From the Top Down: The Governance of Urban Development in Mexico

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Presentation Outline

- Background & Context
- Research Focus
- Discussion of Preliminary Findings
- Research Implications & Conclusions
- Next Steps
Housing finance policy

- Promote private production & mortgage expansion

Land reform

- Privatization & development of low-cost rural or peri-urban land

*De jure but not de facto decentralization*

- Stripping of local urban development regulatory capacities

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**Suburbia Mexicana: Fragmented Cities**

*Source: Alejandro Cartagena*
Mexico’s Housing Engine

Housing Finance in Mexico (in Millions of MxP/left & per Income Sector/right)

Source: SNIIV
Urban Growth Boundaries drawn in 394 cities or towns with 15,000+ inhabitants (including 74 metro areas)

- **UGB1** > 1:1 employees/residents ratio concentrates employment
- **UGB2** > 75% service provision
- **UGB3**: containing buffer
  - 900 mts: > 1 million inhabitants
  - 800 mts: 500k - 1 million
  - 700 mts: 100k - 500k
  - 600 mts: 50k - 100k
  - 500 mts: < 50k
Research Focus

- Role, opinion and experience of local governments & other stakeholders in the drawing and implementation of UGBs
  - Effectiveness
  - Suitability
- Focus on 14 largest metropolitan regions, with more than 1 million inhabitants
Metropolitan Growth in Mexico

**Metropolitan/National Population**

**Metropolitan/Urban Population**
Metropolitan Growth in Mexico

**Number of Metropolitan Regions**

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<thead>
<tr>
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<td>Value</td>
<td>12</td>
<td>26</td>
<td>37</td>
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**Number of Metropolitan Municipalities**

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<tbody>
<tr>
<td>Value</td>
<td>64</td>
<td>131</td>
<td>155</td>
<td>309</td>
<td>345</td>
</tr>
</tbody>
</table>
Densification Efforts in Mexico City (2000-2012)

- **Civic involvement and support to affordable housing BUT**
- Lack of regional coordination
- Urban core land price increases/no speculation controls
- Poor development oversight and affordability controls

Source: INVI 2012
Visible & Hidden Challenges

Territorial Reserves in Mexico (hectares)

Housing Built by Growth Boundary in Mexico

Housing Built in 2018

<table>
<thead>
<tr>
<th>UGB1</th>
<th>UGB2</th>
<th>UGB3</th>
<th>Outside</th>
</tr>
</thead>
<tbody>
<tr>
<td>33,018</td>
<td>57,164</td>
<td>121,752</td>
<td>30,532</td>
</tr>
<tr>
<td>13.6%</td>
<td>23.6%</td>
<td>50.2%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Source: SNIIV
1. Guadalajara, JAL (center)

8+2 Municipalities (2010-15)
Density (hab/ha): 123 (3,561 km2)
Multi-family Construction (2013-18): 46.1 %
Housing Built (2013-18):
UGB 1: 3.8 %
UGB 2: 54.1 %
UGB 3: 24.9 %
Outside: 17.3 %
2. Monterrey, NL (north)


13+5 Municipalities (2010-15)

Density (hab/ha): 108 (7,658 km2)

Multi-family Construction (2013-18): 4.6%

Housing Built (2013-18):

- UGB 1: 5.8%
- UGB 2: 57.6%
- UGB 3: 24.5%
- Outside: 12.0%
3. Puebla, PUE (center)

**Population** (2015): 2,941,988

39 + 0 Municipalities (2010-15)

**Density** (hab/ha): 76 (2,392 km2)

**Multi-family Construction**

(2013-18): 59.4%

**Housing Built** (2013-18):

- **UGB 1**: 22.7%
- **UGB 2**: 54.5%
- **UGB 3**: 20.2%
- **Outside**: 2.5%
5. Tijuana, BC (border)

Population (2015): 1,840,710
3+0 Municipalities (2010-15)
Density (hab/ha): 85 (4,423 km²)
Multi-family Construction (2013-18): 45.2%

Housing Built (2013-18):
- UGB 1: 11.9%
- UGB 2: 38.0%
- UGB 3: 24.6%
- Outside: 25.2%
7. Juárez, CHI (border)


Municipality (2010-15)

Density (hab/ha): 68 (3,547 km²)

Multi-family Construction (2013-18): 0 %

Housing Built (2013-18):

- UGB 1: 19.0 %
- UGB 2: 78.7 %
- UGB 3: 1.1 %
- Outside: 1.1 %
10. San Luis Potosí, SLP (center)

Population (2015): 1,159,807

3+o Municipalities (2010-15)

Density (hab/ha): 106 (2,402 km²)

Multi-family Construction (2013-18): 7.8%

Housing Built (2013-18):

- UGB 1: 12.2%
- UGB 2: 56.0%
- UGB 3: 17.5%
- Outside: 14.3%
11. Mérida, YUC (south)

Population (2015): 1,143,041
5+6 Municipalities (2010-15)
Density (hab/ha): 56 (3,044 km²)
Multi-family Construction
(2013-18): 8.1%

Housing Built (2013-18):
UGB 1: 8.5%
UGB 2: 62.7%
UGB 3: 27.3%
Outside: 1.5%
13. Cuernavaca, MOR (central)

Population (2015): 1,006,000

8+o Municipality (2010-15)

Density (hab/ha): 71 (1,190 km2)

Multi-family Construction (2013-18): 30%

Housing Built (2013-18):

- UGB 1: 13.8%
- UGB 2: 27.3%
- UGB 3: 23.2%
- Outside: 35.7%
## UGB Negotiations (% ↑)

<table>
<thead>
<tr>
<th>No Negotiations</th>
<th>Moderate Negotiations</th>
<th>Intense Negotiations</th>
<th>Limited UGB1 Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Juárez (border)</td>
<td>2 Monterrey (north)</td>
<td>1 Guadalajara (center)</td>
<td>10 San Luis</td>
</tr>
<tr>
<td>8 Torreón (north)</td>
<td>3 Puebla (center)</td>
<td>4 Toluca (center)</td>
<td>11 Mérida</td>
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<tr>
<td></td>
<td>9 Querétaro (center)</td>
<td>5 Tijuana (border)</td>
<td>13 Cuernavaca</td>
</tr>
<tr>
<td></td>
<td><strong>10 San Luis (center)</strong></td>
<td>6 León (center)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>11 Mérida (south)</strong></td>
<td><strong>13 Cuernavaca (center)</strong></td>
<td></td>
</tr>
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<td></td>
<td>14 Mexicali (border)</td>
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## Development per Boundary (%)

<table>
<thead>
<tr>
<th>UGB 1</th>
<th>UGB 2</th>
<th>UGB 3</th>
<th>Outside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Querétaro</td>
<td>Toluca</td>
<td>Juárez</td>
<td>Juárez</td>
</tr>
<tr>
<td>Guadalajara</td>
<td>Cuernavaca</td>
<td>Torreón</td>
<td>Mérida</td>
</tr>
<tr>
<td>Monterrey</td>
<td>Tijuana</td>
<td>San Luis</td>
<td>Aguascalientes</td>
</tr>
<tr>
<td>Mexicali</td>
<td>Aguascalientes</td>
<td>Aguascalientes</td>
<td>Querétaro</td>
</tr>
<tr>
<td>Juárez</td>
<td>Torreón</td>
<td>Querétaro</td>
<td>Toluca</td>
</tr>
<tr>
<td>Puebla</td>
<td>Juárez</td>
<td>Toluca</td>
<td>Cuernavaca</td>
</tr>
</tbody>
</table>

AVG = 10.5 
AVG = 53.2 
AVG = 23.1 
AVG = 13.2
Single vs. Multi-Family

Población 2010
- 100,000-600,000 habitantes
- 600,001-1,500,000 habitantes
- 1,500,001-3,000,000 habitantes
- 3,000,001-5,000,000 habitantes
- 20,116,842 habitantes
The Semi-structured Survey

- Sent to 42 public and private institutions
- Responses: 20 from 11 metros
  - 6 Local Planning Offices
  - 9 Urban Development Ministries (state/regional level)
  - 5 Housing Development and Construction Chambers (private sector)
- Questions/topics:
  - Sprawl
  - Sustainability
  - Affordable housing
  - Urban planning
  - Institutional coordination
  - Power and influence
Recurring Themes

- **Lack of** state and local consultation
  - Quantitative rather than qualitative approach

- **Land** price increases
  - Lack of developable land in central and adequate locations

- **Power-dynamics** and issues of access to land
  - Federal-level and private negotiations/leverage of private sector

- **Better coordination** between government-levels (BUT top-down)

- Improved but limited **local government capacity** and strategies
  - Fiscal, regulatory and land use mechanisms (e.g. value capture)

- Lack of support to **other strategies** such as rehabilitation and multi-family housing
# Effectiveness & Beneficiaries

<table>
<thead>
<tr>
<th>Background &amp; Context</th>
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<th>Discussion</th>
<th>Implications</th>
<th>Next Steps</th>
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<tbody>
<tr>
<td>Containing Urban Sprawl</td>
<td>5.3/10</td>
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<td></td>
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<tr>
<td>Promoting Sustainable Development</td>
<td>4.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Promoting Affordable Housing</strong></td>
<td><strong>4.1</strong></td>
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<td></td>
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<tr>
<td>Guiding Urban Planning</td>
<td>5.4</td>
<td></td>
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<tr>
<td>Improving Government Coordination</td>
<td>4.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opinion about Re-drawing of UGBs</td>
<td>5.2</td>
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<tr>
<td><strong>Most Influential Stakeholders</strong></td>
<td><strong>Developers (54%) &amp; Federal Govt (29%)</strong></td>
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<tr>
<td><strong>Beneficiaries</strong></td>
<td><strong>Developers (53%) &amp; Cities (24%)</strong></td>
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# Overarching Considerations

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• Establishes a <strong>vision for compact and sustainable development</strong></td>
<td>• Discretionary changes</td>
</tr>
<tr>
<td>• <strong>Tool/resource/guide to prevent sprawl</strong></td>
<td>• No linkages with local plans and lack of local participation and involvement</td>
</tr>
<tr>
<td>• <strong>Promotes coordination</strong> between government-levels, albeit top-down</td>
<td>• No acknowledgement specific needs and/or environmental risks (e.g. flooding) – <em>one-size-fits-all</em> measure</td>
</tr>
<tr>
<td>• Has incentivized some/few local governments to better guide urban growth</td>
<td>• Lack of land use (e.g. mixed use) and fiscal controls gives way to speculation/land price increases</td>
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<tr>
<td>• Containing/overseeing urban expansion</td>
<td>• Non-binding/compulsory</td>
</tr>
<tr>
<td>• Subsidies directed to producing middle-income housing</td>
<td>• No inclusion of mobility and transportation considerations</td>
</tr>
<tr>
<td></td>
<td>• Hard to promote affordable housing at the urban core</td>
</tr>
<tr>
<td></td>
<td>• <strong>Subsidies absorbed by developers...</strong></td>
</tr>
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</table>
Next Steps

- Increase number of surveys (participation from all 14 metros and more from the private sector)

- 3-Case study analysis:
  - Guadalajara (center)
  - Monterrey (north)
  - Tijuana (border)
Thank you.

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