Housing Access & Urban Governance: Lessons from Mexico’s Recent Experience

Alejandra Reyes
2018-2019 IMFG Post-Doctoral Fellow
November 19, 2018
alejandra.reyes@utoronto.ca

@imfgtoronto | #IMFGtalks
The Paradox

- The last official census (2010) reported **5 million vacant housing units** in Mexico, a 14% vacancy rate.
- Meanwhile, around 1/3 of Mexicans endure overcrowding or very poor housing conditions.

**Research Question:** What has produced the high rates of vacancy & poor conditions in housing produced under Mexico’s current housing finance & development model?
Presentation Outline

● Situating the Research

● Research Methods

● Discussion of Findings
  o Federal, state & local sway
  o Housing need, supply & demand
  o Housing production issues
  o Vacancy & issues of access
  o Emerging responses & tensions

● Policy Implications

● Next Research Stage @IMFG
1980s Debt Crisis hits Mexico & Latin America

- **Washington Consensus**: A set of structural political & economic reforms to compete for international funds (WB & IMF).
  - Housing
  - Land
  - Local Governance
Structural Reforms

Housing finance policy
- Redirect INFONAVIT into **finance** rather than **production**
- Promote private production & **mortgage expansion**

Land reform
- **Dissolve communal tenure system** for the privatization & development of low-cost rural or *peri-urban* land

*De jure* but not *de facto* decentralization
- Prevailing limited fiscal and administrative capacity of local governments
Mixed Research Methods

Qualitative

- 29 semi-structured interviews (+12 from pilot study) with federal, state & local level officials, housing developers & housing organizations
- Content analysis & triangulation (secondary data)

Quantitative

- Spatial & statistical analyses
- Windshield survey/2016 vacancy count in selected areas
Case Studies

Situating the Research

Methods

Findings

Implications

Next Research Stage

900 km
Embedded Case Studies

**Municipalities with over 100,000 inhabitants & housing vacancy rates above the national average in 2010**

**Estado de Mexico**  
(12% vacancy rate)

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huehuetoca</td>
<td>100,023</td>
<td>0.4495</td>
</tr>
<tr>
<td>Zumpango</td>
<td>159,647</td>
<td>0.3995</td>
</tr>
<tr>
<td>Tecámac</td>
<td>364,579</td>
<td>0.2581</td>
</tr>
<tr>
<td>Cuautitlán</td>
<td>140,059</td>
<td>0.2257</td>
</tr>
<tr>
<td>Chalco</td>
<td>310,130</td>
<td>0.2058</td>
</tr>
<tr>
<td>Chicoloapan</td>
<td>175,053</td>
<td>0.2018</td>
</tr>
<tr>
<td>Ixtapaluca</td>
<td>467,361</td>
<td>0.1864</td>
</tr>
<tr>
<td>Almoloya de Juárez</td>
<td>147,653</td>
<td>0.1714</td>
</tr>
<tr>
<td>Coacalco de</td>
<td>278,064</td>
<td>0.1663</td>
</tr>
<tr>
<td>Tultepec</td>
<td>131,567</td>
<td>0.1583</td>
</tr>
<tr>
<td>Acolman</td>
<td>136,558</td>
<td>0.1505</td>
</tr>
</tbody>
</table>

**Baja California**  
(18.8 % vacancy rate)

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tijuana</td>
<td>1,559,683</td>
<td>0.2028</td>
</tr>
<tr>
<td>Mexicali</td>
<td>936,826</td>
<td>0.1890</td>
</tr>
<tr>
<td>Tecate</td>
<td>101,079</td>
<td>0.1671</td>
</tr>
<tr>
<td>Ensenada</td>
<td>466,814</td>
<td>0.1526</td>
</tr>
</tbody>
</table>

*Source: INEGI 2010*
Mortgage Expansion (millions of 2016 MXP)

Huehuetoca (municipality)

Estado de Mexico (state)

Tijuana (municipality)

Baja California (state)

- Federal Agencies
- Fed Subsidies
- Private Financing
- State Agencies

Situating the Research
Methods
Findings
Implications
Next Research Stage
State-level Support

- Political party alignment
- Backing of large projects by state governments
- Stripping of local regulatory capacities
- Support to an oligopolistic real estate sector

Suburbia Mexicana: Fragmented Cities

Source: Alejandro Cartagena
Local Governance Issues

- Short 3-year administrations
- Low institutional & fiscal capacity
- Construction permits as a major revenue stream
- Deficient infrastructure & service provision in the long-term

Huehuetoca, Estado de Mexico

Source: Author 2016
Housing Data (Municipal-level, Estado de Mexico)

**Deficit >65% (2000)**  **Growth >50% (2000s)**  **Vacancy Rate >14% (2010)**
Supply & Demand (Huehuetoca, Edo. de Mexico)

Number of Housing Units

Supply & Demand of INFONAVIT Credits

Sources: SNIIV, INEGI
Housing Growth & Quality

Source: INFONAVIT 2015
Housing Quality

Villas del Álamo, Tijuana (Urbi)

Colinas de Santa Fe, Veracruz (Homex)

Source: Los Angeles Times
“Housing construction skyrocketed and a bunch of very big developers were born to enjoy an incredible bonanza period. They started building, building, building, and people buying, buying, buying, offhandedly. But frequently, people arrived with their mortgage qualification and the developer would say: ‘I have this house for you, it is the one I have in production’. Without considering the size of the family, their income, the location...

Clients adapted to the developers’ production systems, who had to produce more and more units to give positive reports to their investors’

(Regional developer 2016).
The largest housing developers in the country did not evolve, they continued buying land increasingly farther away from urban centers and did not try to compete by producing better quality housing” (WRI 2016).

Source: Bloomberg 2012
Tijuana’s Housing Vacancy Clusters

(>40% in 2010)
Housing Vacancy & Abandonment
(Tijuana, 2016)

Abandoned Housing, Urbi Quinta del Cedro (15.8%)

Foreclosed & Invaded Housing, Santa Fe (12.2%)

Vacant/Abandoned Housing, Residencial del Bosque (17.2%)
Housing Vacancy & Service Access
(Huehuetoca, Edo. de Mexico)

El Dorado (37% in 2016)

Santa Teresa (16% in 2016)

Urbi Villa del Rey (29% in 2016)

Housing Vacancy (>55% in 2010)

Sources: INEGI, RUV 2015
Infrastructure Issues

Santa Teresa, Huehuetoca

Cañadas del Florido, Tijuana

Source: Los Angeles Times
Issues of Access

Informal Developments & Settlements in Tijuana
Neighborhood-Coping Strategies

Preventing Squatting

Private Services

Source: Author 2016
Neighborhood-Coping Strategies

Informal Commerce

Civic Organizing

Sources: Alejandro Cartagena (left) Los Angeles Times (right)
Housing Finance Access

- Low purchasing power
- Onerous lending conditions & ballooning of debt
- Payment of mostly only interests during the first half or third of the mortgage

![INFONAVIT's Past Due Portfolio Graph]

Source: CONAVI
Financialization of Housing Rights

“Market production is for those who can afford it, housing rights are for everyone... Housing rights cannot be promoted by building millions of housing units in the periphery” (HIC-AL 2016).

Legal Aid to Prevent Foreclosures

Foreclosed Housing Auctions

Source: Author 2016
Housing Finance Implications

Housing Finance in Mexico (in Millions of MxP & Minimum Salaries)

Source: SNIIV
Local Policy Implications

- Land use & development regulations
- Fiscal & admin. capacity
- Civic involvement
- Regional cooperation
- Speculation controls

Densification & Rehabilitation Efforts
(Mexico City, 2000-2012)

Source: INVI 2012
Further Research on Urban Governance

- **2012 Federal Densification Policies**
  - *Urban Growth Boundaries*
- 2018 Local Reelections
- Civic Organizing
- INFONAVIT Housing Auctions
- 2020 Vacancy Rates

**Housing Built by Growth Boundary in Mexico**

![Bar chart showing housing built by growth boundary from 2007 to 2017.](image)

*Source: SNIIV*
Urban Growth Boundaries

- Role of local governments & other stakeholders in their drawing and implementation
- Accompanying local policies
- Focus on metropolitan regions
Housing & Urban Governance

Social Justice and the City

Subprime Housing Goes South: Constructing Securitized Mortgages for the Poor in Mexico
Susanne Soederberg

When Local Housing Becomes an Electronic Instrument: The Global Circulation of Mortgages – A Research Note
Saskia Sassen

Regime Politics: Governing Atlanta 1946-1988

Room for Development

Rationality & Power

The Free-Market City: Latin American Urbanization in the Years of the Neoliberal Experiment
Alejandro Portes and Bryan R. Roberts

IMFG Institute on Municipal Finance & Governance
Thank You

Source: Arq. Jorge Taboada