



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

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# 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**
  - Federal, state & local sway
  - Housing need, supply & demand
  - Housing production issues
  - Vacancy & issues of access
  - Emerging responses & tensions
- Policy Implications
- Next Research Stage @IMFG

# Situating the Research

## 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



# Embedded Case Studies

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

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

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

### Baja California (18.8 % vacancy rate)

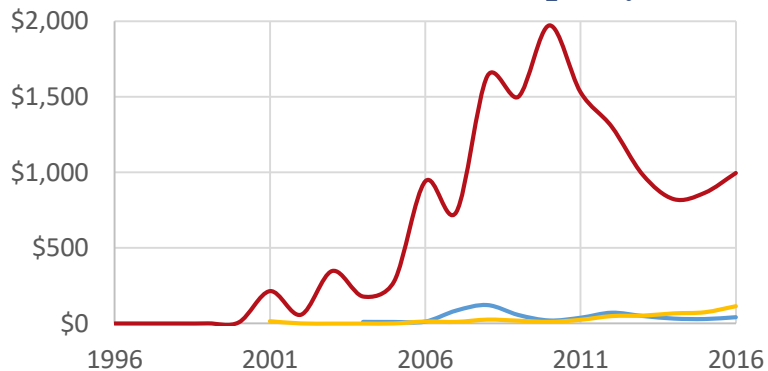
Municipality	Population	Vacancy Rate
<b>Tijuana</b>	<b>1,559,683</b>	<b>0.2028</b>
Mexicali	936,826	0.1890
Tecate	101,079	0.1671
Ensenada	466,814	0.1526

Source: INEGI 2010

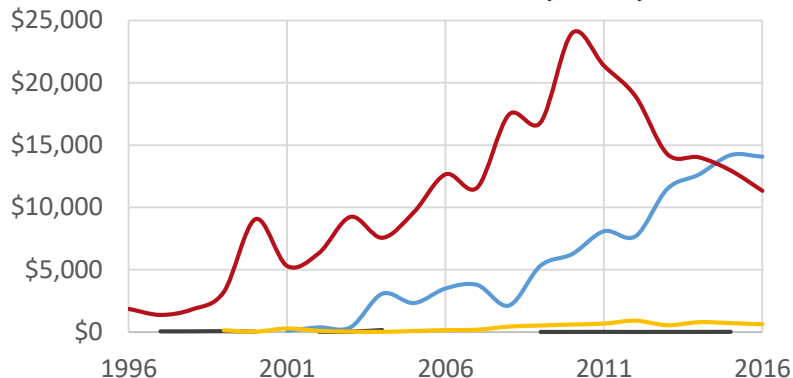


# Mortgage Expansion (millions of 2016 MXP)

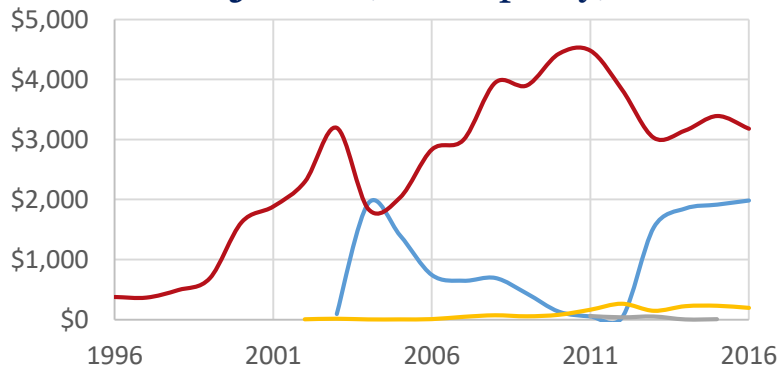
### Huehuetoca (municipality)



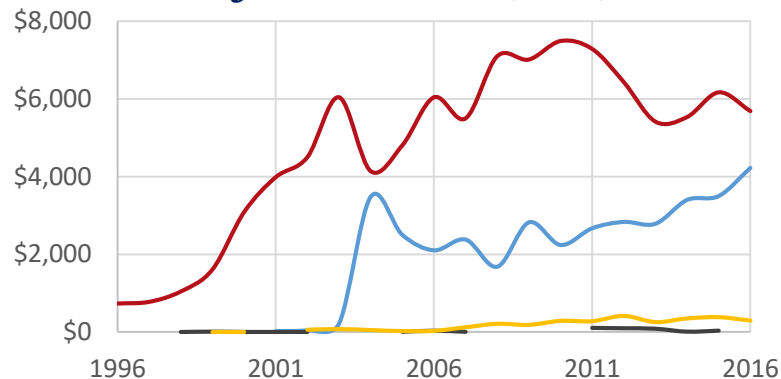
### Estado de Mexico (state)



### Tijuana (municipality)



### Baja California (state)



— Federal Agencies    
 — Fed Subsidies    
 — Private Financing    
 — State Agencies

# 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

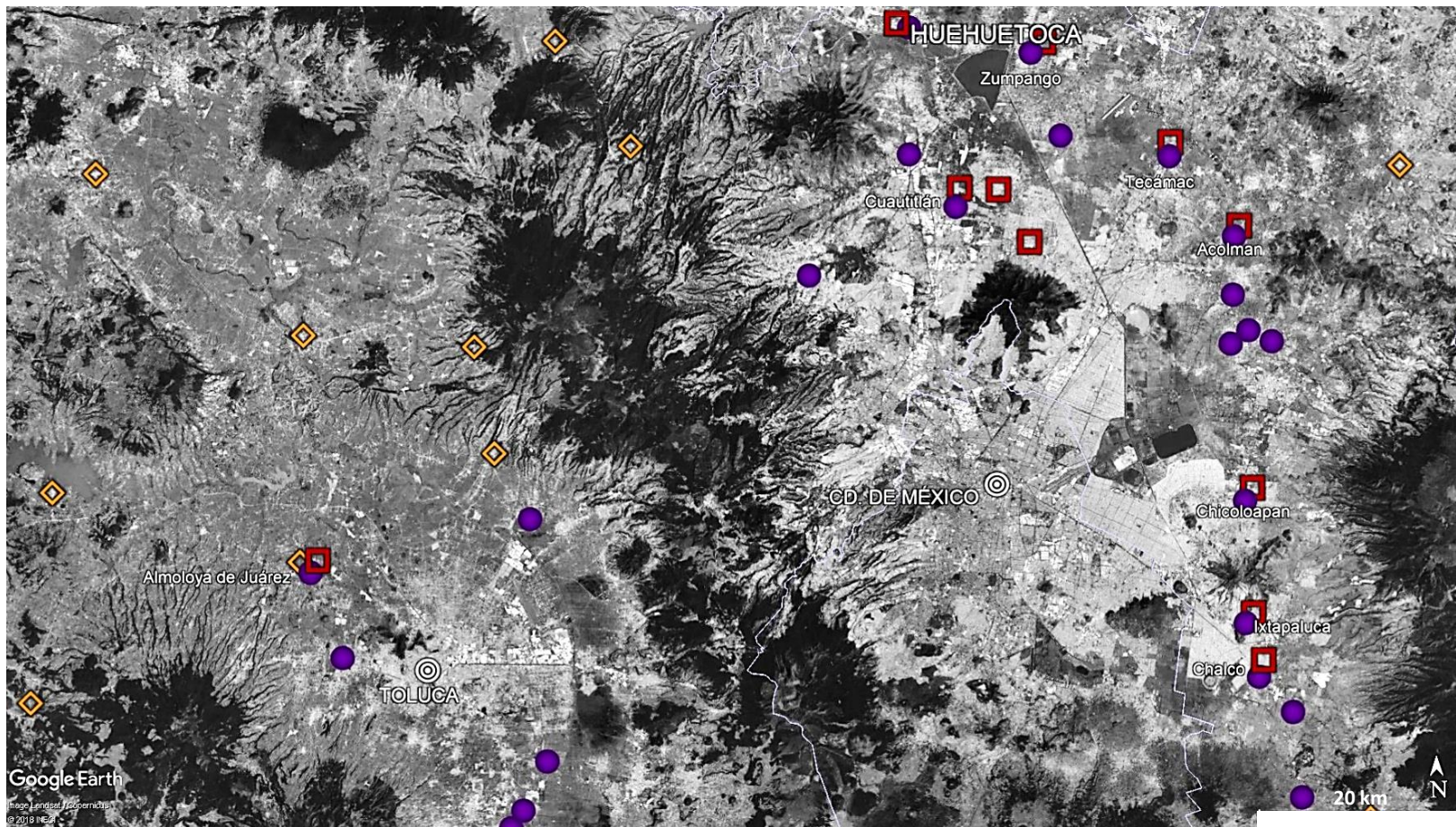
## Huehuetoca, Estado de Mexico



Source: Author 2016

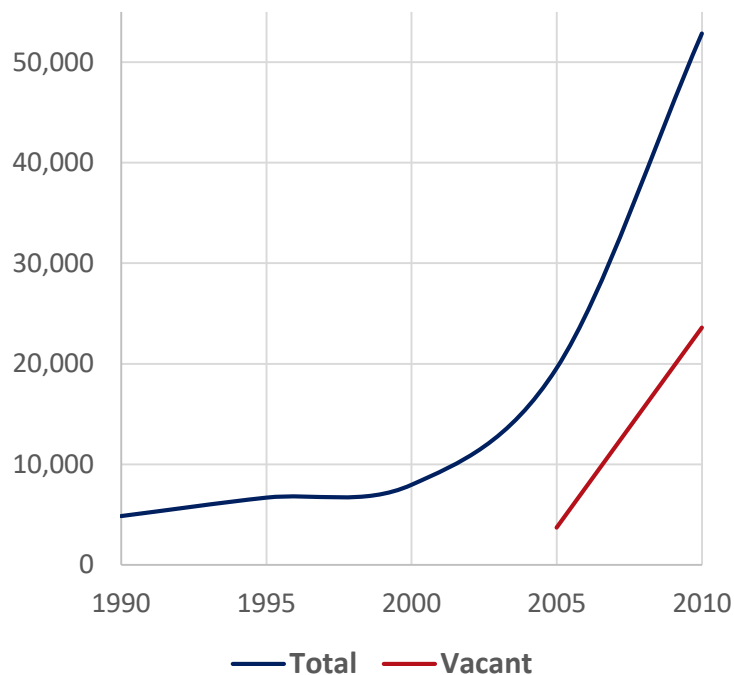
# Housing Data (Municipal-level, Estado de Mexico)

**Deficit >65% (2000)**    **Growth >50% (2000s)**    **Vacancy Rate >14% (2010)**

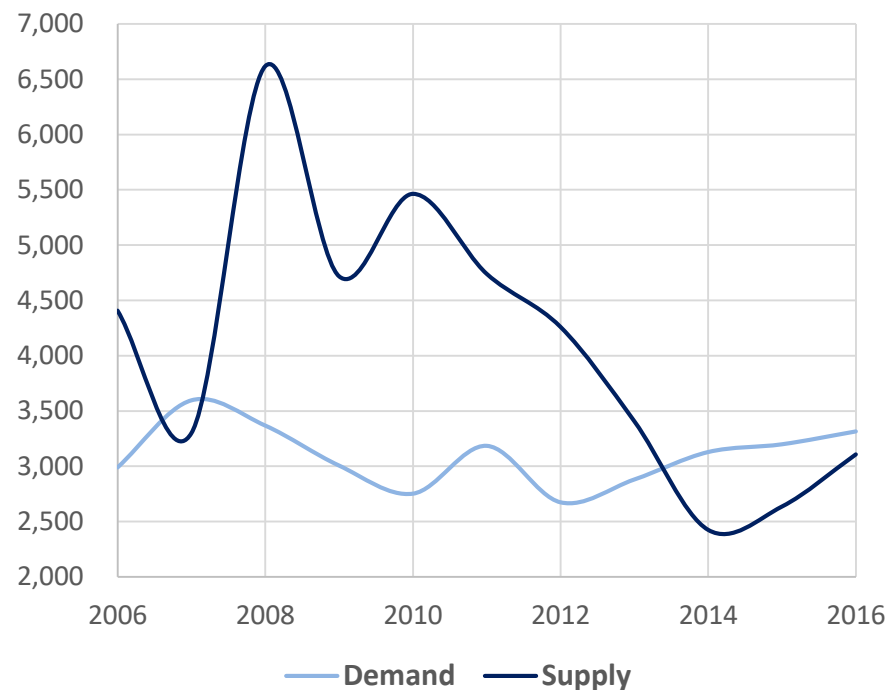


# Supply & Demand (Huehuetoca, Edo. de Mexico)

### Number of Housing Units

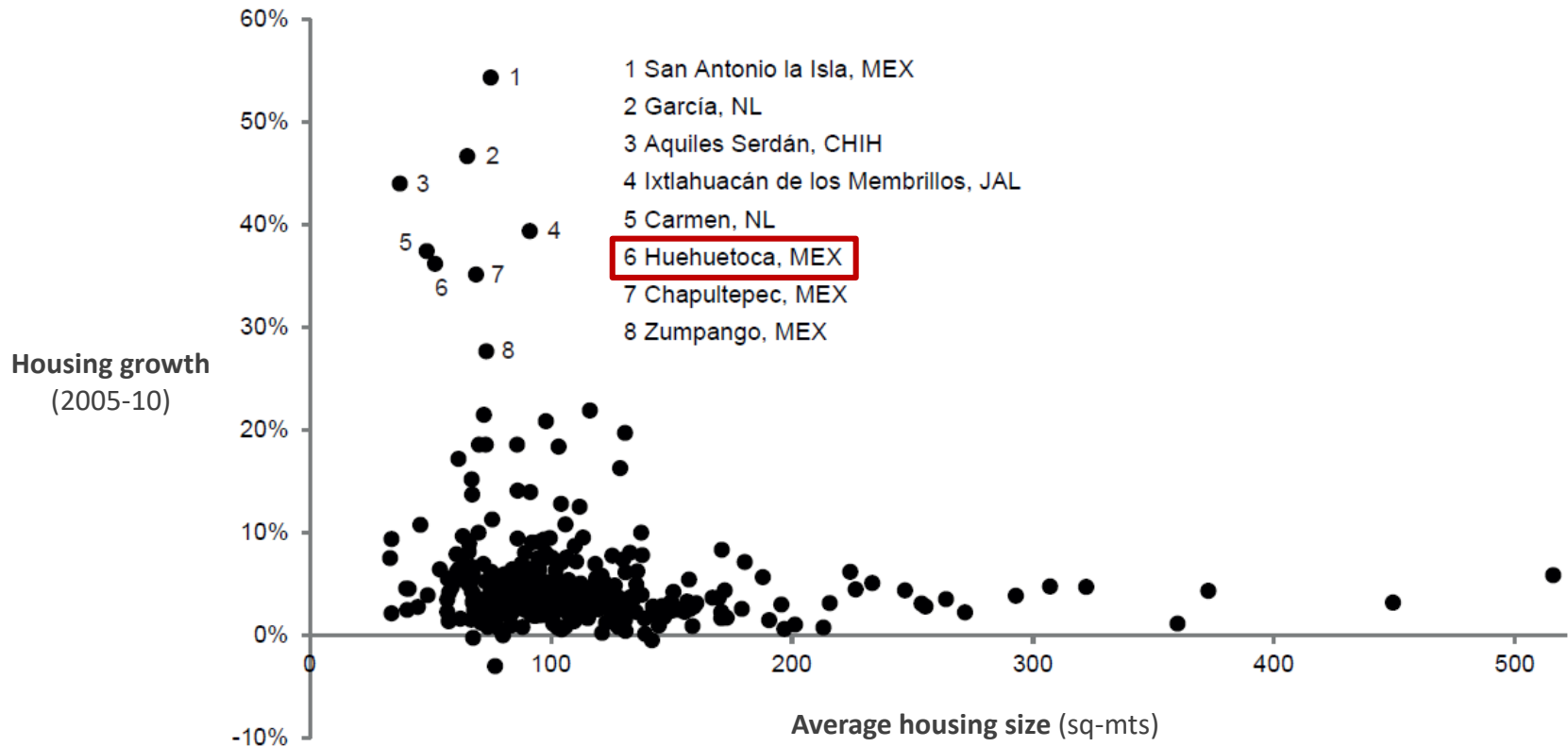


### Supply & Demand of INFONAVIT Credits



Sources: SNIIV, INEGI

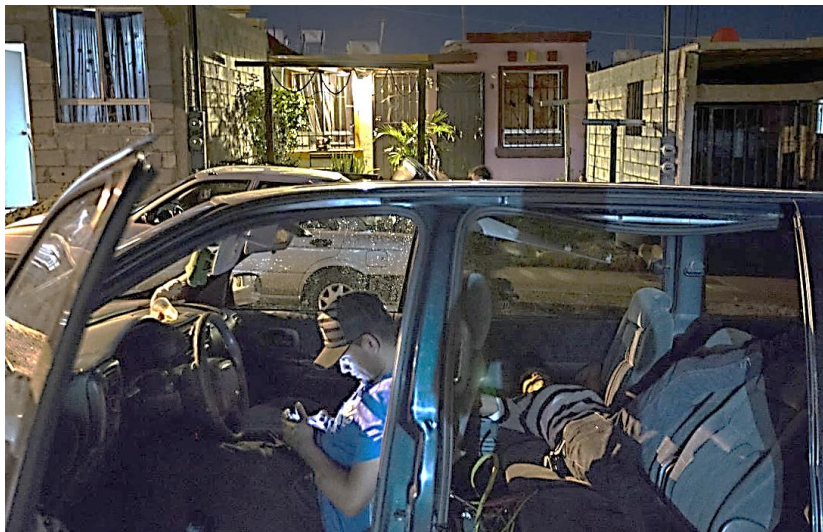
# Housing Growth & Quality



Source: INFONAVIT 2015

# Housing Quality

Villas del Álamo, **Tijuana** (Urbi)



Source: Los Angeles Times

**Cabo San Lucas** (Homex)



Colinas de Santa Fe, **Veracruz** (Homex)



*“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...*

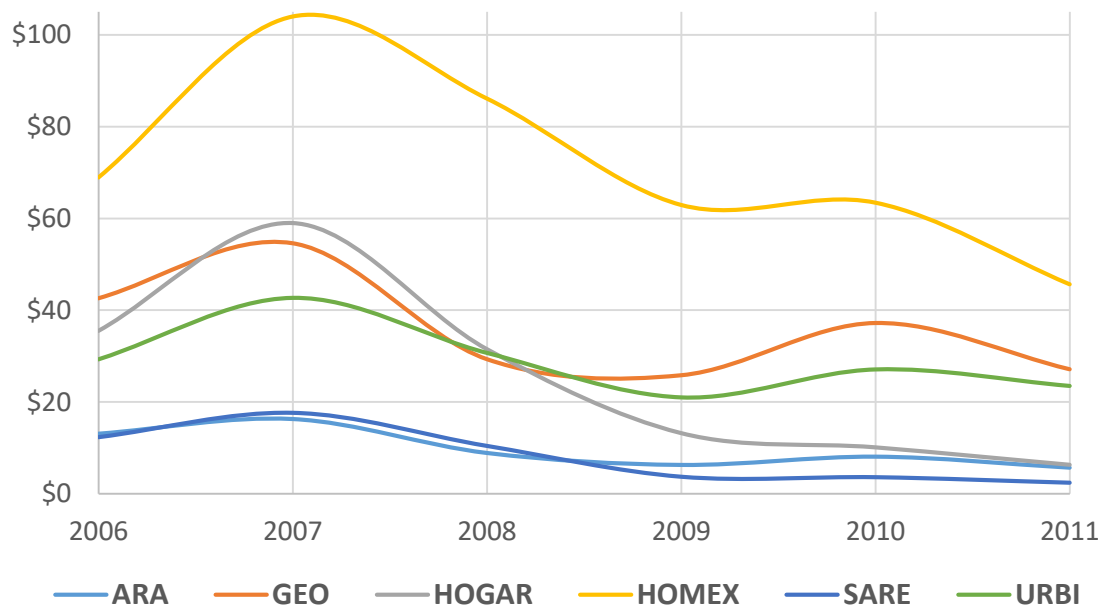
***Clients adapted to the developers’ production systems, who had to produce more and more units to give positive reports to their investors”***  
(Regional developer 2016).



# The Model Crumbles

*“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).*

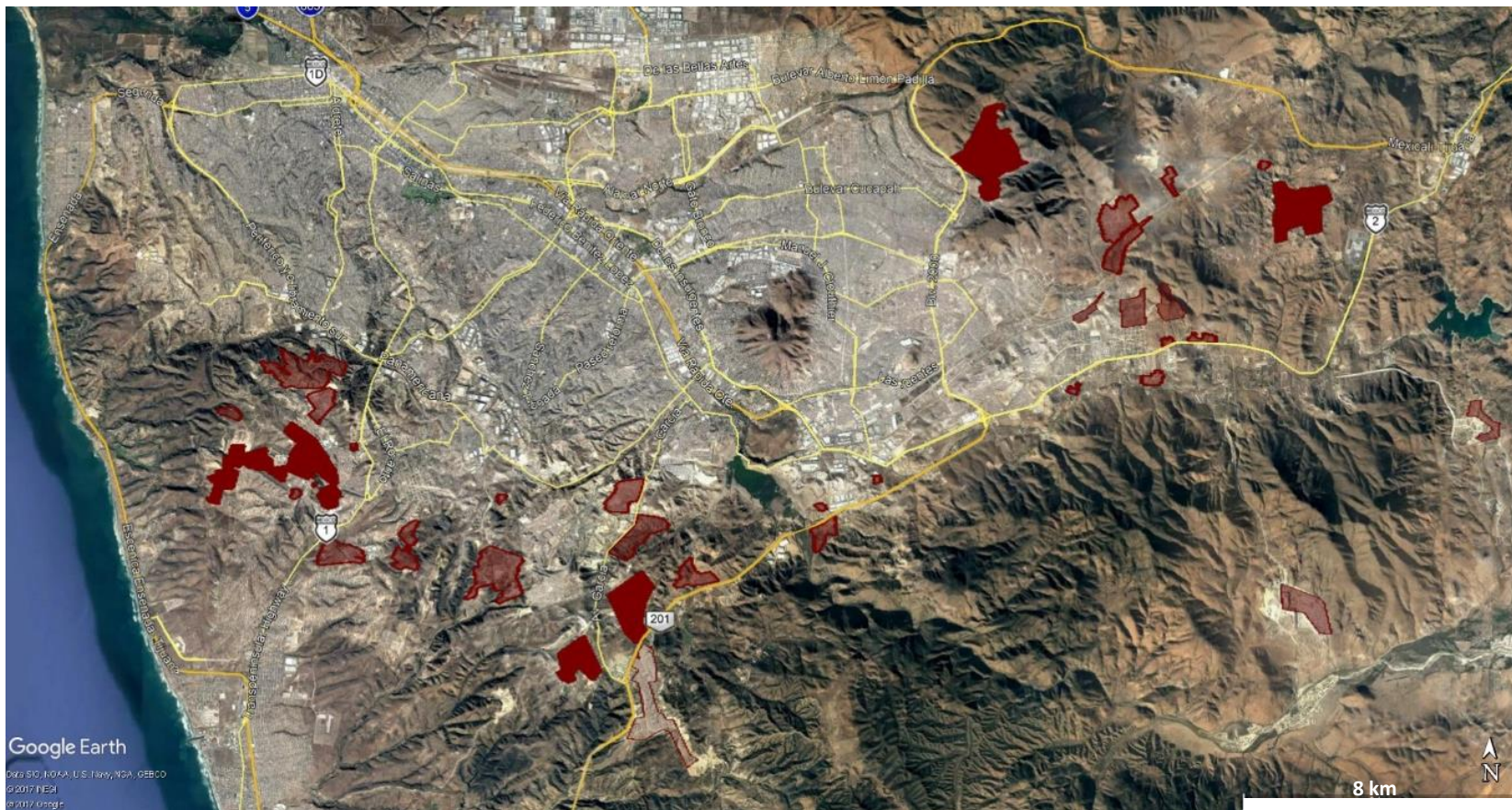
## MxP per Share of Major Housing Developers



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)**



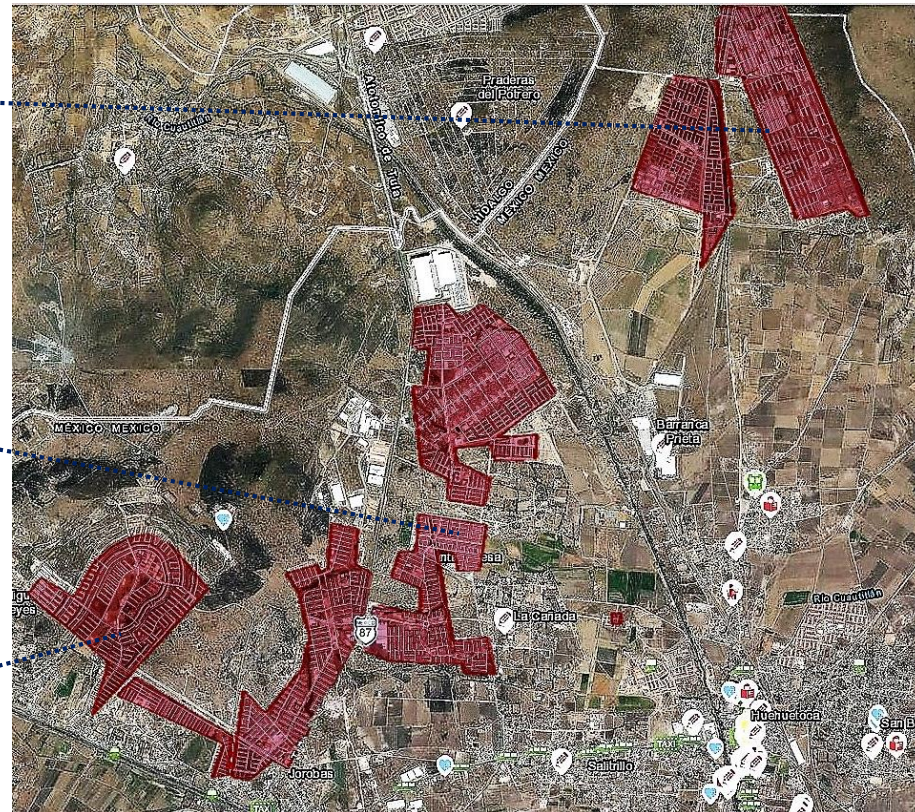
**Santa Teresa (16% in 2016)**



**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



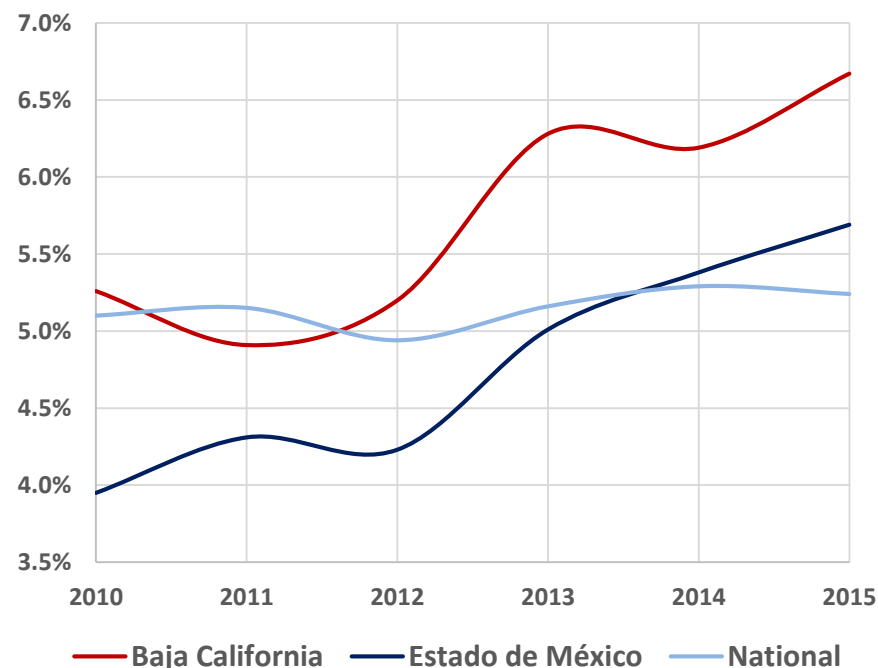
Sources: Alejandro Cartagena (left) Los Angeles Times (right)



# 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



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

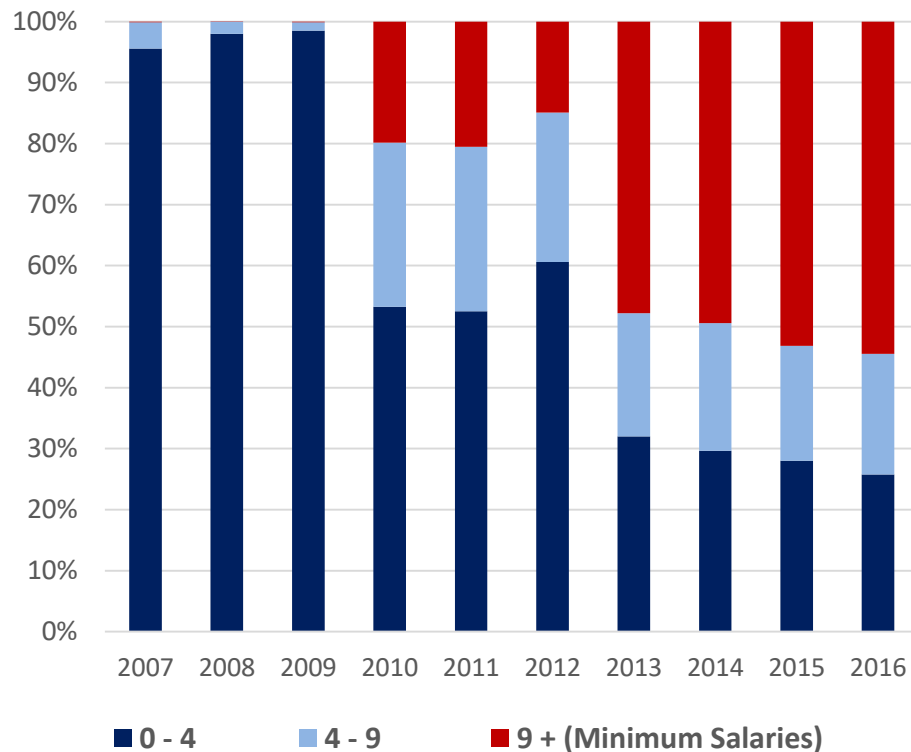
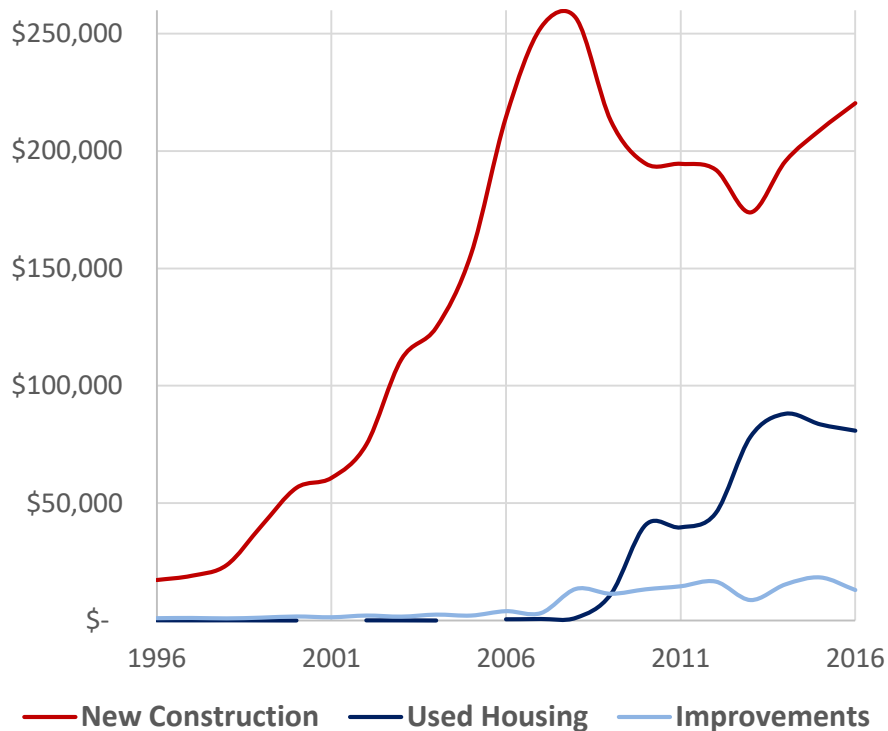
## Foreclosed Housing Auctions



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)

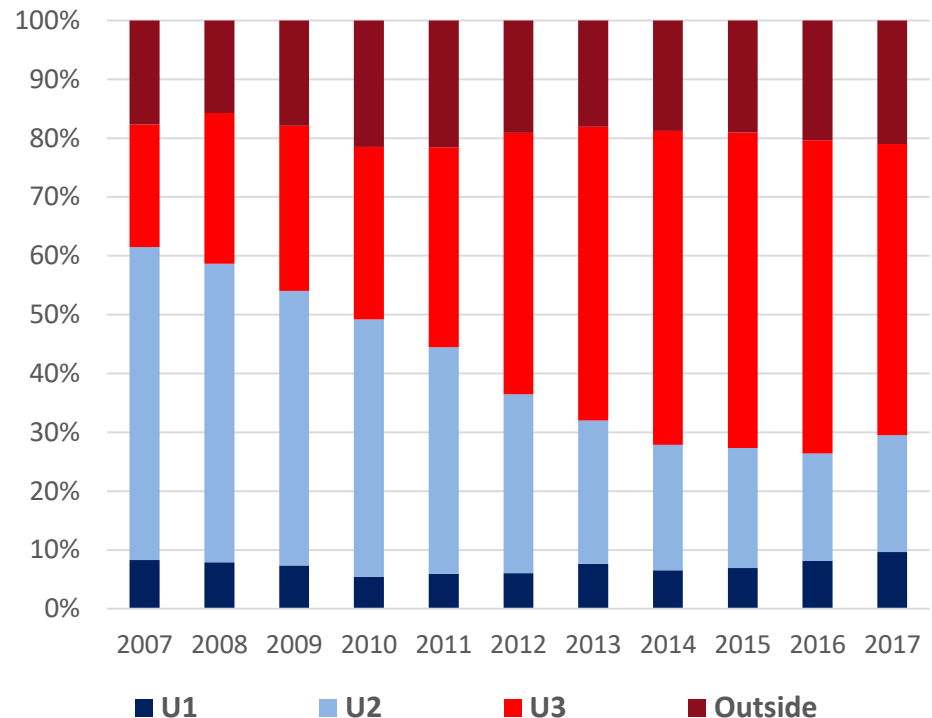


Source: INVI 2012

# Further Research on Urban Governance

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

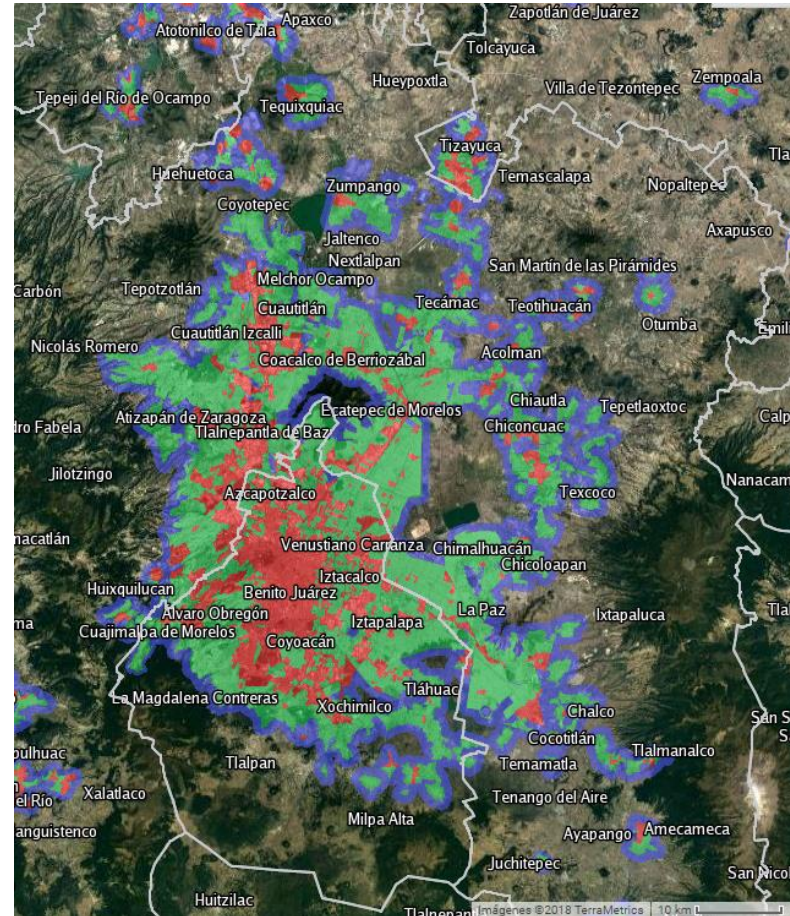
**Housing Built by Growth Boundary in Mexico**



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

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César Patricio Bouillon



**The Free-Market City: Latin  
American Urbanization in the Years  
of the Neoliberal Experiment\***

*Alejandro Portes and Bryan R. Roberts*

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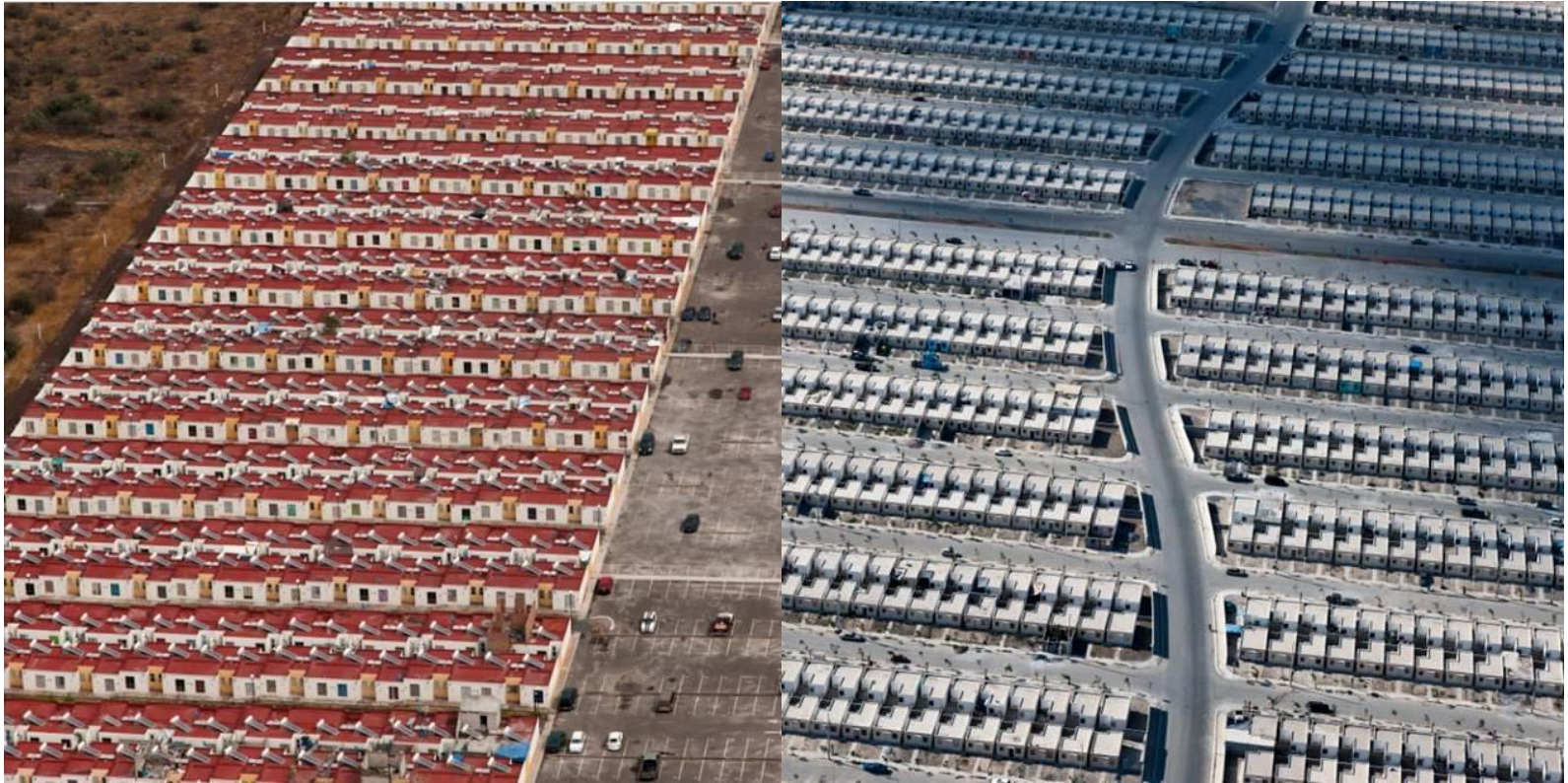
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# Thank You



Source: Arq. Jorge Taboada