the place because it reminded them of the countryside settings where they lived before. ER–02 claimed that "...my mom always love the outskirts…"[x] They planted trees and flowers in pots to keep that image. Surprisingly, most plants were ornamental; only a few produced something for the family. When present, people sow *chile*, lemons, or oranges, as these are easier to maintain.

Figure No. 64. The façade of ER–02 full shows plenty of plants and trees as in their original home at the countryside.
Source: Carlos Hernandez–Velasco (2010).

The possibilities of "customising" the plot were higher in a bigger plot. In contrast, formal housing projects were less flexible in terms of size and location. Generally, formal plots were smaller than those located in informal areas. Indeed, all the formal plots visited were smaller than even the smallest informal plot visited. The newer the housing project, the smaller the plot. Ojocaliente and Morelos –the oldest formal housing areas visited– offered plots larger than 90 square meters, whilst Guadalupe Peralta and Valle de los Cactus –the newest– the plots were less than 72 square meters. Indeed, the IVEA planned to reduce the plot size even more in the future. These plots and the housing module limited the accommodation of their family members or extended members. Many lived overcrowded and privacy issues became important due to the size of the dwellings. For instance, the Guadalupe Peralta housing development offered a 21–square metres unit –called a *módulo* or a housing module– in a 90–square meters plot (see Figure No. 65).
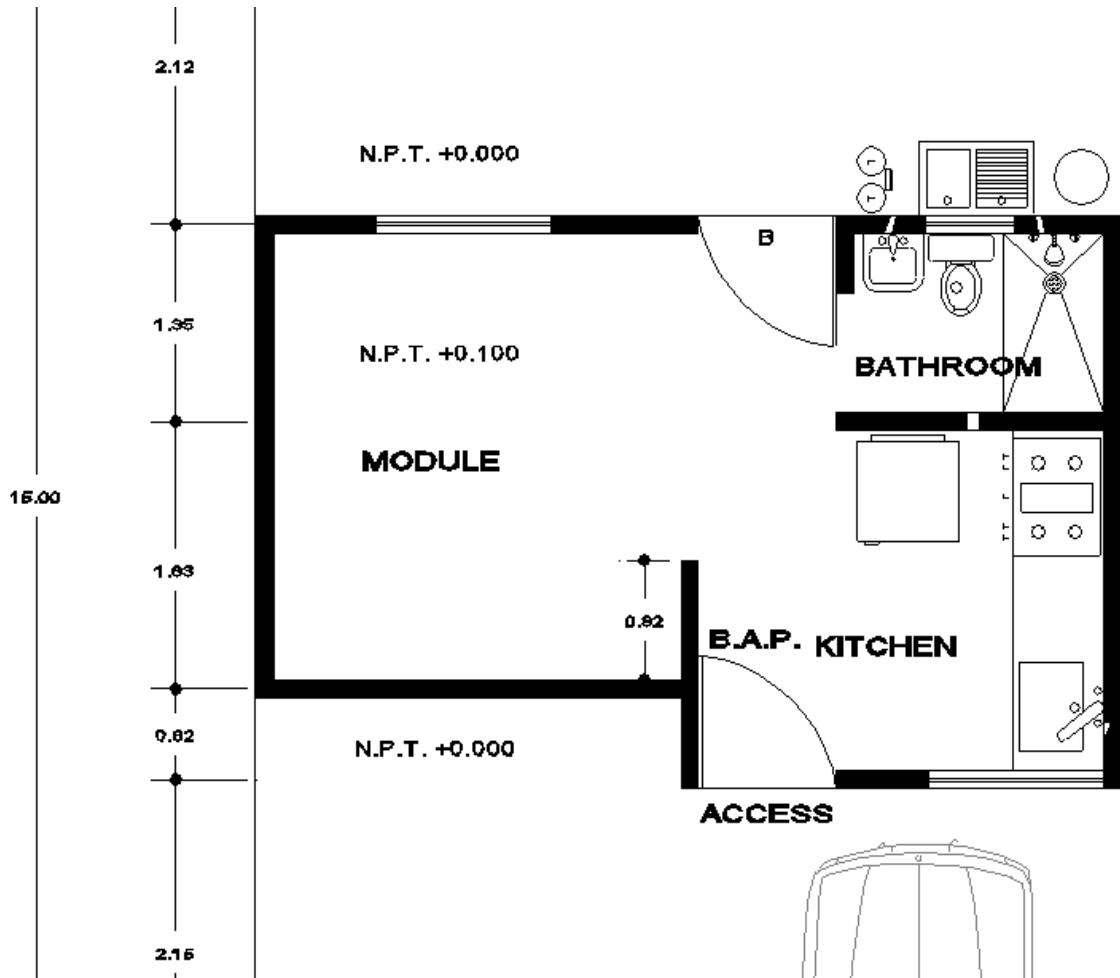
Figure No. 65. A housing module floor plan in Guadalupe Peralta.
Source: Instituto de Vivienda del Estado de Aguascalientes (2010).

The module floor plan comprised of a small bathroom, a cooking area, a multifunctional space used as a living room during the days, and, as a bedroom, at nights. Both the front and the small yard on the back were unpaved. The size of these modules has been widely criticised for many who claimed that this was too small even for the urban poor. Figure No. 66 shows the façade of a housing module in Guadalupe Peralta. This was a one–storey attached unit with walls built of painted concrete blocks. These walls were non–plastered and were exposed to climate conditions. The interior height was 2.30 meters, which was the minimum height allowed in the building code. In the outside, there was a parking space for one small car or a small yard. The authority stated that this should be considered as an initial space where people can progressively build more rooms. These modules were called *pies de casa* or *house foot holds*.

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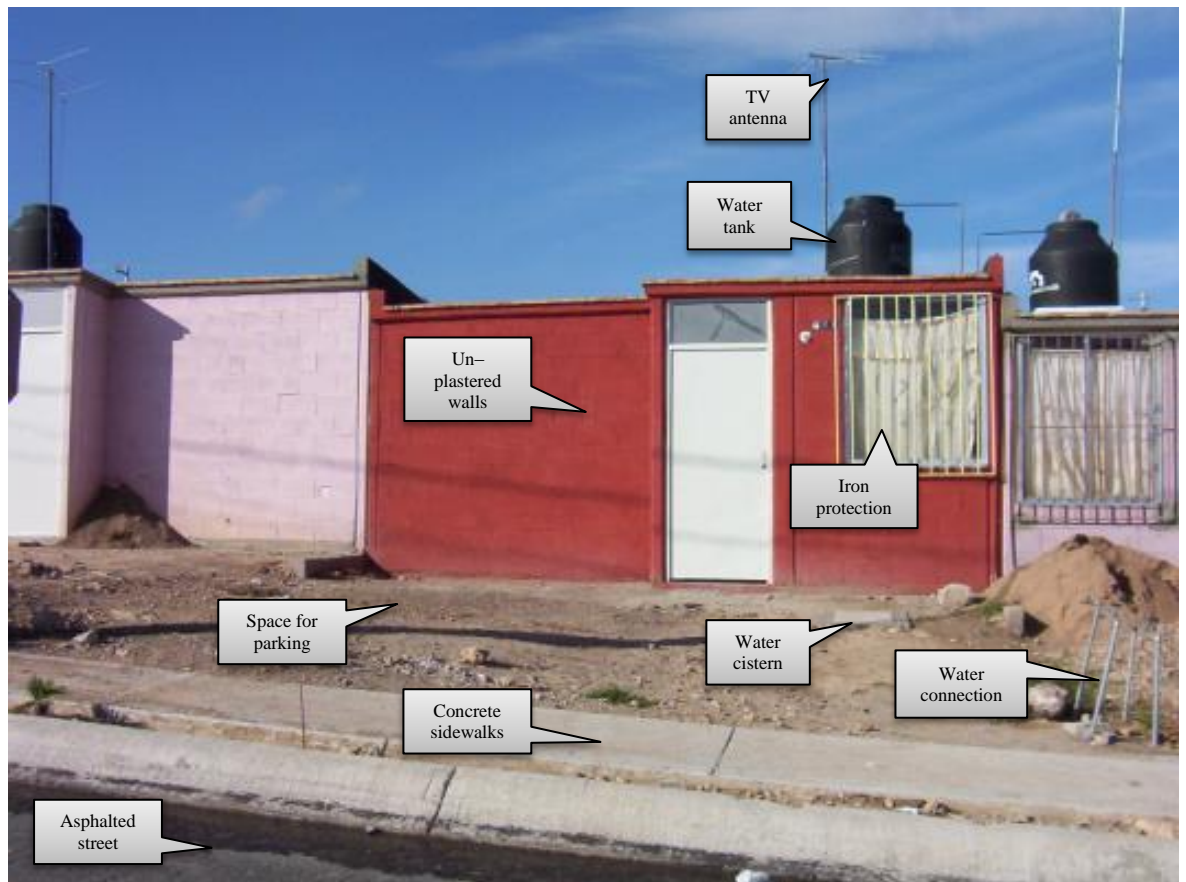
Figure No. 66. A low–cost housing module in Guadalupe Peralta.
Source: Carlos Hernandez–Velasco (2010).

The IVEA offered technical support to its clients for further room extensions. This consisted of a set of drawings with layouts and construction specifications. Officials reported few residents take up this support, as they seemed to prefer following their own ways. As local regulations did not make a building permit mandatory if extensions were less than 50 square meters, adding small rooms remained unregulated and unsupervised. In this process, the formal and informal mechanisms mixed. Although the initial module was obtained through a formal body, the extensions were built by a self–help process in the same way as in informal settlements. Hence, formal and informal coexisted in the same arena, at the same time.

Figure No. 67. Guadalupe Peralta development under construction –note the size of the units and the limited area for expansion.
Source: Carlos Hernandez–Velasco (2010).

Recently, the IVEA modified the housing approach in Valle de los Cactus housing development. From the previous housing model of building one–storey houses in an open development, now they changed into a two–storey home in a condominium administrative model. Now, the module comprised of two floors (see Figure No. 68) with a bedroom on the first floor and a bathroom, a cooking area, and a living room on the ground floor. The plot was 75 square meters and the housing module was 42 square meters. In comparison to previous public housing projects, this did not offer a parking space within the plot. Parking were located in communal areas within the settlement but residents complaint that cars have been stolen or vandalised, as they cannot keep an eye on them.

Figure No. 68. Housing module in Valle de los Cactus
Source: Instituto de Vivienda del Estado de Aguascalientes (2010).

The location of the house on the front boundary prevents dwellers parking a vehicle. Besides, to enter the house, one must walk through what is called *precintos* –or precincts– with a landscape design that prevents people from driving an automobile between homes. Although the argument of local authorities is that these projects must be considered as start–ups homes that residents will eventually modify according to their own needs, interviewees did not consider extensions in the near future simply because they could afford them. This contrasts to older formal settlements, such as Ojocaliente and Morelos, where the majority of people have modified and/or extended their houses. In Valle de los Cactus in particular, extensions are highly regulated in terms of its location, material to use, and size that limit people to follow traditional paths towards home modifications, including self–help.

> "Well, if he builds something, we need to save the pennies to buy materials little by little basis." VC–01xi

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Any resident in Valle de los Cactus or Guadalupe Peralta, the most recent public housing projects promoted by the state government, mentioned the existence of an additional programme intended to help them improve their houses. This left the residents alone with the task of improving their housing conditions and this feeling could be perceived during the schedules.

Figure No. 69. Valle de los Cactus, a low–cost public housing condominium.
Source: Google Earth (2014).

Another external driver analysed was the assumed advantages that knowing someone previously living in the area selected would represent for newcomers. With the exemption of those already belonging or having connections to ejidatarios' families, e.g., in Los Caños, Jaltomate, and Soyatal, only a few informal residents knew someone living in the ejidos before moving. For instance, residents in Pocitos and El Rocío did not know anybody before arrival. It seemed that ejidos already absorbed by the urban fabric resulted more attractive for newcomers than those far from the city, as in the case of Pocitos and El Rocío.

The assumed social networking that helps people make their decisions was limited to ejidatarios–related residents. The rest, needed to build their connections and networks in order to attain their goal of gaining access to a piece of land. Agency, again, played a major role in this task. To know someone before arrival was less probable among formal dwellers. The designation of housing units depended on availability and, at local level, on the draw implemented by the state housing agency to assign the dwellings to applicants.

When people selected and moved to the place, safety issues were less important. At present, residents of both formal and informal areas reported vandalism, violence, and other related problems. Some informal settlers said that in the beginning, they knew each other and the early friendlier ambience deteriorated as children grew up and more settlers arrived. Many complaints about young children neither going to the school nor having a job were common: youngsters remained in the colonias vandalising and causing trouble.

> "They [the youngsters causing problems] must be sleeping now. You should see this on Saturdays and Sundays. Everybody is shouting here. No, no, no. They hit my walls a lot before. There were many problems and I put some branches on the walls. I went out to tell them if they did not want to be bothered they should go to the river, it is wider there, go to the river. "Don't take the risk" [they replied]. I told them you are making too much noise, my children are sleeping. Do not scare them. Later, they ran and [threw] a stone up there. The police came and they [the mothers] said "Oh no, they were not my children as I called them in very early". At one in the morning, you can hear the row. God knows what they are doing." LP–10[xii]

Some dwellings reflected the current insecurity levels, as some dwellers have implemented measures to protect their homes from thieves, i.e., steel bars fixed to windows and doors, the front of the houses completely enclosed with metal doors. LP–06 put a wire netting in the front to safeguard some building materials piles –some bricks and stone blocks collected that were going to be used for foundations in the future. It becomes necessary to safeguard the materials that have been acquired through much family effort (see Figure No. 70). The same occurred in formal settlements where insecurity is also a major issue now. The same level of protection can be seen, especially in the façade of many dwellings throughout the city.

Figure No. 70. LP–06 protected as much as possible from intruders.
Source: Carlos Hernandez–Velasco (2010).

Figure No. 71 shows the way MO–01's residents (formal) protect their home. These bars are very common in the whole city.

Figure No. 71. The MO–01 façade protected by steel bars/spikes on top.

Source: Carlos Hernandez–Velasco (2010).

5.5. The arrival at the new place.

On arrival, interviewees showed a positive attitude towards the selected place but recognised how challenging this step was, especially in informal settlements. Moving represented a major step that materialised the initial decisions to leave the parental/original home. An owned house is a dream came true for millions of Mexicans.

> "To me, this is my house, my children's, my family's… they will have a place to live when I am gone. They will make their own house to be independent". ER–06.xiii

Yet, young couples faced their reality and conditions. Some spent the first nights in an improvised shack made of metal sheets or cardboard. For some, this has remained as their shelter up to today. Moving did not mean an immediate solution. LP–01 reported that the initial shelter was not weather proof and the roof leaked water as this was made of cardboard sheets. Some referred to the "suffering" that moving represented for being exposed to weather conditions, poor hygiene, and mugging.

> "That room is made of adobe brick… with the puddles he [the father] said, let's make some *adobitos* …". LP–01.xiv

Remember such an anecdote was not always easy for the interviewees. When people referred to the effort of having their dwellings either paid or built, some showed some sense of nostalgia and, at the same time, proud for being able to accomplish partly or the whole task. The arrival was especially difficult for families with young children as no toilet facilities, drainage, or running water were available. The struggle for these services started from the arrival. Thus, moving to a formal settlement seems to be less difficult, as the house includes at least one fully serviced room from the very first night. It is very different the way a formal dweller faces the inclusion of a toilet, a shower, and a kitchen in their house to the conditions that their informal counterpart does on arrival. Many people have to face this reality from the very first day.

Figure No. 72. The toilet in the Cumbres III dwelling visited.
Source: Carlos Hernandez–Velasco (2010)

Both formal and informal settlers faced contrasting commuting difficulties. For instance, when plots were sold in Palomino Dena, there was no public transport to connect people to the city. In Morelos and Ojocaliente, the service was available from the beginning. Newer areas like Guadalupe Peralta and Valle de los Cactus lacked bus routes until recently. Some informal areas still lacked public transport. Many people complained of the constant escalating cost of bus tickets. Currently, it cost 6 pesos –or 30 pence– per trip. One trip in the morning and one in the afternoon represents 24 per cent of one minimum wage per day. People preferred to use bicycles and, whenever possible, to get a *chocolate car* as explained before.

In Soyatal and Jaltomate, for instance, there are *combis* –or small vans for up to 10 passengers– providing transportation for residents. This service is relatively recent and its frequency is a common complaint among residents. Another challenge was the lack of water. Residents in Los Pocitos reported that the army and local water provider brought them water on request for many years but this cost more than the service paid by formal residents to the local water company. However, some people did not have the money to buy it regularly, only a few had a telephone line to call for the service, and often were

absent of home due to their activities. When the army or the provider arrived, people stood outside their houses, put buckets, and plastic recipients to store as much water as they could at home. This water was not recommended for drinking. Sometimes people boiled the water to attempt to make it drinkable but this represented additional fuel costs, compromising the health of residents. Besides, water was used for other purposes, such as preparing the mortar and concrete used for home improvements, and for feeding the hens, some people had at home for their consumption. The investment in water was important and had to be managed carefully by the poor.

Figure No. 73. Buckets of water in front of a house in Cumbres III.
Source: Carlos Hernandez–Velasco (2003).

In Cumbres III, for instance, the informal settlement was created besides the pond where brick is still produced. There, health issues are of major concern, as the water seemed to be polluted. People need to collect water from elsewhere and pay a water truck to come to fill their buckets and tanks (see Figure No. 73). The brick continues to be produced in the area and pollution will continue to be a problem for residents. The brick is heated by using disposable materials, garbage, and any inflammable material available. This place requires a major intervention by local authorities to regulate such an activity. The same happens in

other areas of the city where brick is produced in the *ladrilleras* –or rudimentary brick works.

Figure No. 74. Brick production in Cumbres III.
Source: Carlos Hernandez–Velasco (2003).

Another factor was the number of people arriving at the plot/house. Often, informal settlers arrived as a couple with no children. However, most of the time, children arrived soon after and couples had to adapt the shelter as quickly as possible. Many acknowledged the role of the spouse, generally young women, in the construction process. She represents some savings in labour costs. The wife in ER–05 claimed during the interview that she prepared the mortar and carried the bricks closer to the bricklayer for him to build the walls. As soon as children grow, they also help in the construction process or, as in some cases, with money to pay for materials. ER–06 and LP–11 reported that children helped during the construction process in the same way. Surprisingly, none of the interviewees moved with extended family members from the very beginning, so help was not immediately available on arrival.

Another key driver for moving to informal settlements is the flexibility of arrangements between the landowner and the land seekers. Ejidatarios were not wealthy people in the

real estate business. They were people who have inherited land and used it to raise some money in exchange. They tried to capitalise the land in periods of financial difficulties and sold plots according to their own financial needs and the buyer's capacity. None of the residents were threatened with or evicted due to payment delays. In difficult times, a deal was reached. ER–02, ER–06, and ER–07 provided poultry and labour in exchange for a few instalments. This flexibility did not exist in formal settlements where arrangements were fixed and there were no options to modify them. Although interviewing an ejidatario would have been a major benefit to understand their reasons to sell, those who were approached for an interview refused, e.g., in Los Pocitos, Jaltomate, and Soyatal.

Informal settlers needed to build "something" either before or immediately in the arrival. LP–04 illustrated informal settlers' beliefs about that building "something" in the plot would make it difficult for the authorities to evict them. Thus, informal residents proceeded to do what they had learnt in their search period:

> "I followed what people told me you: "the people already living or with a small room in the plot are hardly evicted". I believed that. I said: I am going to do it and I started doing it". LP–04xv

As local authorities had not evicted anyone from an informal settlement, residents felt confident about their permanency in the plot. LP–05 relied on the fact that "nobody has been evicted in this area ever" and "God has helped us and takes care of us". Others relied on the time of permanency in the plot as a reason enough as for not being evicted. As ER–03 mentioned, "one has lived here for a long time and many people grew up here". They remained in the plot and were neither evicted nor expected to be in the future. Yet, it seemed that the final resource for feeling safe in the place was the paper signed with the ejidatario. It takes such a relevant role that it was very interesting to perceive a high sense of confidence in such a transaction.

5.6. Drivers for home improvements.

This key stage refers to the efforts made by people to consolidate their dwellings physically. As residents' conditions evolved, home improvements depended on family cycles, their economic capacity, the gain/access to public programmes, and the sense of and the aspirations for home ownership. As for family changes, these related to both the increase in the number of children or the inclusion of extended members. These changes put pressure on the need for more space as to address privacy issues. Yet, during this

process, the increase in the number of members may represent also additional support to try improving the dwelling' conditions. For instance, as children grew, their chances to help the parent with labour or money increased, as LC–03 explained as follows:

> "[Some home extensions were built] because the family grew. I have two sons who do not stop making bricks. Their father told them: "I leave you nothing". However, he thought them how to work. Wherever they work, they know how to do everything… not at a very good standard, but they do it." LC–03xvi

Many informal dwellings accommodated one or several additional members as older children got married. Depending on the availability of money, time, and skills, home extensions varied on the quality of building materials. Some new rooms were built with disposable materials, whilst others, used bricks and concrete. In El Rocío, for instance, almost half the dwellings visited were occupied by more than one family. This puts additional pressure on privacy issues. Some dwellers commented that the increase in the number of family members pushed some of the older children to migrate to the US in search for jobs. The money sent was directed mostly towards home improvements.

At least in one case, migrating to the US had effective results in consolidating the house. ER–03 is a well–consolidated, two–storey house made of brick and concrete with metal windows (Figure No. 75). In this case, the older two siblings spent at least six years working –though, illegally according to the interviewee– in the US, sent the money for the house, and the brother plans to return to save enough to continue the home improvements in the near future. This young man showed me a tattoo in his arm with the coat of arms of Aguascalientes, proudly claiming that it reminded him of the city. The sense of belonging to his place of origin made this young man keep focused on his goal of helping his parents finish the house.

Figure No. 75. A house built with siblings' help in El Rocío.
Source: Carlos Hernandez–Velasco (2010).

A consolidated dwelling often is the result of many family members' efforts for many years. Yet, this process was perceived differently by some officials interviewed. Some of them commented on the "way" people used to live. They referred to a sort of "culture" by which people expressed their way of living, including their decisions and preferences regarding informal land and housing. They constantly repeated the word "culture" to refer to the way residents lived and behaved. An expert interviewed mentioned that part of this "culture" was that people were used to buying *pirate* products, such as the *chocolate* cars. This, he said, has become a sort of culture among the urban poor, and that this culture includes buying informal land.

One official mentioned that living in "that way" had to change. He argued that the design of new housing projects attempted to "reshape" this culture by "teaching" them how they were supposed to live. This "change" referred to the implementation of a condominium system with communal areas and shared responsibilities. They called for a change in this "culture" as a path to have a real change in the conditions of urban poor. This sort of approach is discussed in the following sections as this represents part of structure to which the housing and land acquisition and, further, consolidation.

Another important aspect to consider is the period people intend to stay in the house, which entails the effort to improve its conditions. Most people considered the place they lived in as definitive and planned to stay there for many years. Hence, the consolidation process would last for decades in many cases. In the informal areas visited, for instance, it seemed to be an endless process as many houses have been "under constructions" for years. Figure No. 76 shows how rooms are built one by one within the plot to accommodate adult children who started their own families. One room made of brick was added next to the original shack built with cardboard that needed to wait for its replacement some more time. From such a process, it is evident that the original conditions under arrival change over time and children experience better conditions than their parents did in the first years. Although the original room is still in use, the better–built room often accommodated younger members.

Figure No. 76. A permanent room next to the original informal shack.
Source: Carlos Hernandez–Velasco (2003).

To illustrate a typical arrival stage at an informal settlement, LP–01 described how the life during the first weeks after moving was as follows:

"We walked among the puddles of rainwater because that year [of arrival] it rained so much and we had no roof. The water ran over where we slept. We had a shack made of steel sheets only. In the beginning, it was like that because when we were asked to leave where we lived before, we had no place to go, only the hills. When we arrived, there were hills only. We struggled a lot. That is why whatever we do is with a big effort. The room over there is made of adobe. With the puddles of rainwater, he [head of household] said: "Let's make some adobes". LP–01xvii

LP–01 describes the arrival of a younger couple with small children with limited resources to invest in the house immediately after arrival. The father worked in construction and that helped them, as many other families, to make constant efforts according to their possibilities. Most informal residents' circumstances were similar. Only a few were able to build structures that are more permanent soon after arrival and most of them started under precarious conditions.

Many informal residents have not had the opportunity to improve their homes so far. In these cases, the home production cycle illustrate the non–linear character of the process, as it often stopped or delayed for many years. The house or parts of it, as that pictured in Figure No. 76, remains with walls and roofs made of disposable materials found in the dumps or brought from nearby construction sites. Pieces of wood were also used but they required to be replaced more often due to climate conditions, dry weather, with short, but heavy rainy seasons, made the shack vulnerable to extreme conditions.

Often, the interior had a poorly poured concrete floor but the majority were made of compressed sand –i.e., a mix of sand, water, and cement compressed by a heavy metal/wood plank. The hygienic conditions were also poor. Food was often cooked on an open fire of wood or any other flammable material found (see Figure No. 77); with time, people were able to buy a small gas container to connect to a small stove or an improvised grill. Besides, dogs, cats, and even rats were common in these areas increasing the risk of diseases. The vulnerability of these dwellings to fire and flooding is high.

Figure No. 77. Cooking using any combustible material.
Source: Carlos Hernandez–Velasco (2010).

Another aspect that helps residents to improve their homes is their ability to obtain municipal services. This is a key in showing their agency capacity, individual/community organisation, and the "efficiencies" of their contacts working, mostly, in government agencies. Usually, the first service obtained was the electricity by connecting cables to nearby posts. These cables were lying along the unpaved roads with the risk of electric discharges during the rainy season. Most informal residents were able to connect their shelters to electricity sources and plugged in their television and radio sets and more recently, other electronic devices and appliances. Many people washed clothes and dishes on the streets or patios and had no drainage in the house leaving the resulting water running freely along the roads. These increased the risks of accidents and deteriorated the hygienic conditions.

The capacity of people to save or finance home improvements is a key driver. People implemented some strategies to cope with family expenses and home improvements at the same time. Although tandas did not necessarily change a family's condition, they influenced their economic capacity on a temporary basis. They obtained a certain amount of money that was used in different ways: some used the money to make small home

improvements, whilst others bought as much building materials as possible, which became a sort of savings in kind. Nevertheless, participating in tandas was difficult due to the intermittency of income. They were seen as a way to finance immediate needs rather than as a way to save money. For instance, in LC–01, not only the mother but also the two daughters participated in tandas to finance home improvements. When possible, family housing finance is a shared task. Another way to cope with home expenses, a common practice found among interviewees, was that children accompanied their parents to work as apprentices at construction sites as *chalanes* –or bricklayer apprentices. In this way, young children helped the family by learning some skills that they applied in making home improvements and, at the same time, contributing with some money to buy building materials.

The fieldwork showed several cases where various family members contributed to attain this goal. Women, for instance, generated some income through informal activities at home, which were not permanent and depended on the money available to supply the stock to sell (Figure No. 78).

Figure No. 78. Some candies on a table ready to be sold through the window.
Source: Carlos Hernandez–Velasco (2010).

Surprisingly, the possibilities for making home improvements differ from formal and informal residents; it seemed that formal residents had limited possibilities to make home improvements. One of the reasons was that most formal residents were still paying for their mortgages and the additional money required for home improvements was limited. For instance, for the IVEA beneficiaries, the main requirement was to prove that they were able to make some savings to be eligible for a mortgage in the first place. The six–month savings period was required as a down payment fee, which served as a sort of a "training" period for applicants to get used to saving the monthly payment.

However, formal settlers did not report any additional programmes or assistance once they were granted the mortgage. Once people paid the down payment, the housing authority did not implement any monitoring of the progress of peoples' conditions or economic evolution. Their incomes were insufficient to attempt investing in home improvements in the same way as informal residents. Often, the small sums of money are used to install elements for protection such as fences in the front house or steel bars on the windows.

Figure No. 79. OJ–02 invested in protecting the house as much as possible.
Source: Carlos Hernandez–Velasco (2010).

Access to additional financial support is another driver for making home improvements. Residents interviewed did not report the existence of formal financial bodies providing housing loans for home improvements. For instance, no microfinance agencies or NGOs focused on housing–related loans for the poor had been installed in the city at the time of the fieldwork. Only LI –a housing microcredit private agency– had recently opened their operations in the city, but targeted blue–collar employees only. The lack of financial assistance was not exclusive to informal residents but was generalised to all the urban poor. They had limited options to finance housing needs but also, this support was nil even when they had already accessed land or housing by their own means.

However, the lack of financial assistance matched the disenchantment of residents to apply for credit. The majority of interviewees would not consider applying for a credit –for housing or other goods– because they thought interest was high. LP–03 felt that having credit exerted too much "pressure" on him. LP–06, despite living in an informal area, explained that the husband was offered an INFONAVIT credit once but he rejected it simply because "he did not like to own money to anybody". LC–02 claimed that requesting a housing loan would represent a "huge debt". Lastly, LC–03 surprisingly claimed that:

> "I would like to ask for support, help, I see that many people help me but I am ashamed." LC–03xviii

As a result, prioritising home investment becomes particularly relevant based on individual or family income flows only. Depending on the starting point at the time of arrival, investment priorities may differ between formal and informal settlers. As in formal housing, a basic unit existed from the beginning, the priority focused on the construction of additional rooms. However, among informal residents, some residents express different priorities. As SO2–03 explained:

> "Well, do not laugh at me as many others did… the very first thing that I built, was a toilet. At the beginning, they laughed at me. They said that how was it possible that I built the toilet before a room… [To me] it was a thousand times better to have privacy than going to the hills or the creek like them." SO2–03xix

Another driver for home improvements was the access to public programmes promoted by local agencies, which was found to be contradictory and contradicts the formal and informal dichotomy. For instance, some informal residents sporadically obtained support, whilst formal residents complained about the lack of post–occupation assistance. On one

hand, illegal land tenure seemed not have prevented people from receiving some support from the government. Fringe public programmes provided them with bags of cement, bricks, and metal sheets used to improve the homes. They also received help during wintertime or flooding events. The support perceived by formal residents was different. Dwellers reported a no intervention by local authorities after housing occupation. No programmes were reported intended to help them improve their housing conditions. This seemed to be a common residents' demand as dwellings were small and additional space was needed.

The fact that residents were paying for the mortgage kept them ineligible for further housing credit to avoid compromising their solvency. Thus, legal tenure was useless until residents completely paid the mortgage. The house seemed to be "frozen" rather than easing access to credit in the way claimed by De Soto. The burden of coping with the mortgage was the one that actually prevented residents to access further credit. Besides, these houses did not gain enough value for the banks to find them attractive enough to back up credit. So people depended upon their personal/family effort alone, their personal savings, and even their own labour to improve their homes.

Public agencies released building materials for reconstruction or blankets for the cold. This way, informal areas become "visible" to the authorities and, at the same time, potential areas for candidates to proselytise. Once residents received such help or a visit from the Mayor, a deputy, or a political candidate, they interpreted it as a sign that reinforced their chances to remain. In El Rocío, sewage and pavement were introduced after the local elections in 2007. People considered that the elected deputy was the one in charge of making this happened two years later. In fact, ER–01 considered that these works were a "gift" from the deputy. From the visits, it seemed that politicians take advantage of people's needs for electoral purposes; yet, residents did not care about the political parties visiting them, but how able the politician was to fulfil his/her promises. In these relationships, women were more willing to deal with candidates and politicians.

Figure No. 80. Introduction of sewage in El Rocío.
Source: Carlos Hernandez–Velasco (2009).

Some commented that participating in political campaigns was recurrent in trying to obtain the missing services or the regularisation. For some people, this is often the only way to talk to someone "influential" to present complains and demands. People remarked that candidates hardly visited their colonias once they took power. Nevertheless, achieving basic services were people's main goals and the reason for making these ephemeral and "convenient" connections with politicians. They took advantage of their visits as much as they could since these visits may be the last opportunity to see them for a long time. In 2009, in contrast, Los Pocitos had the water introduced after swine flu became a national emergency to prevent an outbreak of this disease. None of the residents acknowledged this disease as the reason for the introduction of it.

Additionally, a sense of discontent was perceived among informal residents. There was a practice of having a neighbourhood representative before the local authorities. Residents said that the colonia representatives benefited from construction materials and food originally intended for the whole community. In fact, officials interviewed commented on this regard too, recognising a prevailing corruption among these representatives.

"They [the government] donated paint for the houses, water deposits, more help for floors, material for plaster, for all that, but they are always the same people who receive the help. I never get it. Most people getting help are relatives. As I have my small shop [within the house] they believe that I do not need money and they did not want to help me". SO–01[xx]

5.7. Conclusions.

The five –stage model followed in this study to assess the process of accessing land for housing and consolidate it, helped organise the data obtained in the fieldwork. Although, the process is not linear for all the participants, this helped clarify the different moments throughout the efforts to achieve such goals in both formal and informal areas along with the barriers faced by those finding more difficulties. Attempting to draw a profile or a route–to–housing that applies to every case was neither possible nor the goal of this study. Every household is different and faces the challenge of housing in different ways. Yet, some challenges seemed to be similar for formal and informal dwellers. For instance, formal housing markets are restrictive in the sense that the options offered focused to a small group of earners who work formally and with a certain income level. This leaves millions without any possibility to be eligible in a market that anyway offers a housing stock that seemed to be insufficient in terms of the demand that, for instance, public housing bodies have been unable to cope with for years. Moreover, formal housing is small, far from the central city, with minimal amenities for its residents –i.e., public parks–, and often too expensive to be attractive for many formal workers who are entitled to a mortgage.

From the fieldwork, a mismatch between the housing offered by formal bodies and their potential clients was evident, especially for the limited options found to enter it. Yet, the process of home acquisition showed how creative the urban poor are in terms of their agency capacity to achieve either a plot in an informal area that fits their own financial capacity, or a housing unit from a public body no matter how difficult this may be. The fieldwork drew on two main aspects, which resulted representative of what was studied in the literature. On one hand, capturing overwhelming benefits of living in a formal area was not evident in the areas visited. On the contrary, accessing formal housing schemes deprived people's capacity to direct some investment towards home consolidations steps. When this was present, this represented a tremendous effort from all the family members

and, thus, it depended on the life cycles of the family. The time elapsed for people to finish paying the mortgage was most of the time the period spent with minimal possibilities of making home improvements.

On the other hand, informal residents, though with a tremendous effort too, were more able to consolidate their homes progressively within more flexible and less restrictive periods, as their investments were channelled according to their own possibilities and without previously acquired financial commitments. Although, informal housing seemed to be potentially more feasible to be a place to capture the investments made through sales, many people have remained in their homes for many years despite the problems that the lack of some municipal services present in their everyday life.

Both formal and informal residents showed limited possibilities or intentions to move elsewhere despite their precarious conditions. Once an individual accessed a piece of land or a house, he or she will make whatever it takes to remain there for the rest of their lives. People did not plan to find a job in a different city or town; their efforts were concentrated on one place only. Their mobility is nil. Finally, people's attitudes towards their possibilities to obtain a piece of land in an informal area were always positive. They believed that ejidos were a place where land is always obtainable and that a deal will be reached at some point with the ejidatario. In contrast, people' attitudes towards formal housing was negative most of the time. People felt that formal housing is expensive, inaccessible, unaffordable, and exclusive for a few. For many of them, this has been true for many years.

CHAPTER 6. THE CONTRIBUTION OF SECURITY TO INFORMAL HOUSE CONSTRUCTION.

6.1. Introduction.

This chapter assesses the role played by security of tenure throughout the process of house construction in the sampled informal settlements, the fourth objective of this research. Although each settlement presents its own features, five aspects were identified. These were not exclusive but showed how people's perceptions of security evolved. First, security perceptions vary chronologically according to both the age of the settlement and family cycles. Second, they are influenced by the process through which the transactions take place, especially when they involved ejidatarios. Third, security of tenure is tightly related to the "structure and agency" approach in Giddens' terms that this dissertation follows. Fourth, security of tenure influences whether a home is perceived as an investment that can eventually be capitalised. Finally, the fifth aspect is the role of security of tenure in deciding whether to participate in or promote land regularisation. These five aspects revealed how people faced informal house construction from the security of tenure perspective and helped clarify the different notions about informality, poverty, and structure and agency in the areas visited. Through all these factors, a transverse factor was risk, as this was present at all time and had to be measured in either explicit or implicit ways. The perception of risk was recurrent and varied according to these five aspects.

6.2. The evolution of security of tenure.

The fieldwork revealed that security of tenure was perceived by informal residents according to at least three factors: the chronology of the settlement, the stage of house consolidation, and the family cycle. People considered that the older the settlement, the less the chances of eviction, i.e., the more established. In a younger informal settlement, there were fewer residents at initial stages, people were more likely to be spotted by the authority, and therefore, they were more vulnerable to eviction. Some residents in Pocitos mentioned that they were the first to arrive with no neighbours or nearby inhabited areas. The colonia eventually received more settlers, which helped them build an incipient sense of community.

As the majority of informal areas were occupied without following an organised process of buying plots, each buyer faced the fact of being potentially threatened with eviction by the authority. This is an important difference from areas sold informally to organised groups, who occupy the land under the guidance of social organisations or political parties. Most individuals went through the acquisition, occupation, construction, and consolidation processes without support. Over time, some communal efforts to organise to pursue the municipality for still missing services, or for the regularisation of their plots, were also found. However, solid organisation was not evident among interviewees. A high level of discontent with pragmatic leaders of colonias was evident. These were reported to take advantage of their positions, leaving the rest of residents with no real benefits from the organisation and the intended process, such as keeping information about public programmes, or building materials kits, for their own benefit.

The age of the settlement was also related to its location with respect to the city. Informal areas located relatively far from the urban area were less supervised by the authorities than those closer to or inside the city. When the growth of the city reached certain areas containing informal settlements, they then became attractive to land speculators or developers. These areas also were of more interest to the authorities, as they were embedded within newer formal areas developed around them. El Rocío and Los Pocitos were examples of this type of urban sprawl. Over time, these settlements were surrounded by formal areas, becoming a spot of informality embedded in them. The newer surrounding areas built around El Rocío were low–cost housing projects so security of tenure was not perceived at risk. Residents mentioned that the struggle related more to neighbourhood improvement rather than to the legal status of their plots.

Los Pocitos faced a different situation. This settlement saw many high–class residential projects built around it, including a country club project with a golf course, a small high–tech park, and the most expensive higher education facility in the country. Los Pocitos is now a poor area surrounded by some of the most expensive land of the city. This is a striking example of the segmentation that arises from land tenure formalisation. Residents mentioned that they had been visited by people wanting to buy their plots but they refused to sell. Los Pocitos was originally an ejido on the North of the city that has been dismantled over time. First, the local state University bought a large part of the ejido on which to build its facilities. Then, the country club also bought many hectares to build the most expensive upper–class residential areas. Other large areas have been sold to

developers of upper–class–residential projects. One section, though, was informally divided into small plots that eventually became the informal settlement. Some dwellers believed that they have spent many years with no public services as a way to pressurise them to sell their plots. Streets remained unpaved and trash collection was still problematic. Residents mentioned the presence of gangs and burglary as major concerns in their colonia, whilst the surrounding areas did not have such problems. Of all the informal areas visited, this was the one with most pressure on residents to sell. However, some people have started selling the plots alongside the main road where, for instance, a private school, a car wash business, and small restaurants have been built in the last decade. It seemed that this pressure from prospective entrepreneurs will continue.

The rest of the informal areas did not experience pressure from external agents to acquire their lands. Soyatal, Jaltomate, Los Caños, Paso Hondo, and Cumbres remained at sufficient distance for no threat to their security of tenure from speculators. At the same time, they have followed a more "traditional" consolidation process at neighbourhood level as public services have been progressively introduced. This progression has not signified a radical improvement in their physical conditions and has not made them attractive to outsiders. They, in contrast, have meant more a social pressure on local authorities as residents have pushed them to provide public services for many years. Nevertheless, the security of tenure of these informally occupied lands has not been threatened. A settlement's location has played an important role as a driver for making home improvements. It was found that the older and farther away the settlement, the less chances that security of tenure was threatened.

Residents progressively reinforced their perception about the security of tenure as time passed by, especially as the house was transformed from a shack into a solid structure built of brick and concrete. This transformation makes people feel that eviction is less likely. In fact, an official interviewed mentioned that demolishing a house or even an eviction has never been an option in recent years. Nowadays, this option is considered as counter–productive in social and political terms. This was common knowledge. Residents knew that being evicted or having their homes demolished will hardly ever happen. The focus of their struggle was on the construction of the initial room before the authority detected it. Some residents even wrote on the walls the owner's name and the "address" of the house in big letters for everyone to see. Building even one small room with brick is considered as a triumph towards permanency and, thus, security of tenure. The absence of the authority

played an important role in the process of informal house construction. LP–04 exemplified the way of thinking of many informal residents as follows:

> "…it is very difficult to be evicted once you build a small room on the plot. I believed that. I said I am going to do that and started doing it." LP–04xxi

It was even more difficult for the authority to eradicate homes built when there was more than one in the area. Dealing with more informal residents became more problematic over time. Additionally, it became difficult to evict residents who had lived in the same informal area for many years. Some people felt that a sort of "right" to remain is built up over time. Some mentioned having long talks when local supervisors visited them at initial stages of house construction. They mentioned that supervisors were unable to convince them to stop building but, at the same time, were unable to present a real threat of eviction. It seemed that a tacit acceptance of their permanence is granted even from the start. This also seemed to be a sign of recognition reinforcing the security of tenure among informal residents. Besides, some residents acknowledged that they were informed by the ejidatarios that eviction was not a problem. Ejidatarios were well regarded by interviewees as trustworthy individuals in general terms as none reported having being defrauded by them. LP–04 exemplified the way residents regarded a transaction with ejidatarios as safe:

> "There was paper proof of the transaction. I could defend myself with it. This [the plot] is mine. I bought it and there were witnesses that I bought it from Mr X. With that, others told me, a signed paper no matter if on a white sheet in a notebook, already signed, he [the ejidatario] is aware of the sale and I was aware too that we agreed on it. We both were mentally sound. We are citizens with responsibilities, then, you cannot rescind the transaction." LP–04xxii

Finally, families approached security of tenure and house construction in a different way according to their own "family cycle". Some residents perceived legal tenure more relevant as children grew. They considered that obtaining a land title would serve as family patrimony in the future. Legal tenure was important not necessarily for the present, but for the future. Yet, it did not mean that they did not feel tenure insecurity. It meant that obtaining legal tenure would avoid future problems for their children. Some perceived that acquiring the legal title helped them improve their living conditions. Yet, they realised that only some years later. They claimed that they did not know about the potential benefits of the title and this was attributed to the inexperience of young couples, as ER–04 reported:

> "As I said, it [the legal title] helped us make the contracts for water, electricity, and everything… We were very young parents– I was 16 when my first child was born. My husband was 17. We had not any experience and did not know what we were "throwing" ourselves into when we came here. Instead of paying for a [formal] house in INFONAVIT and pay for…" ER–04xxiii

Families needed to adapt the plot as fast as possible for their shelter needs. These were different when children were young. At the beginning, potential eviction would be faced in a different way than if it happened at later stages with older children. Security of tenure also evolved accordingly. The majority moved to the areas when they were young and, mostly, recently married.

Women played an important role in the process of home construction, especially in negotiating the introduction of services and during the regularisation process before the authorities. As men were supposedly at work, women were in charge of meeting officials when they visited the areas for supervisory tasks, or when they needed to arrange things related to the introduction of public services. Apparently, men had not much time for it. Women had more contact with these procedures and with politicians who visited the areas periodically. Women were more participative in public affairs related to home improvement as men were absent most of the time. Thus, the way a family approached security of tenure is highly tied to the role played by women in the process of informal construction. In summary, the evidence was that the age of the settlement, the level of house consolidation, and the family cycles were key elements that influenced the perceptions and de facto security of tenure in informal housing areas.

6.3. Transactions and security of tenure.

Although the process towards acquiring a consolidated house started when people decided to leave the parental home, its materialisation started when the transaction took place. This was when an agreement was reached between the buyer and the seller on how a piece of land would be acquired and for how long payments would be made. This was the point when the first perception about security of tenure became relevant to the buyer. It was a major step in the life of a person in pursuing a consolidated home. The transaction, therefore, had to be regarded as safe and the plot worth such an investment.

Both parties took the risk of conducting an informal transaction. First, ejidatarios sold land piece by piece because they often needed the money. Agriculture was not as profitable as some years back and many of them found informal sales a way to obtain some cash. As transactions were unregulated, ejidatarios took the risks to sell plots to someone that they may or may not have known before. However, trust was the main component in the transaction between the ejidatario and the buyer. The former needed to have sufficient confidence in the buyer about the transaction in a place where the latter will be able to build his home. On the other hand, the buyer needed to interpret the context in which he was making the transaction as safe in order to feel confident to invest in that piece of land. It was convenient both ways. In this process, security of tenure highly depended on the trust built during the transaction. PH–01 believed that its transaction was "legal" simply because the seller was an ejidatario:

> "…as this place was an ejido that belonged to the same ejidatarios. I knew that it [the transaction] was legal." PH–01xxiv

In Soyatal and Jaltomate, the transactions were different as most residents came from an ejidatario family and obtained their plots more easily. EJ–03, SO–02, and SO–03 were some of the families where the head of household was a son of ejidatarios. The plot where they lived either was a gift from their parents or sold at a very low price. This way of acquiring plots made people feel secure about tenure regardless of the legal status. Making transactions with ejidatarios is seen as safe here. Ejidatarios were a sort of "authority" to sell land and their deals were secure. It seems that ejidatarios were a parallel real estate force able to sell land according to their will and needs. They have become an alternative for the urban poor to buy land but some ejidos have gained more value due to their proximity to the city. Even those further from the urban area remain attractive to land seekers. Informal areas like Los Pocitos are now expensive and so offered to different types of "clients". Along the road in Los Pocitos, plots were advertised for sale on fences or lampposts indicating mobile phone numbers for those interested. Now informal land is advertised differently than a few years ago. It is clear that the plots advertised that belonged to the original ejidatarios or to the first buyers. Yet, when informal transactions took place, both ejidatarios and buyers took a risk as the former might regret the sale and the latter might default on payments.

Enforcing transactions is difficult for both parties as they are originally outside the law. Recently, the law changed and the promotion of informal land subdivisions became a

felony that nobody wants to disclose officially, although it is silently tolerated. A new addition to the judicial code states that subdividing and selling land without the corresponding authorisation may result in a 10–year sentence in prison depending on the value of the transaction (Congreso del Estado de Aguascalientes: 2012). Probably for that reason, payments are often in kind as a way to help buyers cope with their obligations instead of defaulting. However, ER–06 claimed, "in those years, it was easier to trust in a person's word than today".[xxv]

None informal resident reported a problem with demands for defaulted payments. Hitherto, two of the interviewees reported being threatened with eviction by the ejidatario. Yet, such eviction would have to be by the ejidatarios' own means. In no settlement visited was a real attempt of eviction reported, even among those who had more difficulties in coping with their payments. An agreement was always reached with the seller to avoid defaulting and most of them had finished paying for their plots by the time of the interviews.

Informal dwellers found ejidos a place with no or almost no associated costs besides the direct cost of the land purchased. This allowed residents to channel their resources towards house construction according to their own needs and possibilities. This flexibility was found in every informal area visited. Where the plot was a gift, flexibility was even greater. The level of home improvements depended on the ability of residents to react to the incentives perceived in their context. One of these incentives was the flexibility found in land transactions. Lastly, informal dwellers found vacant land more attractive to buy than a second–hand dwelling even in an informal area. Land was cheaper than a built house at any construction stage and thus transactions could be more flexible.

6.4. Structure and agency.

This part of the analysis refers to the relationship that informal residents built with external agents, or exercising agency, and their own actions consequently. It deals also with their relationship with the authority, especially with those who can help with, or deter them from, the process of land or house acquisition or home improvements. This agency can be analysed in at least three phases: first, up to the point when the land is acquired; second, during the process of house construction; and, third, in the process of regularisation or land titling. Informal residents gain experience on how to deal with local authorities, ejidatarios, and even speculators at different stages of their lives in the settlement.

First, informal settlers dealt with ejidatarios in a way that they eventually gained their confidence to the point that they were able to reach a land transaction arrangement. This was the result of the construction of a relationship based on, ideally, trust and, probably most importantly, mutual needs. This deal was the first test for future dwellers in regards to their agency capacity. Most informal residents –except for Jaltomate and Los Caños– were not related to ejidatarios but were still able to build the degrees of trust and an incipient network that helped them access a piece of land. This relationship is often troubled at some point, especially when residents have problems coping with agreed payments. In such cases, residents reported a certain degree of flexibility from the landowner allowing them to pay later or in kind. Some informal dwellers were able to extend their negotiations towards the acquisition of the land. For instance, ER–07 reported that some building materials for the house were obtained in exchange for labour, in particular, with the landowner. This created a strong relationship between the seller and the buyer of mutual benefit, as the former obtained labour at cheaper costs and the latter continued the process of house construction.

Another situation faced by informal residents was a recurring encounter with municipal workers or supervisors from several urban and housing regulatory bodies, in particular from the urban development, agrarian affairs, housing issues, and social development offices. Here, the formulation of an agency relationship with the authority was a major challenge. This had to be built so that residents were able to secure their permanency in the place. In this sense, the perception of such security was important. This depended on the frequency of these visits, the officers' approach to residents, the electoral periods in which these visits took place, and others aspects related to the perception of a real threat of eviction. Time here played also an important role as the longer the time, the lower the chances of evictions some people said. For instance, LP–04 claimed that:

> "People say things and one believes them. Then, one needs to fight. One buys a piece of land, builds a small room and then nobody will kick you out. It is a matter of time and they will not kick you out. Is it true or false…? Only the law knows." LP–04xxvi

The relationship with public officers was a key in the individual agency process of residents. This transcended the individual level to a collective process depending on the way this was built. In theory, the same rules applied to everyone. Yet, it was the capacity of individuals to deal with their informal status, which allowed them to gain security of

tenure over time. It seemed that time and this agency affected the perception of a right to remain. People felt that they have the right to live there despite the fact of the informal land acquisition process. Besides, residents progressively built a sense of belonging, a right to their piece of land, and a voice to claim for the missing municipal services. Sometimes, agency allowed them to avoid legal consequences, especially when residents continued breaking the law openly, in addition to their illegal land occupation.

For instance, it was often evident that they stole electricity from a nearby public lamppost or other electricity sources. Many cables were illegally connected despite the risks that this represented. One can follow the cables and identify the houses to which they were connected. Supervisors did not report these connections no matter how evident they were (Figure No. 81). Most informal areas visited have some municipal services introduced long before regularisation. This was illegal, as public investments cannot be channelled to informal areas. Yet, due to social and political issues, local authorities recognised that these investments were necessary.

Figure No. 81. Illegal electricity connections to a lamppost in Paso Hondo.
Source: Carlos Hernandez–Velasco (2009).

Every household was different in terms of their interaction with local authorities. Yet, some presented common aspects at collective or neighbourhood levels. For instance, residents often managed to have one municipal service introduced due to their capacity to negotiate with the authority. This was usually either water or electricity. Regularisation was always the last step in every settlement and it seemed that it was not related to a priority defined by residents but that the authority was more interested to "municipalise" the areas once they had obtained all the services and infrastructure anyway. Residents knew that the introduction of any municipal service was a silent step towards public recognition and, most importantly, security of tenure. This was why residents considered these services a first goal in their process towards their security of land tenure.

6.5. Investment and security of tenure.

The level of house investment is another aspect that incentivises the perception of security of tenure. People seemed to believe that the more they invest, the fewer the chances to be evicted. They received the recommendation from the ejidatario to build as soon as possible as a way to demonstrate possession or ownership. In Paso Hondo, it was found that as soon as people built a room, they write their names and an "address" on the outside wall for identification (Figure No. 82).

Figure No. 82. The owner's name and "address" on a wall in Paso Hondo.
Source: Carlos Hernandez–Velasco (2009).
Note: Translation: "Plot: 225, Block: J, Name: XXX" [*intentionally erased by me to preserve anonymity*].

Certainly, this does not give any legal tenure to residents. Yet, it allows them to "show" that the house has an owner that people can recognise. It showed also a sort of organisation, to the extent of providing an address, though, informal. It is not only a matter of building a room on the plot for shelter but it is also important for securing tenure issues. The room does not necessarily need to be built with permanent materials. In some places, rooms were built with scrap materials and they remained the same for many years. Yet, the

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more consolidated the room, the better for the resident in terms of security perceptions. At collective level, arrival at a place where some rooms are already built provides newcomers with a sense of tenure security for their own. That settlers have not been evicted encourages newcomers to start their own house consolidation process with fewer worries.

Figure No. 83. Electricity posts along unpaved streets in Paso Hondo.
Source: Carlos Hernandez–Velasco (2003)

Despite the security of tenure that progressive house investment implies in informal areas, this did not transform the informal dwelling into a more "marketable" asset. Some residents mentioned that their houses would be difficult to sell to potential buyers. One reason is the potential value of the house. LP–07 mentioned that the price would not be sufficient to buy another house in a new place if they decide to sell. ER–02 recognised that selling the house would be very difficult. Another reason is that some plots are still informal and owners have no titles. LP–02 said that nobody would ever buy his house without the land title. LP–03 explains his approach on the potential sale of the house as follows:

> "If you have the title, it [the house] is yours. If you want to sell, you fix the price… if they want [potential buyers] to buy it, that is OK". LP–03.xxvii

Nevertheless, some residents believed that they would be able to sell their houses easier once they obtain the legal titles. However, they did not believe that their homes would reach a price to make the sale attractive. That means that they believed that the land title in itself would not necessarily increase the value of their dwellings. This makes titling unattractive in terms of the potential benefits to encourage a potential sale of their homes in the future. This is contradictory, since the informal area was an attractive option for them a few years ago in terms of its cost. In fact, the residents interviewed have lived there since they arrived and did not plan to sell or move elsewhere in the future. There is practically no mobility among residents of informal areas. No matter how far they can live from the places they work, they do not move easily.

> "Well… we are OK here. My mom says that probably later in the future [to sell the house]. Yet, she says that it is not of much value [the house]". ER–02.xxviii

In summary, people invested in their homes to improve their living conditions. No economic drivers were found leading such investments, as people do not plan to sell their homes in the future, e.g., obtaining profits for a potential transaction. They regarded their houses as highly appreciated assets accomplished after many years of effort. Their houses are the goals rather than the means in terms of their investments. In many cases, anyway, residents did not believe that their houses have attained a value high enough to allow them to sell them and restart a better life in another place. The value of their homes is not necessarily related to an economic value but to a user value, a personal or family one. Most of them did not think they can "capitalise" the value of their homes.

The house is a lengthy–dreamt goal attained through a process of an agency able to deal with an established structure that has been sufficiently tolerant, as to allow them to reach a certain level of house consolidation and, in most cases, land titles. If the house is supposed to be an asset able to help people overcome poverty, the informal residents interviewed did not consider this as an option in such enterprise. Figure No. 84 shows a small shop along the road in Los Pocitos; piles of brick lay aside waiting to be used to build additional rooms as a result of income generated in the shop.

Figure No. 84. A small shop on the road in Los Pocitos.
Source: Carlos Hernandez–Velasco (2010).

6.6. Regularisation and security of tenure.

Regularisation is an important step in the life of an informal settler. The process means different things at different stages for both the family and the settlement as a whole. Interviewees referred to the importance of regularisation at different times. For instance, regularisation is perceived differently in terms of security of tenure on arrival than to when people have spent many years in the settlement. Regularisation also relates to security of tenure's various aspects. First, achieving a land title provides the head of household with a sense of having materialised a patrimony that will become an asset to leave to her/his children in the future. In this sense, security of tenure is inherited or transferred to children at some point. In this way, interviewees mentioned that they would be able to guarantee them a place with no further legal problems.

> "This is my house, my children's, and my family's. They will have a place to live when we die…" ER–06xxix

In the second place, regularisation provided security to people to avoid eviction. This has been explained in previous chapters but it is also true in the visited informal settlements

that have gone through the process. Although, a real threat of eviction was not felt by residents, obtaining the land title finally represents the tangible security of tenure to residents. This security translated into different benefits. It allowed proceeding with home improvements with no further latent worries regarding eviction threats. Although, the majority of people built the house little by little despite the informal status of their land, regularisation freed them from any doubts.

A third benefit of regularisation was to prevent potential claims from "previous" owners. Some interviewees, particularly in Los Pocitos, mentioned that some people claimed to be the original owner of the land. However, ejidatarios claimed that they had sold the land only once. In any case, this situation actually disappeared after the residents obtained the land title. With the title in hand, home improvements would rely on people's capacity and no further legal issues would be involved besides those related to the regular construction permits that the authority issues to formal housing areas.

A fourth effect of regularisation on security of tenure relates to the fact that people perceived that they finally obtained official recognition from the local authorities and the governments at all levels. They became "visible" to the authorities. In consequence, they obtained a legal address that identifies them more precisely. Now, they count on an official address that will help them participate in affairs the same as the rest of the citizens, i.e., casting their vote in elections. They are now entitled to receive official support from public programmes including those related to home improvements, which will help them speed up the consolidation process. This "visibility" also allows them to pursue the municipality for services still missing more quickly, as they are now officially part of the city.

They become eligible for such services and public investment but achieving these would depend on their ability to negotiate for them through a new agency process under different conditions, of being a regularised settlement instead of an informal one. Yet, poverty is rampant among various residents visited. Figure No. 85 shows some boys and a girl searching for "something" they could use or sell in the street's trash container. This is a common image in many places in the city; yet, seeing children naked and barefoot is often shocking.

Figure No. 85. Children picking up in the trash container in El Rocío.
Source: Carlos Hernandez–Velasco (2003).

However, as the fieldwork indicates, most informal settlements had already obtained at least partial municipal services and regularisation was not necessarily a condition for obtaining them. Therefore, obtaining services was not an incentive for regularisation. Nevertheless, those missing services will be more achievable in the future due to the erasure of the informal status of the settlements. It was evident that the partial introduction of services contributed towards the security of tenure of residents over time. They were interpreted as a tacit recognition of the areas despite of their status.

Figure No. 86. Partial introduction of electricity in El Rocío.
Source: Carlos Hernandez–Velasco (2003).

A fourth effect of regularisation on security of tenure was a sense of a more equalitarian status of previously informal settlers with respect to the rest of city residents. Some interviewees mentioned that they felt discriminated against because they lived in an informal settlement. In a city where zoning clearly locates the poor on the east and the rich on the north, living in an informal settlement leaves thousands in an even lower category from the previous two. This was the case in Soyatal, where residents believed that they were supposed to obtain the benefits of a sewage programme but it just benefited the neighbouring colonia up to the bordering street. The benefit did not reach them because, some claimed, the government discriminated against them.

> "I do not know… that street belongs to a different colonia. There, people "agitate" and we have been forgotten. Look, they [the government] came and introduced the sewage and the service that was supposedly to be for the whole of Norias [the ejido]. However, they believed we belonged to it, they introduced sewage works, but they did not reach here because they believed that this is informal land. This is Norias… they discriminated against us and did not install the sewage." SO2–03xxx

Yet, it seemed that a new stage starts after regularisation, as this step could delay further support from public programmes. For instance, in comparing the housing conditions of dwellings visited during the two periods for this fieldwork, e.g., 2003 and 2010, the difference is hardly perceived. Figure No. 87 and No. 88 show a dwelling visited in 2003 (left) and 2010 (right). The house has deteriorated on the outside, losing the former growing tree. Inside, now there is an electricity connection, and some walls have been replaced with brick instead of materials collected from the dumps and a concrete floor was installed.

Figure No. 87. Comparison of a dwelling in Los Pocitos 2003–2010.
Source: Carlos Hernandez–Velasco (2003 and 2010).

Figure No. 88. Comparison of a dwelling in Los Pocitos 2003–2010.
Source: Carlos Hernandez–Velasco (2003 and 2010).

In contrast, a dwelling visited in the same period in El Rocío, showed a depressing image. There were practically no improvements inside the house; in fact, this was highly deteriorated despite the fact that the interviewee mentioned had a good relationship with the local authorities. Certainly, sewage pipes had been inserted along the streets and sidewalks were found on the second visit, yet, those seemed the only visible improvements; they were none inside the house (see Figure No. 89).

Figure No. 89. Comparison of a dwelling visited in El Rocío 2003–2010.
Source: Carlos Hernandez–Velasco (2003 and 2010).

The same was observed in the dwelling visited in Cumbres III. Home improvements were at a minimum. Services had not been introduced by the second visit and only a bathroom had been built and some interior walls plastered (Figure No. 90). The change in the legal status of the three dwellings compared meant nothing to residents in terms of the intended benefits resulting from this process. The three residents interviewed mentioned no support from local authorities to continue improving their homes.

Figure No. 90. Comparison of a dwelling visited in Cumbres III 2003–2010.
Source: Carlos Hernandez–Velasco (2003 and 2010).

The fifth effect of regularisation on security of tenure detected was that people felt that the government would no longer trouble them. Although no explicit mention was made of direct corruption of local authorities, this is implied in terms of the fringe benefits that some interviewees mentioned to have been obtained only because they were "close" to some politicians or authorities. Some people did complain about the differentiation made between those "closer" to these actors than those who were not. Some even mentioned that they did not have access to any sort of information about the possibilities of regularisation,

construction, and other procedures they requested in local public offices simply because they were informal residents. With the titles in hand, people felt that they would have access to the information from public officers about further affairs. Figure No. 91 shows people waiting inside the city hall to talk with local authorities to apply for building materials. This scheme has been implemented by the municipal government and takes place every Wednesday morning. Top ranked officials must receive a number of people to try solving their problems directly (called the Citizen' Wednesday).

Figure No. 91. Residents waiting for an interview with local authorities.
Source: Carlos Hernandez–Velasco (2003 and 2014).

Consequently, informal residents believed that the relationship with the government actually changed after regularisation. People feel that they would have more "rights" simply because they now paid land taxes –though very low. Among these rights is that of protection, as many complained about the vandalism and gangs that keep making trouble in these settlements. People thought that a formal settlement would have more access to the police safeguarding the areas. This was not necessarily the case as these problems continued in areas regularised before. Security problems related more to aspects other than the legal status of land.

Paying land taxes encouraged people to demand policing from the local authorities but this was not actually a direct effect of regularisation, as it did not imply the eradication of violence, vulnerability, or even less problems with local gangs in the colonias. Actually, some residents mentioned that it is very rare to see a police car patrolling their colonias. It seemed that regularisation is not directly related to the security of residents in those terms. It is in fact related to security of tenure but high levels of individual and property insecurity and violence deserve to be more accurately analysed in the future as to assess their effects on the security of tenure and, eventually, the value of the houses.

Figure No. 92. A highly protected dwelling from intruders in Los Pocitos.
Source: Carlos Hernandez–Velasco (2003)

A sixth effect of regularisation and its process is the role played by women all throughout. Although the men played an important role as providers of many of the needs detected in the households, women played a highly relevant role as well. Most women not only helped build the house and contributed to the family expenses, but they were also in charge of the regularisation process by dealing with the authorities in charge. The women participated in the meetings, filled the application forms, lobbied, and went through a number of activities that finally led to the regularisation of the plots. Most men interviewed mentioned that the wife was more actively involved in the process than they were. The women were more able to name the officials and offices involved in the process than men were. This active role was more obvious among female–headed households as some cases in Los Pocitos and El Rocío. Women built a constructive relationship with city council members, politicians running for elections, and with those already in power. They have demonstrated their ability in lobbying and accomplishing the goal of regularisation. Regularisation is a major issue in terms of gender. In addition, this is a theme requiring a more in–depth research in the future.

> "If there was a meeting, the women... If we needed to go to request something, the women…" ER–04xxxi

A seventh effect of regularisation on security of tenure is one that seemed to be more obvious. This is that people felt actually more secure living there and that eviction in the future is unlikely because they had obtained their land titles. However, this differs from those living in a formal area still paying for their mortgage. Although a formal resident has legal status for a piece of land or a house, the volatile economic situation of low–income earners makes it difficult to cope with payments and, therefore, defaulting on the mortgage is always a possibility. While flexibility is not a feature of formal mortgages according to interviewees, most informal settlers transited through a flexible payment scheme where defaulting would be very difficult to a regularisation process at a point when most of them had already paid for their plot.

Therefore, obtaining the land title actually provided them with a sort of closure to a long process that meant mostly a final recognition of their existence and of their rights to remain in the place that was so hard to accomplish over many years. Although a real threat of eviction never occurred, most residents felt a sense of relief after the land title was issued. However, it did not mean that they perceived a higher value of their plots and houses but that they would be able to use their asset in case of an emergency.

> "… his son is dying… he [the owner] pawned the land title. He still owes one thousand [pesos]. It is not very much, but the title is still in the pawn. He says that he is about to recover it but without a job…" ER–01xxxii

Figure No. 93. The gas cylinders for cooking in a dwelling in Jaltomate.
Source: Carlos Hernandez–Velasco (2010).

The way the land title was regarded differed. For some residents, the land title would secure the existence of a property for the children in the future. For others, an immediate benefit can be obtained as in the case explained above. It is particularly interesting to observe that some residents did not perceive any benefits from regularisation. In fact, LP–02 was a resident that had lived in the settlement for many years. He was probably one of the first settlers in the area. Yet, after so many years living informally and eventually having obtained the title, he did not perceive benefits. This might be because most of the potential benefits of regularisation were obtained before it. Once land titles were obtained, they did not need most of the services that more recent settlers requested but for a shorter period.

> "This is a security. No more… one is always worried about not being regular. What will happen if they had taken this from us? They had told us that if we built they would demolish it. We were going to lose anyway. They told us "you build at your own risk". In the meantime, however, I would live here two or three years! I see no benefits because I do not even have what I need. What is the point?" LP–02xxxiii

Finally, an important effect of regularisation on security of tenure is that residents are now more confident about a further transaction of their assets. They are now able to sell their homes at any time with no further formal issues involved. Yet, the large majority of interviewees did not plan to sell the house in the future. However, it is necessary to recognise that the informal status of land was not an obstacle to selling the house before, but what is relevant at this point is the freedom to sell "within" the law. Because of regularisation, some settlements are under pressure from interested parties to buy the land. This was quite evident in Los Pocitos as this is located on the borders of fancy residential areas (below).

Figure No. 94. A sign publicising "exclusive plots" 60 meters in Los Pocitos.
Source: Carlos Hernandez–Velasco (2010).

However, due to the subdivision of the land into plots, this became more difficult than simply buying hectares from an ejido. Developers have shown interest in buying in this informal settlement and regularisation has provided residents with the possibility to pursue this if they want. Yet, LP–05 shows what many residents believed about this possibility as follows:

> "No, but I know that some people have been asked to sell. Do you think so?
> We are all very poor. We made all this with sacrifice and effort to build a

roof. Do you actually think that they will sell? They will buy nothing with the money they would get." LP–05.xxxiv

The accomplishment of a consolidated house with a land title is highly appreciated by residents who are unlikely to sell their houses in the future. The argued benefits of inserting the regularised land into a formal market, as a way to help the poor overcome poverty is still untested, as many people did not even think of this as a possibility. It is necessary to accompany this process with other aspects if this theory is to be regarded as widely assertive in cases such as those included in this fieldwork. Despite of any effect of regularisation in these areas, poverty prevails in many cases (see Figure No. 95).

Figure No. 95. A boy walks naked on unpaved streets in El Rocío.
Source: Carlos Hernandez–Velasco (2003).

6.7. Risk and security of tenure.

Throughout the process of achieving housing, including the regularisation stage, risk stands as a factor driving people's decisions. The risk materialises in a different way at the beginning of the process than at the final stage of home consolidation or even during the regularisation process. It seemed that many residents learnt how to live with risk on an

everyday basis. However, the result was very similar among informal residents of different settlements. No evictions were reported in the areas visited and in others informal areas in the city. This may be a starting point of regarding a potential risk in comparison to what happens in reality. The risk of eviction was more related to an eventual defaulting of payments to ejidatarios than to a demolition ordered by the local authorities or an eviction from them. The risk perceived from the local authorities intervening in the settlement was very low. This means that residents never referred to a real threat of eviction promoted by the government. The risks associated with the transactions with ejidatarios were low as well. With these two risks in mind, it seemed that buying a piece of land in an ejido will be regarded as "safe" to many for years as these areas have been progressively occupied informally without any consequences for either the ejidatarios who sold land or the buyers who obtained them. In fact, ejidos remained as the factor that addressed the lack of land within the grasp of the very poor by providing a feasible option for them to obtain a piece of land.

> "Sometimes they came to close the constructions down… but, it never happened to us. It happens elsewhere many times. It did not happen here either because they did not find us or they could not get inside the house."
> LP–02.xxxv

In summary, ejido land will remain as an attractive place for many. These will eventually be transformed into large regularised areas surrounding the city of Aguascalientes. The closer the ejido to the city, the more attractive they are to newcomers and to the urban poor. In such cases, buying land in ejidos did not represent a risk for the buyers at all in general terms. From the beginning, buying a plot in an ejido was perceived as a very low risk transaction. This in fact benefited many of the urban poor who found ejidos as the place to start a lengthy process of home consolidation.

6.8. Conclusions.

This section revealed the importance of the role played by agency and structure in the life of informal residents regarding their efforts to achieve consolidated housing. They implemented creative strategies to deal with public bodies, exercising agency, which, at the same time, were unable to enforce land legislation to prevent the formation and consolidation of the areas they occupied. The result seemed to be a "tolerated" informal land market, or structure, benefiting both, the urban poor who accessed land at cheaper

costs, and the local authorities who have been unable to promote housing options for the very poor. Their participation has been limited to promote regularisation programmes, especially to the areas already absorbed by the urban sprawl. The urban poor have been able to interpret such a convenient environment in ways that have allowed them to reach consolidated housing in most cases. The role played by ejidos in this equation has been a key in the chances of incorporating land within an unclear legal setting where nobody is unable to enforce the law.

Local public bodies have seen their capacity to deal with the problem of housing thousands of the urban poor in search of shelter eroded. The city has reacted to land speculators and urban planners have shaped city plans accordingly. In a city–state such as Aguascalientes, which concentrates most of the public spending and contains the majority of the region's population, the problem of urban sprawl will be evident in the coming years. The arrival of new factories, such as the second Nissan plant, will represent new challenges not only to accommodate potential jobseekers in the city, but also to provide the opportunities to many of the unemployed already living there. The current city plans were under review at the end of 2012 and the location of the new Nissan plant seemed to have a key influence in the new city layout. Unfortunately, this plan was not ready for publication before this dissertation's submission date.

Structural factors are much more to do with the underlying conditions of economic relationships, i.e. they produce the income inequality and poverty that creates this segmented and segregated society. It is into this situation that the agency relationships emerge and these are sustained. Moreover, structure and agency may play a mutually constitutive relationship. The challenge of housing the poor needed to be assessed also under the perspective of those who, being poor, worked in the formal sector. Although, they faced similar conditions in terms of income levels and restrictions, their options for achieving a consolidated housing were different and these will be revealed in the following chapter.

CHAPTER 7. LAND TENURE AND FORMAL HOUSING.

7.1. Introduction.

The objectives of this chapter are twofold. First, it scrutinises the views of the poor who chose the formal path towards housing, their agency capacity and the structure within they struggle to house their families. The idea of formal housing markets serving as drivers for capital accumulation and, consequently, an exit to poverty has been most vociferously expounded by De Soto (1989: 47–62; 2001: 47). Here, formal residents in the sampled areas in Aguascalientes and interviewees assessed the soundness of the formal housing sector as an enabler for the improvement of the housing conditions of the urban poor. The experiences of formal residents exemplified whether the value of their assets, i.e., the land of the house, was "revealed" in the way De Soto claimed (1989: 47). Those assumptions may have influenced the opinions and shaped the way local authorities and/or the experts approach the problem of housing the urban poor. That, as a second objective of this chapter, aims to analyse the set of rules, policies, and the market–oriented environment, the structure in which the poor attempted to achieve consolidated formal housing. The interviewees selected were:

- Group No. 1. Officials from relevant government offices:
  The federal representative of the National Land Tenure Regularisation Office – COR.
  The federal representative of INFONAVIT –INF.
  The director of the State Housing Institute–IVE.
  The director of the State's Urban Development Office –SDU.
  The state secretary of the Social Development Agency –SED.
  The director of the Municipal Housing Institute–IMU.
- Group No. 2. Political actors:
  The leader of the right–wing party at local level–RWP.
  The leader of the left–wing party at local level–LWP.
- Group No. 3. Experts:
  The senior manager of the first private micro–credit housing agency locally funded in Aguascalientes –MFH; and
  An urban development expert –UDE.

I selected these interviewees for holding the top rank in their corresponding organisations. The interviews provided the insights of the key agents that were at the foremost of the policies' design and implementation processes. They provided valuable data regarding the reasons behind the policies implemented and of their impact on the urban poor. In addition, they helped build the frame in which policies matched the reality expressed by the formal residents interviewed.

This study is aware of the potential bias of interviewees. For instance, most of those in Group No. 1 and No. 2 had a political background. Often, to attain a position of this sort, individuals must belong to the political party in power, i.e., the federal government appoints the state representatives and the municipal/state top ranked officials are appointed by the Major based on his/her political party of origin. For instance, the federal government and its delegates were of the same party, the right–wing party, at the time of the fieldwork. Nevertheless, most of them had professional qualifications in law, business administration, or architecture.

7.2. Agency and structure.

The first analysis refers to the role of agency and structure in accessing formal housing among the urban poor. It refers to both the relationship built between the urban poor and local authorities and the whole set of tangible and intangible rules functioning around them. The structure is composed of the set of governing rules of the formal housing market, including the institutional framework, the social, economic, and regulatory forces, and how all these interacted (Giddens 1984: 17; Perkins et al 2008: 35; and Walmsley and Lewis 1993: 181). Formal residents' agency faced different challenges in contrast to that of the informal. Firstly, formal residents' agency concerned having the choice to pursue this path, which implicated their ability to cope with the requirements defined by the ruling structure to be eligible to formal support. This depended on their ability, for instance, to push themselves to comply with these requirements. The formal procedures hardly changed or evolved according to people's experiences. They will change only when those in charge of implementing such procedures decided. It is not the urban poor who decide when or what.

For instance, applicants to INFONAVIT depended only on a points system implemented by the organisation to decide their eligibility. Also, applicants to the local housing institute

depended not only on their ability to save the money sufficient to cope with the down payment but also to be lucky enough in the draw for housing units amongst those who have successfully met the requirements too. Agency was limited in this sense. They had to follow the rules. There was no space for negotiations in order to "adjust" the mortgage to the applicants' capacity. Applicants to housing programmes/funds built temporary agency processes with the official in charge the day when the individual attended the office. These were not personal relationships as the housing agencies might rotate the employees attending applicants. The process is impersonal and so very difficult to build up a relationship.

The ability to cope with requirements and procedures depended on individual agency, only Palomino Dena residents submitted a group application with the help of a political party who arranged everything with the housing institute on behalf of the beneficiaries, assuming agency. In this case, the residents' agency depended on the political party rather than on the housing body. The result was the allocation of plots to the group of the party's followers. They occupied their plots by a formal process. Yet, the consolidation process followed an informal one. None of the extensions built followed a formal procedure, as residents did not apply for a permit of any sort. Yet, the authority did not issue any fines despite the breach of rules in the construction. Their behaviour was the same as informal settlers, as the improvements' stage tested their agency capacity. The difference was only in the way they accessed a piece of land. The rest was the same.

As formal housing settlements had all the municipal services introduced from the beginning, there was no need for residents to organise to achieve them. In this sense, formal areas were less cohesive in terms of community agency and relied more on individual efforts to obtain what each family considered to be worth enough to deal with local authorities, i.e., access to building materials programmes for home extensions. In fact, politicians in search of electoral support seemed to approach formal areas differently. As residents were not "desperate" to obtain the basic services, their offers were more related to complement missing facilities in neighbourhoods, such as parks, green areas, or the improvement of services already in place.

Figure No. 96. A view of a formal housing area under construction.
Source: Carlos Hernandez–Velasco (2003).

In summary, relationships between agents remained important to be able to cope with the requirements imposed by formal housing within the institutional framework. Yet, it was constrained in aspects that left no room for widening people's options. This framework restricted the process, which often left the urban poor with fewer options than those in the informal sector. Giddens' arguments may be contested regarding the way agency and structure interact to an extent that it can be undistinguishable whether the environment shapes people's actions or these shape the environment (Giddens 1984: 19), at least, in the way the structure would move towards constructing a more enabling pro–poor environment.

Figure No. 97 shows how few houses had been expanded vertically in an informal settlement after some years of arrival. For many, direct some investment towards housing improvements is difficult, prioritising the mortgage payments before home extensions.

Figure No. 97. A view of formal settlements in the East side of the city.
Source: Carlos Hernandez–Velasco (2003).

7.3. Transactions and security of tenure.

In the formal housing sector, the agency process directed to achieve a consolidated home played a key role when individuals applied for a mortgage from either a public or a private housing fund. Formal workers must apply to the fund they contribute to, i.e., INFONAVIT or FOVISSSSTE. Those without formal jobs or earning too low to contribute to these funds must apply for a mortgage from the local housing institute. Usually, the process took many months or even years depending on their eligibility. Thus, people will try to find the place where the transaction would be safer and that provides for more security of tenure.

Yet, due to economic circumstances, a greater challenge may be to keep paying the mortgage over its duration. By doing so, security of tenure can be built progressively over time. This often depended on people's ability to keep a job that paid sufficient to cope with their payments. Building an extension, or improving the house did not necessarily provide a greater sense of security of tenure. No matter how consolidated a house might be, i.e., through building home extensions, the house was not secure until the mortgage was paid. However, this was not easy. Some found it even difficult to complete the six–month

savings period required to be eligible for a mortgage from the local housing body. Others often found it difficult to pay their monthly instalments and frequently needed to have a second job to cope with their financial commitments.

> "Well, we tried to get the money that the IVEA required, the down payment on the house… well, working and trying to find another business, as you can see, in order to pay the monthly instalments." VC–02xxxvi

The six–month savings period required by the local housing institute provided an insight into the role of a restrictive element within an institutional structure. The IVE official said that the idea was to force people "to learn" that they have a responsibility to pay every month. Once they proved able to save for a six–month period, they became eligible for a mortgage. This "training" period was far from the traditional ways through which the urban poor dealt with their housing needs, which did not necessarily involve money. If applicants failed to make payments in the savings period, the institute penalised them and they were not refunded.

Figure No. 98. A dwelling visited in Palomino Dena.
Source: Carlos Hernandez–Velasco (2010).

In terms of the perceived security of tenure, formal residents faced potential difficulties differently from their informal counterparts. For instance, formal housing bodies were more willing to enforce payments through legal means. The penalties were explicitly included in the contracts and residents knew the consequences of defaulting. The security of tenure was more a fluctuating issue associated with the process and only achieved at the end of the mortgage whilst, in informal areas, it seemed to be part of people's lives from the beginning. As enforcement is different in either place, formal dwellers learnt how to live with the fact that defaulting is always a possibility and, thus, a risk. Nevertheless, many dwellers faced some difficult times when national economic crises hit the country in 1995 and 2007. Some were at risk of losing their jobs and eventually defaulting on their mortgages. However, none of the interviewees specifically referred to these crises as an event that disrupted their mortgage payments.

Most formal dwellers considered their houses as expensive. This was particularly interesting as one might expect that people would buy a place to live where costs were more accessible. However, residents repeatedly mentioned that their houses were costly. MO–01, MO–02, and PD–02 claimed that:

> "If I could, yes [apply for a credit], if they were not such thieves. The houses are so expensive and you never end paying for them". MO–01xxxvii

> "…the most expensive… [It] is the house, which now drives me crazy. The one that my husband bought in INFONAVIT…" MO–02xxxviii

> "In fact, I think that the government must define a mediator between the workers and the [housing] developers because, in reality, I think the houses are very, very expensive, the INFONAVIT ones, compared to what they are really worth." PD–02xxxix

Figure No. 99. A dwelling visited in Guadalupe Peralta.
Source: Carlos Hernandez–Velasco (2010).

This perception was that formal housing was unattainable. This coincided with what informal residents also mentioned regarding how expensive a mortgage can be. This became a key barrier for many applying. Some people regretted having chosen a house through the formal way. It seemed that they did not visualise clearly the mortgage scheme. Others have seen their conditions change over time and found it difficult to keep on track. The analysis carried out by the housing bodies to evaluate their eligibility is valid only at the time of their applications. Yet, individuals' conditions changed, the mortgage remained the same.

Another key aspect was the alleged potential of legal tenure to "unlock" the value of properties. The fact that most people were still paying for their mortgages prevented them from selling the house. On one hand, they felt they needed to end paying for it before they could think about selling it. People did not feel wealthier. The transfer of mortgages to others was not found in the fieldwork. People could sell the house only if they cleared the debt before the financial body. The owner could transfer the debt to a new owner in theory but it meant losses to the original owner who needed to consider the outstanding balance of their mortgage and the associated costs of r the transfer, such as with the property registry.

Figure No. 100. A view of Guadalupe Peralta housing modules development.
Source: Carlos Hernandez–Velasco (2003).

Before considering a formal house marketable, people preferred to complete their mortgage. On the other hand, people feared the red tape that a transfer might represent. Consequently, this limited the possibilities to use the asset as a means to capitalise residents. Recently, INFONAVIT, for instance, implemented a second–mortgage scheme in which people could access a second mortgage but INFONAVIT had not implemented it at the time of the fieldwork. There was a contradiction between the formal and the informal areas. Whilst informal residents kept thinking that once they obtained the title they would sell the house more easily, formal residents did not consider selling their houses despite the fact that they already had legal possession of their asset.

Both formal and informal residents were "locked" in terms of their assets' marketability. The title did not necessarily play in favour of either resident. The land title was not a driver for formal residents to obtain the benefits of living in a formal area. Nobody mentioned the intention to sell his or her house after the mortgage period ended. In summary, residents did not see formal housing as an opportunity to "unlock" the property value that this sort of

tenure represented. It was still "locked" in De Soto's terms and other factors would be required to "unlock" properties values.

7.4. Living in a formal housing development.

Formal residents perceived security of tenure different at the various house consolidation stages. As formal housing projects included –at least– one room from the beginning, the challenge was not to attain an immediate shelter to stay overnight at this initial stage, as was the case for informal settlers. Local regulations forced formal housing developers to include, at least, a one–room unit supplied with infrastructure and public services from the beginning. Yet, the characteristics of the housing units have changed over time. For instance, the Guadalupe Peralta housing project offered a housing module to buyers. Morelos and Ojocaliente offered a two–bedroom house with a living/dining room, a kitchen, and a bathroom. Valle de los Cactus offered a one–room unit with living/dining room, an I–shape kitchen, and a bathroom, and followed a condominium administration where residents share common spaces and pay a maintenance fee. The rest of the sampled areas did not follow this type of administration.

The Palomino Dena project exclusively sold plots with no housing modules and no public services, the only case of a sites–and–no services housing public project in the city. It was a special case in terms of its creation, as the party in the power promoted the settlement and arranged everything with the housing institute. Evidently, these residents mentioned that accessing land was easier than expected. However, conditions were difficult in the first stage. The settlement was located far from the existing urban area and public services only arrived some years later. Although the initial stage was difficult, it took residents less time to achieve public services than the sampled informal areas. The only requirement to access a piece of land in Palomino Dena was a commitment to the party promoting it and their electoral support in further campaigns. This provided a sense of tenure security to residents because that party had been in power for decades and people expected it to continue ruling. This apparatus contributed to the sense of security of tenure among residents and, in fact, none of the interviewees reported any threat of eviction.

In Ojocaliente and Morelos, the initial stage of occupation was different. Ojocaliente was one of the largest low–income housing projects built so far for local formal workers. Most of its residents were INEGI's employees relocated from Mexico City after the earthquake

in 1985. According to some neighbours, some of these original residents decided to return to the capital a few years later or after retirement. Its occupants are now from diverse origins. Ojocaliente followed a more "traditional" occupation path according to INFONAVIT's rules for mortgages.

Another key aspect was that formal dwellers occupied their house on an individual basis with no previous knowledge of neighbours. This was different from some informal dwellers that sometimes knew or belonged to an ejidatario family. The process of home occupation and mortgage application was an individual effort to cover the requirements of the corresponding housing bodies. No sense of neighbour support was present at this initial stage. In addition, the process of home acquisition was "institutional" which means that an "intangible" individual was in charge of processing the application and this could not be personalised in the same way as in ejidos with landowners. Furthermore, none of the formal residents mentioned that they have been under pressure to sell their homes to potential buyers who had any special interest in their homes, as happened in Los Pocitos for instance.

The original owner in most cases inhabited the sampled formal areas. In this sense, mobility was nil despite the fact that residents in Morelos, Ojocaliente, and Palomino Dena had completed their mortgages. This meant that people did not sell their homes once they had finished payments. Legal tenure did not "reveal" the value of homes to improve the living conditions of their residents. Residents in Guadalupe Peralta and Valle de los Cactus were still paying for their mortgages but they did not mention having expectations of selling their houses afterwards. In this sense, residents perceived their houses as a goal. They did not expect to use it as a platform to pursue a new/second mortgage either to improve their current housing conditions, or to move to another location. Their houses seemed to be an "ultimate" goal in terms of achieving shelter for their families, which barred search for opportunities elsewhere because they seemed to cling to the same place for their whole lives. Accessing the mortgage seemed to be a lengthy expected goal that people are not willing to put at risk.

> "…we are not willing to do it again [apply for a credit] because one never finishes paying for it". GP–02.xl

Another stage in the security of tenure process was when residents make home extensions or improvements. These modifications depended on their needs, wants, and their capacity

to accomplish them. For instance, people faced difficulties to invest in home improvements when they have to pay for the mortgage at the same time. Residents need to plan this double spending very carefully. Thus, formal housing improvements often went through processes similar to their informal counterparts. Some formal residents made home improvements or home extensions through self–help. This resulted in a mix of formal and informal processes in the same place and at the same time. On one hand, people timely paid their mortgage whilst, on the other hand, they implemented informal strategies to cope with their needs for more space and better housing conditions. Thus, none of the residents had requested a loan for home improvements. They seemed to have enough with their mortgages. Some mentioned that they needed and would want to have access to a second housing credit to make home improvements but they will not apply for it. People cannot wait until they finish paying their mortgage to start investing in home improvements; they needed to do them in parallel.

A formal resident can be, at the same time, an informal builder. For instance, GP–02 was building some home improvements. The materials and the construction followed the same process of home improvements as in informal areas. The family saved as much money as they could to buy building materials and followed a "traditional" self–help process within a formal house. Formal dwellers could hardly receive building materials from public programmes simply because they were poor, as reported in the sample informal areas. The "formal" urban poor received a different treatment than those, also poor, living in informal areas.

Figure No. 101. A formal housing/ informal builder in Guadalupe Peralta.
Source: Carlos Hernandez–Velasco (2010).

The role played by women in the process of formal home acquisition was also a little bit different from its informal counterpart. Most heads of households were men and the mortgages were under their names. Women headed only two households, VC–01 and VC–02. Yet, their role became more prominent during home improvements as they participated in the same way women did in informal settlements. All the dwellings visited had modifications, except for Valle de los Cactus, maybe, due to its condominium–like rules. Residents had extended their homes with some rooms, exterior fences or walls, or small

front shops for groceries in Guadalupe Peralta, Morelos, Ojocaliente, and Palomino Dena, i.e., MO–02 and PD–03. In these two last cases, women ran these small shops as a way to generate additional income. As for VC–01, the female spouse contributed to home improvements by participating in a tanda to save some money to buy building materials as follows:

> "I use to participate in tandas. I participate in a 50 pesos tanda every week and I get 500 pesos. I buy concrete blocks, save them and then, I participate in a new tanda again. After, the cement. I then, participate in another one. That way, little by little." VC–01xli

Figure No. 102. Decoration of a dwelling visited in Guadalupe Peralta.
Source: Carlos Hernandez–Velasco (2010).

The role played by women was useful in terms of their contribution to the household' resources' management, or in incrementing the household´s income to cope with the mortgage, or to make investments in home improvements. Their participation is crucial in attaining better living conditions since the majority of men were busy working elsewhere.

7.5. The perceived security of tenure in formal settlements.

An important difference between formal and informal land tenure was that the formal residents regarded it as the objective whilst informal tenure was a means to attain a consolidated dwelling. For formal settlers, security of tenure depended on them only, as long as they did not default with their mortgage. There was no evidence of frauds with the sale of houses and people knew who sold their houses and to whom they owed their mortgage. Formal residents were "visible" to local authorities. They "existed" from the beginning and their sense of citizenship was no different with respect to other city inhabitants. However, this put them in a disadvantageous position since they were not a priority for the local government who, in theory, attempted to serve areas that were more deprived. Since formal settlements counted on municipal services, local authorities would not do more than their regular provision. It did not necessarily mean that the formal areas visited did not have anything to improve. On the contrary, these are areas built with the minimum construction standards to keep prices low, and so required constant maintenance of streets and sidewalks, public lighting, and public spaces

> "Everything was built when I arrived: water service, some rooms with electricity, public lighting, and the trash containers arrived around those days… we had all those services". VC–01.xlii

Some interviewees felt that areas inhabited by higher–income earners received more attention from local authorities. Some claimed that they did not receive the same level of services simply because they were poor, building a sense of a non–egalitarian community. For instance, some of the fraccionamientos visited presented the highest rates of violence and crime in the city. Thus, the majority of people mentioned that the most important service they required was to reinforce police surveillance. Most people would like to see this problem solved. These areas presented also the highest levels of illiteracy, unemployment, and crime. In this sense, the residents and the authority needed to build a strong relationship to deal with the social issues.

> "Well, [feeling] isolated… too much violence and insecurity [in the neighbourhood]." OJ–01.xliii

Often, residents focused more on social aspects rather than in the improvement of housing conditions. This was also a difference between formal and informal areas. The former focuses on issues others than housing conditions whilst the latter deals with both. This makes improvement of living conditions more difficult among informal residents.

The role played by women in formal areas is as important as that in informal ones. Although there are less women heads of households in formal areas, they played a relevant role in making home improvements. They not only helped saving some money through tandas but also participated in self–help construction tasks. For instance, in both formal and informal areas visited some women sell candies in their homes as a way to make some income for their families (Figure No. 103 and Figure No.78). Their role is similar in formal and informal areas and they have proved to be decisive agents in attaining better living conditions. Yet, education levels are similar in both formal and informal female residents participating in the interviews; their role within the household is also similar and it seemed that changes would be difficult to expect in the near future with this regard.

Figure No. 103. A woman selling candies in Valle de los Cactus.
Source: Carlos Hernandez–Velasco (2003).

7.6. The role of local authorities in housing the poor.

The roles played by the authorities and their perceptions about housing the poor were central to the problems observed. The key discussion focused on the way these organisations defined an informal settlement. Most of them focused on the legal aspect of

informality, defining an informal settlement as the failure to comply with the legal framework. RWP, the right–wing party leader, stated a more radical position:

"I believed that the informal settlements should not exist." RWPxliv

RWP considered informality as a synonymous to illegality and implies that it should be eradicated. Meanwhile, SDU, the state's urban development director, claimed that a definition of an informal settlement did not exist in local regulations. These included only procedures about how the authority must deal with them but did not contain a definition. SDU also followed a judicial approach to the problem. He had been in charge of the application and modifications of the State's Urban Code as part of his duties. However, a definition was actually spotted in the Code. Yet, here was a worrying situation, as a local authority must know the regulations they apply. The State Urban Code (2007: 225) defined an informal settlement as:

"ARTICLE 581. For the purposes of this Code, the informal human settlements term refers to the communities located within areas fractioned or subdivided without the corresponding authorisation, regardless of their land tenure system."xlv

In addition, COR, the federal regularisation office representative also follows a legal– oriented approach to informal settlements when claiming that:

"Informality is illegality." CORxlvi

COR claims that informality and informal buyers and sellers must be prosecuted. Such attitudes made it difficult for informal residents to approach the authority to improve or legalise their informal condition. Moreover, if this was true, the authorities were also breaking the rules by channelling public funds to informal –thus illegal– areas in the form of social programmes, including upgrading schemes, introduction of basic services, and infrastructure. SED, the social development secretary, recognised that the authorities break the rules that they attempt to enforce:

"… The government puts money in those informal human settlements often breaking the criminal legislation that prohibits governments to put money in informal human settlements." SEDxlvii

This contradictory behaviour was also evident when the federal government installed a national agency to regularise informal human settlements, which, to an extent, would also be a way of channelling public funds to "illegal" causes. This would remain controversial as it may be interpreted as an "exit" for informal residents and, often, as a driver for the creation of new ones. In the end, informal residents would always be able to apply to a regularisation programme under such approaches. Local authorities had a similar viewpoint, claiming that informality could be defined as a way of living. As COR claimed "a sort of culture or subculture". SED claimed also that informality was a:

> "…Mexican idiosyncrasy… it seems that we love to buy what is prohibited."
> SEDxlviii

This approach to informality seemed to remain during the entire process of home consolidation. UDE, the urban development expert, claimed that people actually preferred to remain informal, as this was a way to escape the burden of land taxes. As most informal residents believed that, the authority would introduce the municipal services anyway at some point. It seemed that "forcing" a regularisation process simply did not make any sense. On the contrary, it would put them in a position that would require the compliance with, for instance, taxes that they have not been paying for years.

UDE said that informal residents avoid "getting married with land taxes" as much as possible and that informal residents are a force that can be used on occasion, such as in public protests. He claimed that people under similar circumstances would help each other in case of problems, especially with the authorities. However, this did not necessarily reflect what was found in the fieldwork. Informal residents showed a more individual approach towards their personal circumstances and their relationship with the authority, in particular with respect to their willingness for their possessions to be regularised.

In terms of this "culture of informality", interviewees agreed on the way the urban poor "prefer" to save. Some claimed that, as part of this culture, the urban poor prefer to invest in land and housing as much as they can. As their money is limited, they prefer to put it in the house as they feel this is the safest way to see their efforts materialise, without paying too much attention to the legal protection of such an investment. UDE claimed that:

> "The Mexican mentality regarding savings is through real estate… the house
> is the patrimony for the whole life and even for the coming generations."
> UDExlix

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Most interviewees agreed on two important drivers for the creation of informal areas. The first was the incapacity of formal institutions –the structure– to cope with the demand of the poor for housing. The second was the "attractiveness" of informal land supplies more accordingly to the needs, wants, and perceptions of the poor –where they can exercise their agency. As for the institutional capacity, most interviewees recognised a lack of a political framework effective enough to cope with an increasing demand for housing for the urban poor. This incapacity dealt not only with that related to provide for the demand itself but also to the weak legal framework for enforcement. In terms of the unsatisfied housing demand, COR and IVE agreed on the fact that informal settlements are an "escape valve" for millions, which have not seen their demands met. IVE claimed that such a process is "not always 100 per cent fair", which implied, again, the "illegal" approach of the authority towards informality. Also, IVE claimed that:

> "Informal human settlements probably are created because there is not adequate land tenure regulation to grant residential land use, where the authority has total control over adequate housing developments and, thus, in order to offer housing under affordable conditions for poorer families". IVEl

IVE recognised two additional elements. First, the impact of land speculation that affects the limited capacity of governments to acquire affordable land for public housing programmes due to high costs of potential land reserves for future developments. Peripheral city areas have lain vacant for years waiting to be considered attractive for developers. Now, national and local governments attempt to play more a regulatory role rather than a land developer one. The government seemed to put him in a position where others dictate the rules. The authorities must implement innovative approaches to maximise its regulatory roles.

The second aspect was the role of political interests willing to take advantage of the phenomena of housing the poor for electoral purposes. All the agents interviewed, including the political parties leaders, recognised how negative the role of politicians in the process of creation of informal settlements has been. Moreover, their participation seemed to favour the informal status of poorer areas as a way to keep the support of residents. The idea is to keep a dependency circle with informal residents. Once areas are regularised, the politicians stop being "attractive" figures for residents who will not need them anymore. The point is relevant because many of these politicians become part of the governmental

structures once in power and the pressure to regularise or obtain municipal services derives from the fact that many informal areas start receiving fringe benefits of such a support.

This is the case, for instance, of El Rocío whose inhabitants identified that the introduction of the sewage, running water, and street pavements were the fulfilment of a promise made by the deputy during his electoral campaign. Thus, residents would participate in the electoral game with as many politicians as possible. This makes people feel attracted to electoral processes more instead of participating in a formal procedure with the authority, making the pressure for either regularisation or the claim for municipal services cyclical.

In terms of what people find attractive in informal areas to select them as their home, the key actors interviewed agreed on two main reasons behind their selection: the size of plots and the flexibility in their acquisition based on people's capacity. SED identified plot sizes in informal areas ranging from 200 to 500 square meters whilst, formal plots ranged from 50 to 60 square meters. This made formal housing unattractive due to the long period of commitment that a mortgage represents and, more importantly, to the cost of the plot as they could obtain larger plots at lower costs and with flexible payments schemes elsewhere. This, evidently, reflects the location of informal areas: the cheaper and bigger plots, the more distant from the city.

In theory, poor residents would need bigger plots where they could raise poultry or cattle. Yet, only a couple of cases in informal areas actually raised some poultry to feed their families. None of these cases existed in the sampled formal areas. Informal plots were bigger apparently because land was cheaper, not because people needed it that size for some activities. People preferred them because of their flexibility at the time of acquisition, though, RWP claimed that living in formality despite of such small plots, is much better than living in informality.

Regarding the life of the urban poor in informality, interviewees offered interesting viewpoints. IVE claimed that people preferred an informal area because they believed that their chances to access formal land were nil. Therefore, this was advantageous for some leaders or promoters ready to sell them informal land. SED also claimed that the urban poor believed that they were not eligible for a mortgage. The poor disregarded even the possibility to investigate whether some other option existed for them. There was a sort of resignation about either their lack of coping with requirements or their willingness to deal

with the whole set of commitments that a mortgage represented. Nevertheless, the same authorities recognised that they were unable to cope with the demand anyway. Some residents said that they knew about formal programmes but they could not fulfil the requirements. There was a mismatch between what authorities believed and what people did. SED added that people also buy an informal plot because they believed that they would never have a problem with the authority. They did not recognise that many informal settlers decided to enter the informal path because they knew that the same authority constantly sent them messages about its security that their inability to act represented. COR claimed that:

> "[The government] does not regularise quickly to avoid bad examples, to avoid its promotion [of informality]." CORli

The idea behind this statement, he continued, was to avoid large investments in the provision of the missing municipal services, as he argued that this was more expensive in comparison to a formally created settlement. The authorities interviewed did not consider the ready–finished housing approach as limited and costly for those who are very poor. But SED recognised that housing agencies should promote more self–help housing instead of traditional housing developments. Nevertheless, IVE claimed that the approach was correct and that self–help could become an "important problem at urban scale" in the future:

> "I think that guideless self–help can become an important problem at urban scales. It is also an important social problem due to the conditions of spontaneous housing areas that disregard many aspects of basic needs and thus can provoke acute social problems." IVElii

This was inserted into the discussion about what the authority regarded as a "decent house" which was related to construction standards. Some interviewees repeatedly asserted that a housing supply for the poor must be "decent". SED claimed that people living in informal areas did not live in a "decent way". RWP also agreed with the decent way of living. This related to an approach that claims that people must live under standards that are more "acceptable" than others are. For the authorities, living in informal areas' conditions was unacceptable. To live under decent conditions meant, for them, in a finished house with all the municipal services introduced. Those failing to fulfil these standards are considered as a "no decent way of living". Yet, many informal residents said that their living conditions were acceptable as these were part of the process towards consolidation and, eventually, regularisation. It was interesting to know that, in addition, SED claimed that informal

residents must be the most interested in pursuing regularisation, not the authorities. This tested the capacity of people's agency, as the authorities, according to SED, were not interested in improving the living conditions of informal residents. They needed to push the process if they wanted to attain land titling.

The way local authorities approached informality varied. For instance, RWP evaluated current housing policies as positive since the government implemented adequate programmes to serve the urban poor. Nevertheless, IVE claimed that there were many things to do, as the problem should be tackled from a long–term perspective by incorporating land reserves at low cost so the authority could develop them accordingly. This would reduce the cost of potential housing developments for low–income earners. SED, in contrast, argued that a housing development would be cheaper if it were born formal from the beginning. For SED, regularising informal settlements was more costly that formal settlement creation. This was negative, as local governments need to channel money towards informal areas, leaving formal sections of the city with a reduced budget for investment. SED claimed that:

> "For the urban poor, it is more expensive to buy [a piece of land] in an informal settlement than in a formal one." SEDliii

There seemed to be a perception about how bad the urban poor administered their money. Some interviewees believed that, for instance, the ejidatarios who often sell pieces of land to informal dwellers spend their money on superfluous things, i.e., the traditional fifteenth anniversary party for their daughters. There was a perception that selling ejido lands informally was a millionaire business for ejidatarios. They were unable to explain why ejidatarios also remained poor despite of having had the opportunity to sell large extensions of land. Probably, selling ejido lands was a survival mechanism for ejidatarios who had been unable to make their land productive in agricultural activities, its reason to exist.

Besides, there was a perception that the correct approach to house the urban poor was by providing traditional residential areas for low–income earners, which include a ready–finished house supplied with all the municipal services. The argument behind that was that housing areas lacking all these housing and neighbourhood standards had a tendency to be areas of social conflict. LWP, the left–wing party leader, argued the need for larger plots with less built–up housing area for the possibility to build housing extensions in the future.

He claimed the need for more flexible credit schemes to provide more options for low–income earners.

Local authorities perceived four key benefits from regularisation programmes for informal settlements. First, the security of tenure that legalisation represents for people. Second, former informal settlements become eligible for municipal services or are entitled, at least, to demand their introduction. Third, people also become eligible for credit and, fourth, people invest more in housing improvements after regularisation. These four aspects matched with most of the benefits of regularisation claimed for instance, by De Soto. Yet, in the practice, the result from the schedules did not show such results. It seemed that local authorities did not take enough account of the history and culture of those experiencing regularisation.

In terms of security of tenure, SED and COR claimed that a person who finally obtained the legal title of their piece of land, changes "automatically" his/her perception simply because the land belongs to him legally. SEP argued, "after the rights to live and freedom, there is [formal] land/housing tenure". These are rights, for SED, of a similar hierarchy. SED indicated that people have the rights to a family, a shelter, and a decent house according to the Mexican Constitution. This exemplified how important the legal approach to housing the poor was. In contrast, UDE did not believe that people actually realise how important having a land title is for their lives. According to him, if people were aware of it, they would promote the regularisation more acutely. The COR official believed that the local authorities will not introduce municipal services to informal settlements as long as these remain informal. Without legal titles, IVE affirmed that the authorities were not authorised to invest in informal areas due to legal restrictions, leaving thousands of people without basic services and no possibilities to improve their living conditions.

This only applied in theory. Most sampled informal areas received public support from at least one public agency in the form of a social or a housing programme. Both the authority and informal residents break the regulations at some point intermittently. Some authorities believed that an informal settlement could become a place for social conflicts. The more population settled in an informal area, the worse the social and environmental conditions. According to COR, regularisation is a way to deal with social and environmental degradation. Yet, some areas visited remained practically the same as they were before regularisation: the streets were still unpaved and many shacks remained the same for many

years. Regularisation did not bring the argued benefits to most dwellers as claimed by some interviewees.

IVE recognised that recently regularised areas became entitled to request municipal services. Yet, during the fieldwork, there were no recently regularised areas under the process of service introduction. Many would need to wait for some more years. Indeed, the same residents did not expect to have the services immediately before regularisation, as these depended on their agency capacity to negotiate with local authorities before thinking of regularisation. Residents were aware of the fact that regularisation was a long process and that some services could be actually obtained even before it. Thus, they focused more on making home improvements, relying on their agency capacity to attain the services.

Then, regularisation was more a segmented process, which was not part of a more comprehensive public policy intended to improve the living conditions of informal residents. It tried to solve the legal aspect only. Actually, public agencies were not able to survey the impact of the regularisation processes implemented. COR accepted that once this agency granted legal titles, there was no following–up process to survey the impact of its regularisation programmes.

The interviewees also considered an increase in access to credit and of home improvement investments as two more benefits from regularisation. Yet, formal credit bodies have systematically rejected the poor not only for housing purposes but also for other financial needs. Only a few interviewees mentioned that they had access to individual credit but it did not depend on the legal status of their land. It exclusively depended on the payment capacity required by the loaner. Thus, potential credit sources' eligibility seemed to be unrelated to the legal housing status. None of the interviewees mentioned that they planned to sell the house after regularisation simply because they did not consider it as an option. Their house, either formal or informal, represented a lengthy struggle to improve their living conditions and it was a valuable accomplishment at both individual and family levels. Houses were not an attractive asset to loaners to guarantee larger loans no matter their legality

7.7. Reflecting on the efficacy/obstacles of the existing structures.

The experts and officials interviewed understood and recognised the extent to which the same authorities comply with their functions and responsibilities. Although most of them kept to an institutional position in their answers, some were able to recognise some of the inefficiencies and problems that their organisations faced in housing the urban poor. This introspection was possible to reach, in most cases, because I already knew some of the key actors due to my previous jobs in the field. A major output from this was that some key actors seemed to recognise that an incoherent policy to tackle the process of housing the very poor was inefficient and uncoordinated.

This results in an unarticulated approach among the different levels of government, which followed the individual agendas of the national, state, and local governments. There was no consensus about the way to approach housing the urban poor. On one hand, IVE recognised that there was not an adequate planning process to reveal basic urban aspects. The government has been unable to implement a consistent policy to deal with a growing urban informality. The interviewees mentioned that the resources channelled to this problem have been traditionally insufficient. MFH, the microfinance senior official, recognised that:

> "Mexicans are very bad planners and we want to solve everything by implementing projects. That is too bad." MFHliv

SED claimed that there was no regularisation or an informal settlements' policy and that only one person in his office dealt with this problem and with thousands of cases of informality. The problem, SED claimed, was not only at the local level. The federal government was not well organised and this was reflected in the poor coordination among the different public agencies at all levels:

> "The same federal government is not well organised. On one hand, FONHAPO, FOVISSSTE, CONAVI, INFONAVIT, the Urban Development Under–Secretary… then, the Mexican is like this, each one works separately. At state level, it happens the same and among the more than two thousand municipalities too. There is no state policy in terms of urban development, housing, and particularly with respect to the informal human settlements." SEDlv

MFH agreed that there was not a strong policy focused on informal settlements to help the urban poor. This microfinance manager claimed that:

"The greatest problem in housing the poor and the low–cost housing is strongly related to the value of land which, at the same time, relates to planning policies, the growth of cities, and a long–term perspective. Suddenly, some governments decide to develop large–scale developments thinking of the highest standards of streets, public services, water treatment, state–of–the–art technology… but, when you know the value of land, there is no way that could be a business. If you want to promote affordable housing, it should be a business, or it will not be attractive to investors. The developer will not build low–cost housing. It is that simple." MFHlvi

Controversially, UDE claimed that there was no law that prohibited servicing informal settlements. No law expressly defined what an informal settlement was and, therefore, UDE said, that they do not exist legally. He said that a "double game" existed. On one hand, informal settlements did not exist in the law and, on the other, public agencies kept channelling some funds to help improve their conditions. SED criticised the fact that the federal Social Development Secretariat was in charge of the federal housing policies for the urban poor. This, he continued, has proved to be eminently political, and therefore, for political goals. Interviewees disagreed with the current housing policies that they were in charge of implementing. SED also criticised the fact that current formal housing policies promoted vertical projects as an attempt to stop urban sprawl. Yet, for SED, Mexicans do not like living in a flat and this policy will fail in the future. SED claimed that this was a cultural issue.

Another aspect was the position of some authorities in recognising corruption. SED accepted that the public agencies in charge of acquiring territorial reserves for further housing development were corrupt. They bought large extensions of land at a very low cost to incorporate them into the land reserve stock at a higher cost. In the process, the authorities obtained a personal profit from the transaction.[40] Thus, the housing offered became more expensive for potential buyers due to the increase of land costs included in the final housing costs. It seemed that the current offer could be neither cheaper, better, nor bigger. On the other hand, IVE recognised a contradictory position. The law prohibited local authorities to invest in informal areas but they introduced municipal services at the same time. There was an ambivalent culture in the application of the laws because public agencies attempted to make "corrective" approaches that, contradictorily, break the law.

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[40] By 2014, the former state's governor is being prosecuted for corruption after he led the corruption network in land sales to the government he was in charge, according to allegations. The case is under investigation.

For instance, UDE claimed that the state informal settlements commission, in charge of the local policies intended to deal the proliferation of these areas, was simply useless:

> "The state commission is only for the photograph… I have not seen any real effect from its activities during the time I belonged to it." UDElvii

The interviewees also pointed out other inefficiencies. For instance, SED claimed that the same urban development plan designed by his office, incentivised land speculation. When a land use is established, he claimed, you make the land worth more. The authority does not update the land taxes values in the city after it granted land use changes over time. Large extensions of land remained paying the same land taxes despite of having infrastructure and basic services introduced by the local authorities a few years ago. There was a problem of capitalising public investment in private land through land taxes, which prevented the municipality from recovering its investment to continue improving other city areas. This made services expensive and, thus, residents needed to pay more for them. Besides, as the city grows and empty urban land remained undeveloped, the municipal services provision to newer areas becomes more expensive. There are no incentives to occupy vacant land within the consolidated urban area. The effect is evident; new residential areas, whether for the poor or the rich, locate far from the central city.

The interviews with both the right–wing' and the left–wing parties' leaders allowed me to understand how different their positions were with respect to housing the poor. Whilst the RWP agreed with the existing housing policies for the urban poor –although, the government in power belonged to his party– the LWP claimed that there was still lots of things to do; he also believed that housing policies were inadequate. The RWP claimed that the costs of housing programmes for the very poor should be absorbed by the government. This meant that RWP proposed that housing for the very poor should be free:

> "… I think they [the urban poor] must be included in welfare programmes. The government approach should consider it [credit for housing] as non–refundable. If people can repay, that's fine, but the objective should not be making profits from social housing programmes." RWPlviii

In contrast, LWP claimed that a major problem with housing the poor was the lack of affordable credit. He recognised that politicians have been unable to establish efficient policies once they take power; even RWP agreed that a big difference existed between what a politician running for elections believed to what the reality was for him/her after

becoming a mayor, a governor, or a deputy. In 2010, the RWP party lost the elections at national, state, and local levels. Its deputies became a minority in the local congress. Voters elected the PRI's (Institutional Revolutionary Party) candidate as President, sacking the PAN. LWP believed that current housing policies for the poor would lead to important social problems in ten years' time. He said that the city had not been planned adequately and there will be social "decomposition"; access to housing will be even more limited for the very poor, and informal settlements will become "visible" only after a tragedy occurs in them, e.g. flooding in prohibited areas occupied by informal residents.

UDE claimed that informal settlers became "political spoils". Many were eligible to voting because they registered in other relatives' addresses. The promise of a better place to live, regularisation, the introduction of municipal services, and other aspects were elements for political purposes. If a politician, once in power, helps informal residents with regularisation, they would become less helpful in the future.

INF, the national workers' fund federal delegate, claimed that INFONAVIT was already "open" to informal workers. After questioning him about why the largest housing body in the country prevented the urban poor without formal jobs to access a loan, he claimed that informal earners were now eligible for housing loans if:

> "An informal worker could have an INFONAVIT loan as long as he is registered [in the revenue agency] and pays the corresponding fees [to the housing fund]. He can register under the smaller taxpayer scheme… they register and then pay the fees, fulfil the INFONAVIT regulations in terms of credit. After a certain time, they qualify for a credit in the same way as a formal worker does." INFlix

Herein, there is a problem with the concept of informality and "eligibility", as INF actually discarded informal workers simply because these never get registration in the revenue office. If they do this, they would immediately stop being informal and would become formal. It was actually why MFH confirmed that his company dealt with the fact that informal workers were unable to show proof of income and they implemented a savings scheme to make them eligible. Actually, INF started the interview claiming that INFONAVIT was exclusive for formal workers because they were entitled to the fund due to the fees paid to it and, consequently, they become potential beneficiaries. The INF representative became a federal senator for Aguascalientes in the 2010 elections. SED claimed that INFONAVIT was too inefficient and unattractive even for formal workers due

to bureaucratic procedures, small houses offered, and expensive credit schemes of at least 15 to 20 years long. Again, there was an inconsistency among the authorities in charge of applying key policies intended to improve the living conditions of the urban poor. However, MFH claimed that the very poor were an attractive part of the housing market:

> "The banks and the large developers prefer to stay out of this market segment [the urban poor] because it means a lot of work, such as requiring the people to save. To us, they [the poor] are a very worthy of consideration and we are working with them." MFHlx

Indeed, the urban poor were a profitable segment for MFH. INF recognised that, although this was the segment with the lowest income level, they showed low levels of mortgage default. Women, he continued, have proved to be more reliable for credit. The role of women in the housing equation was recognised by the officials interviewed as a key. As for the informal workers served by the local housing body, applicants face different challenges. They need to save for at least six months as the proof of reliability and his/her payments' capacity. Yet, income was not constant and applicants would be in trouble sometimes. This body did not include an unemployment insurance option for its clients.

> "Yes [the poor were financially reliable]. Yet, we must consider some features. Of course they are. They are good people in most cases. They are working people focused on their own. The problem may come from the side of public policies for the poor." MFHlxi

7.8. Conclusions.

This chapter revealed, on one hand, the challenges that formal housing represent for the urban poor and, on the other, the assessment of some key actor intervening in the process from public agencies and relevant organisations. It helps understand how the formal structure either ease or deprive the poor from gaining access to satisfy such a need or goal. Actually, the fulfilment of formal rules did not guarantee the argued benefits to residents flagged by those in favour of a legal framework to cope with this issue. For instance, the depersonalisation of formal procedures made the formal structure slow and unable to attend individual requirements and needs. The formal apparatus disregarded individuals and focused on population' segments, dealing with their needs within standardised criteria. This resulted in a series of challenges for the poor.

First, the potential "unlocking" of the properties values was not clear from the schedules. None of the formal residents seemed to appreciate it simply because their homes, they believed, had the same value whether they already paid for the mortgage or not. Additionally, informal residents eventually achieving legal tenure did not see this as an opportunity to "capitalise" the value of their homes simply because the formal market and financial bodies were not interested in them. This left the urban poor with limited possibilities to overcome poverty as De Soto claimed, restraining their agency capacity towards capturing the benefits of their formal stance.

Second, a mix of formal and informal procedures was found in the same place and at the same time. Even formal dwellers were unable to make home improvements following formal procedures. The fact of living in a formal housing did not guarantee them access to formal mechanisms to finance home extensions at all. They remained unattractive to banks or housing funds as to provide financial assistance because, first, their income was captured for many years to pay for the mortgage, and second, their income was too low anyway as to become eligible for housing credit for home improvements. In these cases, the formal structure seemed to be stronger than any agency exercised by residents who were unable to continue their housing consolidation path within formal rules. They needed to exit the formal structure and proceed with informal mechanisms to improve their housing conditions.

Third, political interests and public agendas shaped the role played by the public bodies intervening in the process of housing the poor. Public bodies' participation was biased by a political agenda of the interests of the party in the power in order to retain it. The urban poor seemed to be an attractive sector that needed to remain dependent on the governments' intervention to, at the same time, retain the possibilities to "sell them the benefits" from an electoral viewpoint.

Fourth, there existed a pathological cycle created during electoral processes that prevented the poor from improving their living conditions faster. It was a key to support the candidate who would win the election, otherwise, people' needs will remain unattended until the promise of help returned at the next electoral period. Besides, the partial fulfilment of promises kept the colonias permanently dependent on the political will and as electoral loot for the next candidate. The poor have learnt to live within the political culture prevailing in the city, which has become a sort of structure during electoral campaigns and a different

one when politicians take power. This has become a sort of "electoral game" where residents and politicians obtain fringe benefits according to their own interests.

Finally, the approach to housing the poor followed a pragmatic stance with unclear and uneven concepts among the interviewees. They often regarded poverty and informality as elements subjected to be criminalised because of a sort of "sub–culture" among a large sector of the population. This negative way the authorities approached the issue of the legal aspect has left the informal residents in a compromised position in their attempts towards consolidated housing. The idea of "teaching the poor how to live and behave" has created a vicious circle of failure in attempting to implement something that would not happen anyway in the end. Besides, the permanent idea of implementing the "proper housing standards" that make housing "decent" has restricted the role of housing and urban development agencies to provide fully–serviced and ready–finished homes, disregarding people's capacity of self–construction and increasing the cost of housing developments. Thus, the housing supply was expensive, small, and limited to what the authorities believed the way things must be done.

CHAPTER 8. CONCLUSIONS.

8.1. Introduction.

The completion of this research is a rewarding experience; it revealed some lessons that contribute to the understanding of housing the urban poor. On one hand, the scrutiny of the role played by land tenure in home production among the urban poor has implications for both theory and practice. On one hand, in theory, it assessed the different approaches to tackle this problem within the restrictive environments that developing countries represent. On the other hand, in the practice, this dissertation engaged with a case study that demonstrates the challenges that translating orthodox and/or external solutions in a particular context represents. It explored the implications of some dichotomies –e.g., formal and informal- for the life of the urban poor and how these impact the way people attempt to achieve a house for their families.

8.2. The aim, objectives, and methods of the research.

Briefly, the aim of this dissertation was to assess the motivations and barriers for the urban poor to invest and achieve fully consolidated and serviced housing. This aim assessed the role that residents' agency capacity plays within a restrictive environment –or structure. This helped scrutinise different strategies implemented by the poor in dealing with other actors related to housing, i.e., local authorities, ejidatarios, neighbours, and financial bodies. This allowed me to understand those barriers implicitly and/or explicitly imposed by the structure in which they attempt to achieve their goals. This is a major experience in the case city selected as urban growth and industrial development did not necessarily contribute to the overcoming of poverty and the provision of housing for this segment of the population in a straight–forward way. The three objectives defined to pursue these aims contributed to the assessment of the dynamics of housing the urban poor; thus, these also shaped the structure of the dissertation.

Thus, the first objective expanded the discussion by including the assessment of the dichotomies of informal and formal to thereby explain and understand the living conditions of the urban poor. As housing is a distinctive tangible representation of poverty, studying the process of home production among the urban poor from a wide perspective and at a global level illustrated the necessary context for this dissertation. This provided a

comprehensive framework that eventually contributed to the selection of the stance of this research before the challenge that designing and conducting a case study would represent. By scrutinising the circumstances under which the urban poor make choices regarding their efforts to acquire permanent housing –the second objective of this dissertation-, this dissertation contributed to the analysis of the existing mechanisms by which the urban poor attempt to access owned and consolidated housing in developing countries. The third objective –to scrutinise the contribution of security to informal house construction– brought into the discussions the implications of the meanings of security of tenure, both formal and de facto– in the life of millions of poor settlers. This helped assessed both the key drivers in housing choices, i.e., the agency–structure relationship- and the role that land titling played as a driver for home improvements. The discussion engaged with the dichotomy that diverse scholars and practitioners claim regarding the role that land tenure plays in the housing equation and helped address the implications of diverse theoretical definitions at the time of attempting to make them operational. In addition, the role that key actors play throughout the housing process, i.e., local authorities– was also scrutinised throughout the research. This was very useful for this dissertation by contrasting the efforts made by the urban poor –agency– and the environment in which these took place. The results showed key insights into this relationship that are analysed in the reflections and conclusions sections of this chapter.

In terms of the methodology defined, this dissertation gained valuable insights into key aspects of the housing process. First, it focused on places where the study of housing the poor is uncommon as most of them concentrate in the three largest cities in Mexico, i.e., Mexico City, Guadalajara, and Monterrey. The selection of a rapidly urbanising middle–sized city provides a fresh look into areas of these sorts in Mexico, which are being transformed at a pace that scholars must take into consideration. Second, the application of a behavioural approach that helped scrutinise the agency–structure relationship in the housing process, contributed to widen the knowledge of this field. This approach framed the analysis of the different theories relevant to this study, i.e., the formal/informal dichotomy, the call for a legal system as a path to overcome poverty, and so on. The methodological stance was innovative in terms of the selection of the place to study and of the variables and approaches considered. I believe that this dissertation contributes to a fresh way to look into the housing equation.

8.3. Key findings.

This research helps fill the gap in the literature regarding the experiences of the urban poor attempting to achieve consolidated housing in medium–sized cities, in particular, in an area that is experiencing tremendous pressure due to industrial development and an increasing impoverished population. It also contributed to understand the differences between those cities frequently analysed by experts and those emerging urban areas that account for the new wave of urban growth, i.e., the medium–sized cities. In particular, this research concentrated in the city of Aguascalientes, Mexico as this is a place plenty of challenges to address urban development issues and, consequently, its associated problems. Thus, based on the aim and objectives of this research, the implications of the findings are summarised as follows:

- The urban poor are more part of the solution than of the problem, as Turner advocated many years ago. Many have been able to achieve consolidated housing over time owing to the incapability of the institutional structure to promote an affordable land market for the very poor. Local governments have remained one–step behind in the provision of potential solutions for thousands of urban residents in search of a place to live.

- Formal institutions have tried to eradicate/outlaw informal housing and land markets rather than to *participate* in its dynamics, adopting a role focused on learning from a housing process. Yet, although the housing process is lengthy and not all the poor settlers succeed, their experiences must be taken into account by further scholars and practitioners.

- The imposition of unrealistic housing standards has to be reviewed, as the provision of formal housing under this criterion has limited and deterred the possibilities of promoting areas that could be progressively improved with the participation of residents and the authorities together. The values appraised by dwellers were different from those of the institutions and these must consider alternative ways of dealing with informal settlers.

- Approaching the role played by land tenure in home choices by following a behavioural approach, enriched this research by assessing it *from* the perspectives of the main actors involved in the process. It helped understand the problem from a perspective that is rich in experience as settlers provided an insight to their problems within the sampled areas. People were avid to discuss

their problems with this researcher but at the same time, illustrate their creativity to overcome their challenging conditions.

- The qualitative stance of this research resulted in a rich introspective into the viewpoints of residents, officials, and experts that helped make a comprehensive assessment of the problem of housing the urban poor. It was evident that land tenure and security of tenure meant something different from residents to officials. The agency exercised by residents proved what their priorities were, whilst the institutional agenda determined the stance from which the structure dealt with it. There is the opportunity to expand this research more in–depth into the structure as a way to understand the barriers, tangible or intangible, to learn *from* the people. There was a mismatch between formal institutions and their intended beneficiaries.

- In addition, there was a discrepancy between the living standards imposed by the authority and the way people lived in reality. There was a mismatch between the growing city of Aguascalientes and the reality of thousands of its residents. These struggled simply to survive in a city that has been eagerly providing formal land for industrial estates and housing for formal workers, though a minority. This has left thousands of people attempting to access a piece of land in ejidos, peripheral areas, and in those that are not attractive to developers. This has segmented the city and this phenomenon has reached residential spots where the poor lived. Wealthier areas now surround poor areas and gentrification seemed to be an area for analysis in the following years.

- The overlapping of formal and informal mechanisms in the housing process was evident in the sampled area. The dichotomies of legal/illegal and formal/informal will prevail institutionally for many years. Yet, access to formal housing does not guarantee the eradication of informal mechanisms to improve the conditions of a shelter that is insufficient for the *needs* and *wants* of the beneficiaries of such programmes.

- Thus, the formal housing process becomes segmented and limited. It also seemed to play against the cities themselves as formal settlements are being located far from the consolidated areas, as land is cheaper in peripheral zones. To some extent, urban sprawl is being promoted by the same local authorities that blame informal settlements for engendering it, through policies intended to promote formal land tenure to all, but at a cost that in the end seems to be unsustainable.

- Local authorities must reconsider their focus on legal tenure as the ultimate goal in dealing with informal settlers in general, and in providing housing for the poor in particular. Other elements that consolidate land security than exclusively that fact of having the legal possession of the assets were found. The progressive introduction of municipal services must be recognised as the silent acknowledgement of the informal areas by institutions. There was a paradox found between the local officials advocating eviction and/or relocation, whilst services are promised by politicians and introduced, eventually, by municipal agencies. This jeopardised the consolidation process for many years needlessly, especially as the eviction policy has faded away under political, electoral, and even humanitarian pressures.

- The urban poor are willing to wait for the legal aspects of their land or house as long as necessary. They always knew that legalisation is a step in the process towards consolidation and recognition but it did not need necessarily to be the first. The reduced mobility that settlers presented in the sampled areas showed high levels of place attachment. People did not expect to capitalise their properties to improve their living conditions or even overcome poverty. Their houses are their most valued possession. They will trade them only as a last resort.

- De Soto's ideas of the need of a formal system as a condition for trading goods safely, did not seem to apply in the sampled areas. Besides, his optimistic concept of the capitalisation of assets as a step to overcome poverty seemed to be far from the reality. The poor remain poor even after some of them obtained the legal titles of their houses simply because these areas neither increase in value nor become sufficiently attractive for formal institutions to consider them as collateral.

- A complete alternative housing and land market of safe transactions is operating among the urban poor despite their informal condition. No problems between landowners and buyers were found in the informal sampled areas that jeopardise such informal transactions. In the contrary, the urban poor have dealt with informal transactions for many years and learnt about the value of a "contract" signed on a single piece of paper by the two parties involved.

- Formal housing mechanisms must be reviewed in further research. It seemed that the selection of formal beneficiaries remained dependent on the political will of the official in charge. Some formal dwellers struggle to cover both the

mortgage and to raise resources to adapt a house that is simply inadequate for their needs. Their limited incomes and the limitations imposed by the new regulations for formal housing, represent a tremendous challenge to survive in the more recent developments. The new approach of communal housing –i.e., condominiums– has proved unpopular and difficult to implement and it should be reviewed. Paradoxically it seemed that, for many, accessing formal housing has made it more difficult for them to solve their housing problems.

- The assessment of the role that land tenure played in the sampled area helped illustrate how creative informal residents can be to achieve consolidated housing over time. For instance, it was the lack of formal tenure, which made informal settlers attractive to politicians, particularly during electoral periods. It became an element for negotiations and trade between the settlers and the candidates for office.

- Besides, many people have been able to take advantage of their "informal" condition and obtained fringed benefits from the authority. It was in El Rocío where one of the interviewees mentioned that she had not made any housing improvements because that would endanger her "eligibility" for public subsidies and help. For some, being informal has become a sort of culture and, at the extreme, a way of life.

- In defining poverty, it was found that one could not make general statements or apply a one–dimensional concept everywhere. Poverty must be defined at the most local level possible to make its translation into alleviation programmes more effective. The definition of poverty must respond to local circumstances, cultures, and history of the location in which practitioners attempt to translate it into, for instance, public policies and programmes. It needs to consider also the needs and wants of those regarded as poor.

- The different poverty definitions and measurement systems have created confusion and have proven not to be effective everywhere. Poverty alleviation programmes must respond to local agendas and be conducted from local perspectives as poverty is not a static concept and represents different challenges for people over time.

- When approaching housing for the urban poor, the interpretation of poverty becomes a significant element of discussion affecting the design of appropriate policies. There was a disassociation between the current poverty theories and those held by those in charge of the design and implementation of the policies

intended to reduce it. In the case city, officials in charge of poverty and housing for the poor programmes seemed to react, adopting immediate resolutions to a problem demanding long–term solutions.

- The ability of people to interpret their environment and act consequently was evident. In general, their agency capacity is palpable in the fact that most of them have been able to achieve consolidated housing to some extent. Their capacity to make the improvements by themselves has being disregarded by current policies as self–help programmes have been practically eliminated.

- Housing policies should be reviewed and include alternative ways to incorporate the voice of the poor into the equation. However, there was no way to hear that voice in the current institutional framework. The urban poor remained as an attractive segment only under certain circumstances, i.e., elections or public protests. To tackle housing the poor, there is more to do with the structure than the agency.

8.4. Reflections.

The experience of conducting this research implies necessarily the need to reflect on this experience for both the study itself and the researcher. First, although the assessment of the process of housing for the poor is not new, the utilisation of new approaches towards its scrutiny becomes necessary. More research is needed from perspectives that represent creative stances to attempt to contribute to poverty reduction and housing provision. This research followed a behavioural perspective, which actually provided insights from the incumbent actors into their agency capacity to deal often with an overwhelming structure. Additionally, the assessment of voices calling for the implementation of a legal system as a condition to solve the problem of poverty and, hence, expediting the improvement of housing conditions of the poor, provided an insight into practices that can enrich the research process in the future. This is the case of the various dichotomies herein assessed, i.e., relative versus monetary approaches to poverty and/or formal versus informal housing.

As the emerging economies are experiencing important industrialisation processes in less–saturated cities, medium –sized cities call for the attention of scholars to analyse its implications. This is a key contribution of this research as the case city represents an area full of contrast that may be alike, on one hand, to those cities with similar urban and industrial conditions. Yet, it illustrates, on the other, unique features of a city that is able to

participate in globalised industrial policies but at the same time, been unable to tackle its problems at the local level. Generalisations are not recommended of the process involved and this research shows the importance of dealing with local conditions.

Evidently, the research scope represents an opportunity to explore aspects more in–depth elsewhere due to its own limitations in length, time, and resources. For instance, there is an opportunity to explore the implications of the role that land tenure plays in home choices comparing its impact on households at different periods. This would assess the evolution of the concept of security of tenure over time that would enrich the discussion in this regard. Another opportunity is the construction of different concepts related to poverty and housing for the poor at a local level. This would represent more effort locally but, at the same time, it would imply probably more effective approaches to solve the problems of residents provided their voices be taken into account. Besides, there is an opportunity that calls for conducting research on the agency –structure relationship at local levels. This dissertation is aware of the uniqueness that this relationship may represent in different places but there is an opportunity to systematise its incorporation into the housing equation. Again, this would enrich the focus of those involved in the decision–making process and would promote their association in the process of working with the urban poor. There is also the opportunity to implement more systematic quantitative data analysis about the perceptions of the incumbent actors in order make comprehensive assessments in the future.

As for the implications of this dissertation for this researcher, this has been an exercise full of experiences. On one hand, in practical terms, a more rigorous discipline in the process of working in this study would have helped its completion much earlier. The difficulties of dealing with different personal situations made this process challenging and concentrating exclusively on research are highly desirable. On the other hand, I learnt that reaching a precise research focus is very helpful at earlier stages of the study. This helps concentrate on the relevant topics from the beginning rather than scrutinising wider aspects of issues that need to be more specific. This happened when exploring, for instance, micro finance or poverty, which, although these were relevant aspects, their study required more strategic approaches to have a more effective use of my time. Another aspect is to take the opportunities to share research progress in seminars and conferences as much as possible. I only had the opportunity to participate in a few of them, which allowed me to hear valuable opinions from experts who enriched my own work.

I see the opportunity to both expand this research into more systematic ways to approach housing the poor from the behavioural perspective and identify better ways to capture the voices of the different actors intervening in the process. The former would comprise a focus that explores innovative drivers in housing choices whilst the second would incorporate effective methods to make the voice of both the decision–makers and the urban poor heard. Thus, the challenge is to translate their experiences into successful approaches that eventually contribute to alleviate poverty and to improve their living conditions.

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APPENDIX NO.1. COMPARISON OF POVERTY APPROACHES.

Element of analysis	Monetary approach	Relative approach	Social exclusion	Participatory approach
Unit of analysis	Ideally, the individual, de facto the household	The individual	Individual or groups relative to others in their community/society	Groups or individually
Required or minimum standard identified by	Reference to 'external' information (defined outside the unit); central element food requirements	Reference to 'lists' of dimensions normally assumed to be objectively definable	Reference to those prevailing in society and state obligations	Local people's own perceptions of well–being and ill–being
Sensitivity to social institutions	None, but assessments can be broken down by group	Emphasis on adequacy rather than sufficiency leaves space for (non–modelled) variations	Central element	Reflected in the way poor people analyse their own situation
Important of processes	Not essential, but has increasing emphasis	Not clear	One of the main thrusts of the approach	Critical for achievement of satisfactory methods
Major weaknesses conceptually	Utility is not an adequate measure of well–being; and poverty is not an economic category	Elements of arbitrariness in choice of basic capabilities; problems of adding up	Definition unclear, framework susceptible to many interpretations and therefore difficult to compare across countries	Whose perceptions are being elicited, and how representative or consistent are they? How does one deal with disagreements?
Major weaknesses for measurement	Needs to be anchored to external elements. Arbitrary	Impossibility of set evaluation. Problems of dealing with multidimensionality even if only of basic functionings	Problems with multidimensionality. Challenge of capturing process	Howe comparable? How representative?
Problems for cross–country comparisons	Comparability of surveys; of price indices; of drawing poverty lines	Fewer problems if basic capabilities are defined externally; but adding up	Lines of social exclusion essentially society – specific; also an adding up problem	Cultural differences can make appropriate process differ across societies; results may

Element of analysis	Monetary approach	Relative approach	Social exclusion	Participatory approach
		difficulties make comparisons difficult with inconsistencies according to adding up methodology		not be comparable
Data availability	Household surveys regularly conducted; omitted observations can be important. Use of national income data – but requires assumptions about distribution	Data less regularly collected, but could easily be improved	Currently have to rely on data collected for other basic dimensions, data could be regularly collected	Generally only small purposive samples. Never available nationally; would be difficult to extend method for regular data collection
Most obvious policy implications	Emphasis on economic growth and distribution of monetary income	Investment in extending basic capabilities/basic needs via public services as well as monetary incomes	Foster processes of inclusion, inclusion in markets and social process, with particular emphasis on formal labour market	Empowerment of the poor.

APPENDIX NO. 2. MICROFINANCE INSTITUTIONS REVIEW.

Microfinance institutions have evolved by transforming the way they do business. This section shows some examples of how some important institutions have evolved from small NGOs or financial organisations into consolidated microfinance institutions. For instance, in Nigeria, during the last decades, many banks have been created or converted into MFIs. The Central Bank of Nigeria provides a list of 899 microfinance banks working in the country. Many of them were traditional banks. The oldest bank was registered in 2006 to start operations but about 176 banks do not offer registration date (Central Bank of Nigeria 2009). In Peru, *Acción Comunitaria del Perú* (ACP) in operation since 1969, as many others NGOs, was transformed into *MiBanco,* a microfinance institution that started operations in 1998 (Fernando 2003: 7). This MFI was created through the investment of two social investors, two commercial banks and the ACP as the majority owner. The Bank's mission is to promote financial options for low–income earners, i.e., working–capital loans, fixed assets loans, housing loans, rural loans, savings, checking accounts, and money transfers (Ibid: 1, 9). By 2002, MiBanco accounted for 34 branches and more than 99,000 active borrowers, the second largest number of borrowers in Latin America, only behind Banco Compartamos in Mexico. Yet, by 2008, MiBanco had 380,807 clients in total, or 3.7 times those 7 years before, while Banco Compartamos 1,155,850 clients (MixMarket 2009).

In Mexico, the biggest MFI is *Banco Compartamos* originated as an NGO in 1990. After a transformation process, Compartamos became the first MFI to issue debt into capital markets in the *Bolsa Mexicana de Valores* or Mexican Stock Exchange (Compartamos 2009). Since 1996, the number of clients has growth by 46 times (MixMarket 2009). This bank offers loans to women and men for productive activities based on solidarity guarantee and housing improvement loans only offered to women already with a loan. Compartamos offers both credit and insurances. The four most important types of credit are the "Women Credit" (based on group collateral); "Merchant Credit" (based on social collateral); "Grow your Business Credit" (personal guarantee); and "Home Improvement Credit" that focused on women who are clients already. In 2009, in terms of financial viability, Compartamos reported $27.6 million USD (£16.9 million GBP) net profits, i.e., 31 per cent higher than the previous year and a repayment default of 2.6 per cent for the same period; by September 2009, Compartamos reached 1,423,239 clients in the 327 branches in the country (Compartamos 2009: [1]).

In South America, *BancoSol* is the most important MFI in Bolivia. It was a former NGOs as many other MFIs worldwide that has changed into microcredit markets. In 1986, the Microenterprise Promotion and Development Fund –or *Fundación para la Promoción y el Desarrollo de la Microempresa*– was first created as a NGO and eventually converted into the Banco Solidario or BancoSol in 1996. By 2009, BancoSol accounted for 240,000 clients and a $310 million USD (£190.3 million GBP) portfolio (BancoSol 2009). There are more than 100 branches distributed along the eight most important cities in the country. Bank's products comprise loans, savings, remittances services, micro–insurances, and migrants–oriented services. As for loans, these include individual loans (guarantee required), solidarity loans (solidarity guarantee), housing loans (mortgage), cash loans (formal workers), car loans, gold loans (jewellery–based loan), and fixed assets loans. In 2008, 68per cent of the total loans where individual loans and 17 per cent housing loans in BancoSol.

Most of loans requested were for productive activities and housing improvements. Individual loans average amounts were $1,955 USD (£1,200 GBP) and housing average loans were of $2,321 USD (£1,420 GBP). About 78 per cent of BancoSol' loans were of less than $5,000 USD (£3,070 GBP) and only 3 per cent of more than $10,000 USD (£6,140 GBP). By 2008 alone, bank's portfolio increased by 41 per cent from the previous year in comparison to the 13 per cent increase in Bolivian commercial banks. Savings accounts increased by 26 per cent, deposits balance by 69 per cent and the default rate were less than 1 per cent in that year. BancoSol has been ranked for the 12 years as one of the three best banks in Bolivia (BancoSol 2009b). These numbers show solid MFIs in operation for more than 20 years now. In South Africa, Small Enterprise Foundation, SEF, is a non–profit organisation working towards the eradication of poverty in one of the poorest provinces of the country. Founded in 1992, SEF provides credit and savings products and promotes jobs creation, income generation projects, and social empowerment. The Foundation designed special products for the very poor population: the MCP or MicroCredit Programme and the TCP or Tshomisano –or "working together"- Credit Programme (SEF 2009). By 2006, MCP had 15,677 active members whilst TCP accounted for 30,063 clients. These programmes follow the Grameen Bank philosophical approach and methodologies. By 2009, SEF had 57,425 clients in the country from which 99 per cent were women and the average loan size was R 2,023 (or $267 USD/ £164.5 GBP). Since 2004, the Foundation presents positive performance by increasing by 159 per cent the number of active clients, 56 per cent the size of the average loan, and 300 per cent the amount of savings held by clients.

APPENDIX NO 3. INTERVIEWS.

SCHEDULE

Group 1. Settler in an informal settlement

>Interview No.:

>Date:

General information about the interviewee:

>Name of settlement:

>Gender*:*

>Type of Employment:

>Family composition:

>Income level: (i.e. in minimum wages)

Section 1. General perception on access to a place to live

>About their perception on the existing alternatives to access land/shelter in the city

Section 2. Decisions to move and select the place to live

>About the previous place of residence

>About the reasons for moving

>About the drivers for moving from the parental/previous

>About the driver for selecting this place

>About knowing about the legal status of land/house

>About knowing about other sources of land/housing (i.e., INFONAVIT)

>About the year of arrival

>About the moving (alone, with family, etc.)

>About the type of employment at the time of moving

>About the income level at the time of moving

Section 3. Access to land/house

>About the characteristics of land/house bought (i.e., area, size, services, etc.)

>About knowing anyone in the place before arrival

>About the features of the place under arrival (i.e., number of people in place)

>About the price, interests, and methods of payment for the land/house acquired

>About whether the person counted on own savings

>About access to loans/credit/tandas, raising a sum in a pawn broker, savings

>About the time to pay for the land/house

>About the difficulties to meet with costs of land/house

>About the landlord (i.e., ejidatarios)

>About the proof of transaction

About the perception of a safe/unsafe transaction

About the first steps on arrival

About the process of construction of the initial room

Section 4. Home improvements

About the current housing conditions (i.e., materials, services, rooms, etc.)

About their relationships with and the perception of local authorities

About the difficulties faced in making home improvements

About the drivers for making home improvements

About the way improvements are/were paid/financed

About the first rooms built in the plot or the first home improvements

About access to public programmes for home improvements

About the process of construction (i.e., self–help, help, etc.)

About access to loans/credit/tandas, raising a sum in a pawn broker, savings

About the way they dealt with lack of services

About the process of accessing the basic services introduced

Section 5. Land tenure

About the role played by land tenure in buying land/making home improvements

About the effects of having/lacking legal tenure

About the plans once/after regularisation (i.e., selling, dividing, extending, etc.)

About the efforts –if any– to attempt attaining legal titles

Section 6. Financial

About perceptions of credit/borrowing money

About access to credit before/after legal tenure

About access to credit/loans at local level (i.e., corner shop)

About access to a credit in the future

Section 7. Personal

About how people feel living in the place (i.e., happy, disappointed, etc.)

About doing things differently if starting again

About the most difficult aspect of living in the place

About the sense of "belonging" to the rest of the city

About the services and infrastructure at neighbourhood level

SCHEDULE

Group 2. Settler in a formal settlement

    Interview No.:

    Date:

General information about the interviewee:

    Name of settlement:

    Gender*:*

    Type of Employment:

    Family composition:

    Income level: (i.e., in minimum wages)

Section 1. General perception on access to a place to live

    About their perception on the existing alternatives to access land/shelter in the city

Section 2.Decisions to move and select the place to live.

    About the previous place of residence

    About the reasons for moving

    About the drivers for moving from the parental/previous

    About the drivers for selecting this place

    About the year of arrival

    About the moving (alone, with family, etc.)

    About the type of employment at the time of moving

    About the income level at the time of moving

Section 3. Access to house

    About the characteristics of house bought (i.e., area/size, services, etc.)

    About the price, interests, and methods of payment for the house acquired

    About access to loans/credit/tandas, raising a sum in a pawn broker, savings

    About the time to pay for the land/house

    About the difficulties to meet costs

    About proof of the transaction

    About the first steps on arrival

Section 4. Home improvements

    About the current housing conditions (i.e., materials, services, rooms, etc.)

    About the difficulties faced in making home improvements (i.e., finance)

    About the drivers for making home improvements

    About the process of construction (i.e., self–help, help, etc.)

    About the way improvements are/were paid/financed

    About access to public programmes for home improvements

About access to loans/credit/tandas, raising a sum in a pawn broker, savings

Section 5. Land tenure

About the role played by land tenure in buying land/making home improvements

About the effects of having/lacking legal tenure

About the plans once/after regularisation (i.e., selling, dividing, extending, etc.)

About the efforts –if any– to attempt to attain legal titles

Section 6. Financial

About perceptions of credit/borrowing money

About access to credit before/after legal tenure

About access to credit/loans at local level (i.e., corner shop)

About access to a credit in the future

Section 7. Personal

About how people feel living in the place (i.e., happy, disappointed, etc.)

About of doing things differently if starting again

About the most difficult aspects of living in the place

About the sense of "belonging" to the rest of the city

APPENDIX NO.4. ACRONYMS.

CONAVI.   Housing National Commission. *Comisión Nacional de Vivienda.*

CONAFOVI.   Housing Promotion National Commission. *Comisión Nacional de Fomento a la Vivienda.*

CORETT.   Regularisation of Land Tenure Commission. *Comisión para la Regularización de la Tenencia de la Tierra.*

FONHAPO.   Popular Housing National Fund Trust. *Fideicomiso para el Fondo Nacional de Habitaciones Populares.*

FOVISSSSTE.   Social Services and Security for the State Workers Institute' Housing Fund. *Fondo de Vivienda del Instituto de Seguridad Social y Servicios de los Trabajadores del Estado.*

IMUVI.   Housing Municipal Institute. *Instituto Municipal de Vivienda.*

INDECO.   National Institute for Community Development and Popular Housing. *Instituto Nacional para el Desarrollo de la Comunidad y de la Vivienda Popular*

INFONAVIT.   Workers National Housing Fund. *Instituto del Fondo Nacional de Vivienda para los Trabajadores.*

IVEA.   State Housing Institute. *Instituto de Vivienda del Estado de Aguascalientes.*

LI.   Lomelí Real Estate. *Lomelí Inmobiliaria.*

PAN.   Nacional ActionParty. *Partido Acción Nacional.*

PRD.   Democratic RevolutionParty. *Partido de la Revolución Democrática.*

PROCEDE.   Ejido Right Certification Programme. *Programa de Certificación de Derechos Ejidales.*

SEDESO.   Social Development Secretariat. *Secretaría de Desarrollo Social.*

SEPLADE.   Regional Development and Planning Secretariat. *Secretaría de Planeación y Desarrollo Regional.*

SHF   Mortgage Federal Society. *Sociedad Hipotecaria Nacional.*

SOFOLES   Limited Object Financial Societies. *Sociedades Financieras de Objeto Limitado.*

i "Hace algunos años, la ciudad de Aguascalientes había sido considera como un centro urbano con amplias perspectivas de desarrollo debido a su ubicación geográfica, orografía, clima y por ser zona asísmica. A esto se sumaba, además, su capacidad para hacer frete a demandas adicionales de empleo, vivienda y equipamiento urbano. Por ello, la ciudad de Aguascalientes se evaluó como una opción en la que el cambio no impactaría drásticamente su equilibrio en el corto plazo. Asimismo, el estado de Aguascalientes disponía de vías de comunicación suficientes, planteles de educación en todos los niveles e instituciones de salud, además de un dinámico crecimiento económico derivado del fortalecimiento industrial. Por todo lo anterior, aunada a la buena disposición de las autoridades y pueblo del estado por sumarse al esfuerzo de descentralización, la ciudad de Aguascalientes fue elegida como la nueva sede para las oficinas centrales del INEGI." (ibíd.: 51–2).

ii "*Ire* (sic.) antes de vivir en esta colonia yo pensaba que nunca en la vida lo iba a lograr [tener una casa] y sin embargo hubo la oportunidad de hacerme de este pedacito de terreno y aquí estoy." SO–03.

iii No, de hecho mi esposo todo el tiempo trabaja fuera, pues era lo mismo estar allá que acá, pero para uno es más fácil, por ejemplo si él no trabaja, pues puedo buscar yo.

iv "Porque me casé y me trajeron para acá." SO-03.

v "Por seguirlo a él, a mi marido." SO-02.

vi "Si no fuera irregular te piden más dinero y así no, como vayas pudiendo." ER-02.

vii "Mediante reuniones de una persona que estaba muy allegado al PRI". PD-03.

viii Si pagábamos, pero era de palabra nada más, siempre anotaban en un cuaderno para llevar cuánto quedaba." EJ–01.

ix "Con ese papelito entonces si me pude venir para acá. Ya con este ya no tan fácil me corren porque ahí firmaron que me daban la autorización de que yo entrara a este lote." LP-10.

x "A mi mamá siempre le han gustado las orillas." ER–02.

xi "No, pos (sic) para construir arriba… si él construye arriba pos ya iríamos ahorrando algún centavo poco a poquito y comprar material poco a poco." VC-01.

xii "Han de estar dormidos [los muchachos que causan problemas]. Lo que son sábados y domingos, nomás escuchara el relajo. Un griterío aquí… no, no, no. antes me golpeaban mucho la pared, había mucho relajo y tuve que ponerle ramas… salía a correrlos y les decía que si no quieren ser molestados váyanse al rio allá está bien

amplio, al rio por allá váyanse. Usted a que se expone señora, que sabe que… les digo, es que están haciendo mucho relajo, mis niños están dormidos, no me los asusten… de rato corrían y una pedradota (sic) allá arriba. Viene una patrulla y dicen, ah no, mis niños no son, desde muy temprano los meto para adentro. A la una de la mañana aquí se oye la parranda, sabe Dios qué andarán haciendo de averías." LP–10.

xiii Para mí, es mi casa, para mis hijos, para la familia y pues si un día llegamos a faltar ellos tienen donde vivir mientras que ellos se hacen de una casa para ellos ya que se independicen ellos mismo.

xiv El cuarto de allá es de adobe, con los charcos del agua, él decía 'hay que hacer unos adobitos'. LP-01.

xv "Porque me dejé llevar por lo que decían, la persona que ya vive o hace un cuartito en un terrenito es mucho muy difícil que lo saquen. Yo creía eso. Dije, voy a hacer eso y empecé a hacerlo." LP–04.

xvi "Pues porque creció la familia. Ahí tengo dos hijos, no han dejado de hacer ladrillos. Les decía su padre "no les dejo nada", pero su padre los ensenó a trabajar, donde los ocupen ellos saben hacer de todo… mal hechito pero lo hacen." LC–03.

xvii "…andábamos en los charquitos porque ese año llovió tanto y nosotros sin ningún techo. Nos corría el agua en donde estábamos dormidas. Nosotros teníamos un jacal de pura lámina. De primero era puro así, porque cuando nos pidieron la casa no había dónde, puro monte, cuando llegamos aquí fue puro monte, se batalló mucho. Por eso lo poquito que vamos a hacer es con esfuerzo, el cuarto de allá es de adobe, con los charcos del agua, él [el jefe de familia] decía "hay que hacer unos adobitos"." LP–01.

xviii "Yo quisiera pedir apoyo, ayuda, yo veo que muchas gentes ayudan pero a mí me da vergüenza." LC-03.

xix 'Pos (sic) no se vaya a reír como se han reído muchos, lo *primeritito* (sic) que yo construí en mi casa fue el baño, es que al principio se burlaban de mí, que cómo era posible que yo primero hiciera el baño que un cuarto… preferible mil veces tener una cosa privada que andar como ellos en el monte y en el arroyo'. SO2–03.

xx "Pues han dado pintura para las casas, han dado tinacos, que más ayudas para pisos, enjarres, para todo eso, pero siempre son a las mismas personas a las que ayudan. A mí no me toca, es que a la mayoría a los que les llegan los apoyos son familiares y como yo tengo mi changarrito, pero piensan que como tengo mi tienda que no necesito dinero y no me quisieron ayudar." SO–01.

xxi "Porque me dejé llevar por lo que decían: la persona que ya vive o hace un cuartito en un terrenito es mucho muy difícil que lo saquen. Yo creía eso. Dije, voy a hacer eso y empecé a hacerlo." LP–04.

xxii "No, porque ya había un papel de compra venta, yo con eso me defendía, esto es mío, ya lo compré, hay testigos que compré a *fulano detal*. Yo con eso, decían, que una persona que firme un papel, no le hace que sea en blanco, con que sea un papel de cuaderno, ya firmando, él está consciente de que está vendiendo y uno está consciente de que está uno comprando porque se especifica que los dos estamos de común acuerdo, los dos estamos bien de facultades mentales, somos ciudadanos mayores con responsabilidades, entonces ya no puedes decir, ya te vendí, te lo voy a quitar." LP-04.

xxiii "Lo que le digo, nos sirvió para hacer los contratos del agua, de la luz, de todo. De los servicios y aparte cuando nosotros éramos jóvenes, fuimos papás muy chicos porque yo tenía 16 años cuando nació mi primer bebé. Mi esposo 17, o sea, que nos casamos muy chicos y a lo mejor estábamos inexpertos, no sabíamos a qué nos lanzábamos. Como dice, cuando nos lanzamos aquí. Pudiendo, él estaba en el CERESO de varones, pudiendo comprar una casa de INFONAVIT y pagarla…" ER-04.

xxiv "No, porque aquí era ejido de acá, es ejido de los mismos ejidatarios, yo sabía que era legalmente." PH–01

xxv"En aquellos años era más fácil de creer en la palabra de las personas que ahora." ER-06.

xxvi "Son cosas que le dicen a uno y uno también se lo graba. Entonces vamos a hacerle la lucha. Compra terreno, haz un cuartito y ahí ya no te sacan. Con el tiempo ya no te sacan. Cierto o falso, nomás la ley sabe." LP-04.

xxvii "No. es que si usted tiene su título, es suyo. Si usted quiere vender usted le pone precio, ya si ellos le quieren entrar, pues ya." LP-03.

xxviii "Pues incluso estamos a gusto, bueno, mi mamá si dice que ojala que más adelante; pero pues dice que supuestamente, no es mucho valor supuestamente verdad pero como que sin título estamos a gusto." ER-02.

xxix "Para mí, es mi casa, para mis hijos, para la familia y pues si un día llegamos a faltar ellos tienen donde vivir…" ER–06.

xxx "Pues la verdad yo no sé, de esa calle para allá es otra colonia, y ahí es donde se mueven, nosotros aquí estamos olvidados, mire vinieron y pusieron el drenaje supuestamente el servicio era para todo Norias, pero como pensaron que nosotros éramos de allá, pusieron el drenaje ahí así, está la alcantarilla donde está el drenaje

mayor y toda esa cuadra pusieron drenaje, pero nosotros que somos de ahí dónde está esa camioneta todavía somos de Norias y no nos pusieron porque pensaron que era terreno irregular de allá, pero aquí es de Norias, nos discriminaron y no nos pusieron drenaje." SO2–03

[xxxi] "Haga de cuenta para nosotras, las mujeres. Ahorita, siempre que una junta, mujeres. Que vamos a hacer una petición de algo, mujeres…" ER–04.

[xxxii] "…se le está muriendo su muchacho… un muchacho como éste. Empeñó el título de propiedad, ahorita todavía debe mil. Ya le falta poco, pero el título lo tiene empeñado. Dice que ya lo va a sacar. Pero sin trabajo ahorita." ER–01.

[xxxiii] "Nomás con una seguridad, que a uno si le da pendiente a uno que esta sin regularizar. De todos modos si nos quitaban, ¿qué? Ya nos habían dicho, si fincábamos y nos tumbaban… de todos modos llevábamos la de perder, porque así nos dijeron, finquen pero si les tumban… de aquí a que nos tumben, pues mientras vivo dos o tres años, pero no… como dice usted, pues luego no veo ningún beneficio porque incluso no tengo ni lo necesario aquí… ¿de qué sirve?" LP–02.

[xxxiv] "No, pero sí he sabido, aquí a varias personas les han dicho que si venden, ¿pero usted cree? Si todos estamos bien pobres. Todos lo hicieron con sacrificios y batallas para hacer un techo, ¿usted cree que vendan? Ya con lo que les den ya no comprarán." LP–05.

[xxxv] "Venían a veces a clausurar, pero aquí con nosotros nunca nos clausuraron, pero hay muchas partes que sí; aquí no porque no nos encontraban o no se veía para adentro." LP-02.

[xxxvi] "Bueno pues tratamos de conseguir los medios económicos que nos pedía vivienda, el enganche y pues trabajando, tratando de buscar cómo ve otro negocito aparte para poder pagar las mensualidades." VC–03.

[xxxvii] "Si se pudiera sí, pero que no fueran tan ratas, que no fueran tan caras las casas y nunca se acaban de pagar." MO–01.

[xxxviii] "…lo más caro la casa que ya me tiene harta hasta la fregada, la que compró mi marido en el INFONAVIT." MO–02.

[xxxix] "De hecho yo creo que podría ser algo de gobierno que pusiera un mediador entre trabajadores y la constructora, porque en realidad se me hacen las casas muy muy caras de INFONAVIT de lo que en realidad valen." PD–02.

[xl] "…no nos quedaron ganas por que nunca se acababan de pagar." GP-02.

xli "Es que entro en tanditas, agarro una tanda de $50.00 pesos cada 8 días y me entregan $500.00 pesos y eso lo compro de block, los guardo y vuelvo a entrar a otra y el cemento y vuelvo a entrar a otra y así poco a poquito." VC–01.

xlii "Cuando yo llegué a vivir aquí ya estaba todo construido, ya por cierto había servicio de agua, algunas habitaciones ya tenían servicio de luz, ya había servicio de la luz pública, contenedores llegaron en esos días, ya teníamos servicios de esos." VC-01.

xliii "Pues también aislados tanta violencia e inseguridad." OJ-01.

xliv "Creo que los asentamientos irregulares no deberían existir." RWP.

xlv ARTÍCULO 581. – Para los efectos de este Código, se entiende por asentamientos humanos irregulares, a los núcleos de población ubicados en áreas o predios fraccionados o subdivididos sin la autorización correspondiente, cualquiera que sea su régimen de tenencia de la tierra. (State's Urban Code 2007: 225).

xlvi "La informalidad es ilegalidad." COR.

xlvii "Luego, el gobierno le mete dinero a esos asentamientos humanos irregulares, muchas de las veces violando la legislación penal que prohíbe que el gobierno le meta dinero a los asentamientos humanos irregulares." SEP

xlviii "…Idiosincrasia Mexicana… pareciera que amamos comprar lo prohibido." SED

xlix "La mentalidad Mexicana de ahorrar es con terreno… la casa es un patrimonio para toda la vida y para las nuevas generaciones." UDE

l "…los asentamientos irregulares probablemente se den principalmente porque no hay una regulación adecuada de la tenencia de la tierra desde el punto de vista donde se le pueda dar un uso habitacional, donde la autoridad tenga la rectoría de desarrollos habitacionales adecuados y por lo tanto pueda darse una oferta de vivienda de condiciones alcanzables para familias más pobres." IVE

li "No regulariza rápido para no dar el mal ejemplo, para no permear y no promoverlos." COR

lii "la autoconstrucción como tal sin una guía, creo que puede llegar a ser un problema urbano importante, un problema social también importante por las condiciones de la vivienda y los desarrollos o los conjuntos habitacionales que se dan de manera un tanto espontánea con la autoconstrucción pues también descuidan muchos aspectos de atención a algunas necesidades fundamentales y por lo tanto pueden provocar problemáticas sociales graves." IVE

liii "Es más caro para los pobres comprar [un lote] en un asentamiento informal que en uno formal." SED

liv "Los Mexicanos somos muy malos planeadores y queremos resolver todo implementando programas. Esto es muy malo." MFH

lv "En el mismo gobierno federal no están organizados ellos. Por una lado la FONHAPO, el FOVISSSTE, la CONAVI, el INFONAVIT, la subsecretaria de desarrollo urbano, entonces, como somos los mexicanos, cada quien jala para su lado. Los estados igual y los dos mil y tantos municipios lo mismo. No hay una política de estado en el ámbito del desarrollo urbano, de la vivienda, y mucho menos de los asentamientos humanos irregulares." SED

lvi "El gran problema de la vivienda para pobres o la vivienda económica tiene mucho que ver con el valor de la tierra y el valor de la tierra está íntimamente relacionado con las políticas públicas de planeación, el crecimiento de las ciudades y la visión de largo plazo, de repente tenemos propuestas de que hay autoridades de gobiernos que quieren hacer desarrollos habitacionales pensando en economías de escala y pensando en grandes calidades en temas de vialidad, de servicios públicos, de tratamiento de agua, en fin tecnología de punta, pero a la hora que te pones a hacer los números con los valores de la tierra que tenemos no hay forma de que eso sea algo rentable, si tú quieres fomentar la vivienda económica tiene que ser negocio, si no es atractivo para un inversionista o para un empresario construir vivienda económica no la va a construir así de simple." MFH

lvii "La comisión estatal de prevención es solo para fotos yo no he visto una actividad real en el tiempo que estuve ahí." UDE

lviii "…yo creo que deben de ser considerados como parte de programas de asistencia social, que en la mentalidad del gobierno sean ubicados como no recuperables, lo que se pueda recuperar y lo que la gente pueda aportar qué bueno, pero que finalmente el objetivo no sea el estar haciendo negocio con la generación de fraccionamiento para estas personas…" RWP.

lix "Sí podría una persona del sector informal lograr una vivienda con un crédito INFONAVIT siempre y cuando este se dé de alta y también genere una aportación. Se puede dar de alta, es lo que le llamamos REPECOS que son los pequeños contribuyentes, entonces pueden registrarse, hacen su aportación, cumplen la reglamentación que tiene el instituto en materia de créditos, y después de un tiempo determinado logran su calificación como cualquier otro trabajador regular y entonces lo podrán solicitar." INF

[lx] Por supuesto que sí [es atractivo atender a las personas más pobres], la banca y muchas empresas grandes prefieren no meterse con este segmento de mercado, porque implica mucho trabajo, es decir, poner a la gente a ahorrar. Para nosotros es un segmento del mercado perfectamente atendible y estamos trabajando con él." MFH

[lxi] Si [los pobres son financieramente confiables], sin embargo hay que tomar en cuanta ciertas características, por supuesto que lo son, son gente buena la mayoría de los casos, son gente que se dedica a lo suyo, el problema quizá venga con algún tipo de políticas públicas en relación con los pobres