
STUDY

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DECENTRALIZATION IN LOW-COST HOUSING MANAGEMENT A PROPOSAL *

Pablo Jordán F.

Based on an analysis of the housing problem in the poorer sectors, this paper studies housing policy design using an approach that puts emphasis on the dimension of surroundings or habitat, rather than a perspective focusing only on the production of houses.

The study advocates a strengthening of local or municipal governments, and stresses their potential to play a significant role in the processes of generation, occupation and equipment of the housing environment, encouraging greater participation of beneficiaries in their design, construction and maintenance. In addition, it considers the main challenges and problems that need to be addressed in order to strengthen decentralization in the housing and urban development sector.

Managerial approaches on a local scale are analyzed for four housing policy areas, and the final part of the paper proposes lines of actions to put the ideas discussed into practice.

PABLO JORDÁN F. Architect, Universidad Católica de Chile. Master in Urban Development and Housing, Massachusetts Institute of Technology (M.I.T.). Professor, Pontificia Universidad Católica de Chile. Researcher, Centro de Estudios Públicos.

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INTRODUCTION

The thoughts set out in this article ultimately relate to the set of problems, processes and situations that determine the quality of life in low-cost housing developments known as “*poblaciones*”. Specifically, the aim of the paper is to delve deeper into the question of low-cost housing in terms of policies, processes and products, paying special attention to the efforts required to meet the housing needs of the poorest sectors.

The paper argues that the quality of life in outlying settlements, whether these be formal or informal, is intimately related to the quality of the settlement (habitat) and, thus, both to its specific characteristics of formation, development and consolidation, as well as features associated with the supply of infrastructure and services most frequently linked to the quality of life among lower-income sectors.

This is not explicitly contemplated in the most recent programmatic housing policy proposals, which have tended to focus on aspects relating to the housing unit itself, thus straying from concepts relating to urbanization, the city or the habitat. Underlying this situation, among other things, is the national tradition of low-cost housing provision and, consequently, the various types of dwelling most frequently used in the country, which, to a greater or lesser extent, disregard the urban surroundings in which the dwelling is situated.

The main concern of the present study is the role of local or municipal governments in the supply of housing for the poorest sectors, from the standpoint of an integral approach to habitat and within the framework of a housing policy that will reinforce municipal action in a process of decentralization both in state administration and the national productive system.

In broader terms, the paper analyzes the potential role of local development administration, through municipal governments, in improving the living conditions and habitat of lower income sectors. It visualizes a form of social development that applies local solutions to problems or situations of urban crisis, frequently associated with high rates of urbanization, underclass and poverty.

I. General Background

The problems faced by the big cities require an approach to planning, design and action, which acknowledges that the so-called “critical” features of the urbanization process are structural variables, the modification of which will not happen for another two or three decades, if at all.

This means that resource restrictions, the population's need for social integration, the capacity to provide services, demographic growth rates and other similar elements of a structural nature, must be incorporated into urban development models and housing plans.

However, although it is vital to be fully aware of limitations such as those mentioned above, this does not mean abandoning efforts currently being made to improve habitats, but rather one should look for better ways to allocate resources, including improvements to the design and planning processes and a rethink of the products desired.

In this sense it should be pointed out that while each and every one of the different solutions explored have had individual successes, in the long run the urbanization process has not only gathered pace, but during past decades it has been accompanied by the emergence of massive socio-economic marginalization and urban poverty.

In the light of this reality, both the theory and practice of urban development planning and management have recognized that certain actors, thus far not considered, need to be added to the traditional actors and resources in this field: actors that have become extraordinarily relevant. One such is the municipal sector which, seen as a level of development administration, must become more actively involved in defining the urban model, as well as its implementation and operation.

It should be borne in mind, here, that theories of local government, social participation, organized community development and self-help, as well as self-sustained development, appropriate technology, incremental growth etc., all seek to make the development model appropriate to local realities and resources by refining work and design procedures, as well as products. This means trying to effectively incorporate the user or beneficiary into the solution process. Thus, there would be a tendency towards working on a smaller scale, introducing administrative flexibility in projects and programs, proposing replication methods and, not least important, an integral view of the process of housing provision that breaks away from the traditional division of public action into different sectors.

Thus, for example, housing projects for low income sectors funded by international lending agencies are increasingly starting to include components that contribute to the creation of jobs, the training of users, the strengthening of organized communities, the distribution of responsibilities, the identification and use of alternative sources of financing, and shared land holding, etc.

One contribution to consolidating this approach is the gradual acceptance by professionals and technocrats that, to open up new spaces to

urban development and management and to combat poverty, it is becoming necessary to change attitudes towards this issue. This is based on an acceptance and awareness of a relative inability to satisfy the demands of project design and execution, either due to insufficient resource availability, or to the magnitude of the needs or to a lack of adaptability in the traditional models being used. This recognition leads to housing projects or habitat improvement projects being put forward that propose active community participation in the diagnosis, design and execution of the projects and programs, or the presence of community development promoters in the programming stage.

What this really means is that professional practice in the traditional disciplines relating to housing issues should be accompanied by perspectives and fields of action that will allow moving from the role of “provider” to one of “facilitator” in the processes of decision-making and change. This kind of approach does not mean abandoning the more traditional professional paradigms nor casting aside accumulated knowledge, but it does imply a belief in the introduction of new variables and, consequently, in different methodologies and typologies to drive the processes forward and get results.

Perhaps the core of this approach is to use the tremendous influence of professional and technical bodies in generating and disseminating ideas to improve the social perception of the problem, helping to raise awareness among all social actors of their function and importance in creating, altering and maintaining their habitat.

The logical consequence of opening more spaces and incorporating new actors in different roles is the emergence of a need to delegate a certain amount of responsibility for the administration and control of habitat to its users/beneficiaries, in order to achieve substantial reductions in public expenditure on operations and investment.

One cannot overstate the importance of training the agents involved in the housing process at all levels (family, community, municipality, central government, private sector, etc.), nor that of exploring methodologies for programming and carrying out work that will include the most recently developed concepts in this field.

In addition, in view of income insufficiencies among the population, which make it necessary to design housing programs subsidized either with public resources or with international loans, as well as the continuing need to tailor housing solutions to fit each particular need, certain questions become especially important, such the minimum or optimum level of services, standards of provision, integral or partial solutions, a sectoral or multi-sectoral approach, coordination, administration, recovery of mortgage por-

folios, among other things, all of which make it imperative to consider the local dimension in any housing project.

In this scenario of increasing participation of new actors in the process of generation and consolidation of the human habitat —settlements and their various components— management and organizational trends are being seen today that attempt to incorporate the various theoretical approaches and accumulated experiences.

The insufficiency of housing efforts over recent decades, as well as the level of sectoral bureaucracy and a situation of political instability, has opened up the possibility of new ways of considering the phenomenon of urban growth, as well as different views of the responsibilities of each actor, and to a reassessment of traditional forms of housing supply. This is reflected in specific trends currently occurring in urban development and growth, especially in the poorest sectors of the population.

One such trend is to “override” the administrative system —through *faites accomplis*— on management issues, and this results in informal settlements characterized by illegality. Another is to set up institutions and organizations which, endowed with emergency or reconstruction powers and having specific legal faculties to expropriate, plan and undertake investments, make it possible to speed up the implementation of different options to satisfy the housing needs in the broadest sense of the concept. Clearly this trend is rather a short-term response to emergency situations, but at times and in the absence of better administrative alternatives, they are the most efficient way to carry out the necessary actions.

Another strong parallel trend can be identified in urban management questions, which proposes transferring the different sectoral responsibilities to the realm of municipal administration. In other words, decentralization to achieve the required coordination at a local level and not, as has been traditionally proposed, in the upper echelons of public administration. The institutional strengthening the municipalities are currently undergoing reflects this change of outlook in urban development administration, a process that has significant potential but also requires modifications in the most deep-rooted structures of state administration.

Another kind of habitat and housing management that is emerging quite strongly is related to non-governmental organizations (NGOs). Although they originated as community development study or support groups, some NGOs today constitute effective alternatives for the improvement of the habitat and the provision of housing. With participatory methodologies, small scale projects and unencumbered by the state system, they have given rise to new types of process-product relationships, as well as to valuable

examples in self-management issues and, at a research level, they have contributed effectively to an assessment of the characteristics of the urban poverty environment, as well as proposing integral approaches to solving the housing deficit. However, the task still remains of organizing their experience and exploring ways to extend the processes designed by them to a wider universe. Meanwhile, a strengthening of the links between NGOs and the state system, as well as with the actors responsible at each action or planning level, could give rise to administrative bodies with great capacity for action.

Massive eviction and population transfer programs, due to the illegal occupation of land, or because such land has been allocated for other purposes by the planning authorities, or because large amounts have been invested in constructing a solution elsewhere, are currently being phased out.

This strategy, in itself the most expensive of all options, has usually led to even higher costs in terms of governmental instability and image, social unrest, and, from the beneficiaries' point of view, to high costs in terms of adjustment to surroundings usually lacking in job opportunities and community services, remote from urban centers, etc. The current trend here is to study mechanisms to improve settlements and, of course, a better use of urban land. These efforts build on the socioeconomic relationships already established within the community as well as its natural organization, and, usually, when they are undertaken via "negotiations" with users, the results are highly satisfactory for the design and planning teams, and not lacking in highly agreeable surprises.

In Latin America today there are many examples, on various scales, that explain the resistance of the population to being moved and, on the other hand, the benefits from improvements to settlements. If one adds that as informal popular settlements frequently occupy rough terrain with poor soil conditions, efforts towards rehabilitation and improvement, although costly from a global urban development perspective, incorporate into the national land stock areas occupied by housing which otherwise would remain unoccupied as they have no other productive use. The need to improve methods that acknowledge the potential of autonomous housing supply—including self-management, self-built dwellings, organization of group efforts, organizations to obtain credit, and others—was argued several decades ago, particularly following work done by John Turner and others.

In this context, a very positive attitude worthy of note is the fact that the authorities, and political agents in general, increasingly express their

willingness to incorporate social and environmental dimensions into the of housing provision process.

Moreover, the tendency seen during the past few years towards design emphasizing integrated views of reality and short-term solutions, offers the possibility, among other advantages, of operating new assessment and correction mechanisms within the time frame of the same administration that implements the measures or policies. This, in turn, makes it possible, from a local spatial perspective —the neighborhood, for instance—, to define packages for improvement projects in various sectors which, integrated at a regional or national level, could justify action programs funded either by central government or internationally.

In brief, what it comes down to is that when dealing with actions relating to the supply of housing or the implementation of more global housing solutions, it is advisable to do so with a broad and integral approach that puts the habitat —with all its constituent components— at the center of the decision-making process, and which consequently makes the population, with their peculiar local characteristics, the subject and object of policies, programs and projects, keeping in mind the more specific objective of prioritizing the search for a gradual and sustained improvement of the living conditions of the poorer sectors of society.

It should be emphasized that translating these basic principles into concrete, effective and efficient measures needs special efforts in developing and training in the institutions and organizations linked to local development, which, due to their particular place in the administrative structure of the state and their closeness to the source of the problems and situations it is intended to correct, can more effectively harmonize the actions to be undertaken with the natural, social and economic characteristics of the community in question. Equally, it requires the design and implementation of instruments, methodologies and types of projects that respond to these concepts, a task that still has a long way to go.

As well as this, due to the indisputable link between the style of socioeconomic development chosen by a society and its types of settlement, along with the training effort mentioned above, the general urban development model needs to be revised, as the current pattern of our cities reveals significant shortcomings regarding the distribution of the benefits of progress. In this context, the impoverishment of outlying areas and the old urban centers is, perhaps, a reflection of the fact that actions undertaken in the past to improve the quality of life among low income sectors of the population have essentially been of a palliative nature, without proposals for structural change related to the decisive variables in the problem to be

solved. Furthermore, the types and, in general, the characteristics of projects, including standards, type of materials, spatial distribution of “solutions”, proposed zoning and other issues, respond to general guidelines that do not take into account the peculiarities of the target population, place or climate, nor the existence of certain resources and not of others, among other things.

Accordingly, it needs to be emphasized that the habitat, in its entire dimension, has enormous relevance as a defining framework for the urban development model that it is intended to be put in place, and is a particularly crucial aspect of actions aimed at combating poverty. From this standpoint, housing policy must be understood as a set of proposals that set in motion a process that consolidates human settlement in a certain place. In this context, an enhancement of the quality of life is measured by the level of provision of various satisficers, including housing, services, access to employment, personal and family development opportunities, prospects for a rise in the value of the neighborhood, etc., thus moving away from measurement methods based on sectoral and static approaches where the number of housing units built is the criterion of improvement achieved.

From this standpoint, the institutions concerned with housing should expand their sphere of operations beyond the mere provision of housing units of any sort, incorporating open strategies that can be modified according to local requirements and characteristics. In this context, however, it should be pointed out that although there are clear indications that the population knows what its needs and priorities are, the systems for channeling the ideas and concerns of end-users to the authorities or the decision-making centers are generally uncertain. Accordingly, the issue of channels and education for participation is one of the most central topics in development planning and administration in the local arena.

Against the backdrop of the ideas and concepts mentioned above, and as an alternative way of addressing the most critical problems of urban and social development, the argument has been put increasingly strongly that the best opportunities to bring about a sustained development that will be socially and territorially fair, lie in the realm of local government and administration.

In the past the magnitude of the tasks to be dealt with has led to generalization in the design of solutions and in the decision-making process, the counterpart of which has implied the under-use and even the non-utilization of significant resources—including non-financial and non-conventional ones—which could be especially relevant in implementing specific projects in the framework of local forms of development and

growth. In other words, the uniformity resulting from centralism as regards types, solution models and projects, could be considerably enriched by the participation of a stronger local administration, endowed with sufficient resources, attributions and qualified staff, able to undertake and coordinate initiatives emerging from the grass-roots level, putting forward less vertical administrative models that aim to open up the decision-making process through increased participation.

II. The municipality and local administration

As a basic cell of the state administration system, the municipality is naturally the tool and principal actor in administrative decentralization and devolution policies.

The traditional roles of the municipality as regards policing, and keeping public places attractive and tidy, as well as the administration of urban development, tax collection, official land registry, and the inspection of building works, have been augmented by several tasks relating to community development, such as social welfare, fostering economic growth, administration of services such as health and education, organization of local participation and even management of certain activities linked to national development.

In this way, the contemporary municipality is gradually turning into an active development agent at the local level, breaking away from the concept restricting it to an institution that administers certain services and enforces compliance with rules and regulations.

However, its effective materialization as an engine of local development requires its strengthening as well as important changes, especially relating to an increased availability of operating and investment resources, an expansion and professionalization of municipal staff, the specific definition of its functions, the transfer of a higher quota of power from the central to the local level, as well as administrative and legal reforms and new tools and methods for planning and operation.

At the same time, it is necessary to establish forms of cooperation with a whole range of territorial and functional organizations which, either naturally or driven by external forces, arise within the community in relation to various functions and activities, age groups, individuals of different social, working and economic conditions, etc. Examples of these are mothers' unions, labor groups, sports clubs, community efforts to obtain housing, child nutrition and childcare, safety, and the production of certain goods and services, etc.

Those who advocate this conception of local government argue that its closeness to the grass-roots and its immediate presence in the locality constitute two big areas of potential for municipalities to become development agents.

To be close to the grass-roots enables greater flexibility in identifying problems and possible solutions, a better relationship between the authorities and the beneficiaries—a face-to-face relationship—, a more efficient allocation of expenditure and investment, a fairer distribution of benefits, the tailoring of programs to the needs and characteristics of the community, a coordinated prioritization of programs, and a contribution to the formulation of development plans and policies on a local basis. At the same time, as they play the role of mediator between the regional planning and development goals and those defined by geographical communities, the municipalities act as a channel for initiatives emerging from specific local needs that can be integrated into programs or projects with regional—and perhaps even national—coverage.

In this sense, decentralization works in two directions, for while it facilitates the distribution of goods, services and resources from central government, it makes possible the coordination of social development models so that, emerging from a local base, they acquire national characteristics.

While highlighting the potential of the municipality with regard to questions such as its cultural-historical relevance, its role as agent of decentralization and democratic facilitator made possible by its closeness to the grass-roots, its ability to act as a source for formulating programs and models, attention should be also focused on the main challenges raised by modernization.

Increasing the autonomy of local governments is indeed a major challenge. The municipal sector's excessive dependency, reinforced by not having its own financial resources, has helped to stunt its development, manifested mostly (except perhaps for municipalities in capital urban areas) by a critical lack of autonomy in the design and management of projects, and, in a broader sphere, in processes of decision making on matters related to local space and community.

Recognition of this situation is followed by a need to hand over an increasingly bigger quota of autonomy to the municipalities, a process that requires great caution and demands complex legal amendments as well as greater efforts in technical assistance for the design and management of projects and staff training, as well as to provide specific and efficient solutions to the problem of insufficient resources and the unequal financial capacity of the different municipalities.

This insufficiency and unequal financial capacity are particularly critical in poor communities where the social welfare needs of individuals and families are greater, and the municipalities' role in providing community care and development services becomes essential. In this sense, the creation and improvement of budgetary redistribution mechanisms favoring the allocation of resources towards the needier sectors cannot be avoided, if the aim is to create the conditions for just local development, a task which at the same time requires administrative and legal reforms.

A redefining of the behavior of the different actors within the local space is also necessary. Bringing new agents into local administration requires the revision and proposal of new roles for the various potential actors, particularly in existing municipal bodies, discouraging administrative practices of "cronyism", cumbersome procedures and the allocation of resources with no proper technical basis. All of these, among others, are dysfunctional forms of conduct as regards the modern concept of municipal government.

Gradual improvement in the living conditions and habitat among the poorer sectors requires solid municipal and local authorities, with autonomy to quickly solve the urgent requirements of the most needy, with good technical teams, with political will and room to maneuver, with their own resources, with open and flexible structures to incorporate the various community organizations and, in the social care area, with effective instruments and resources. Development of the "local area" also means, therefore, apart from the growth and strengthening of the municipality, a densification of community organizations, strengthening their participation in promoting their own development, and this means incorporating intermediate and grass-roots organizations and bodies in the political-administrative structures of the local area. The anticipated benefits from this go beyond merely developmental goals, to include others associated with an effective and efficient democratization of urban development.

The opening up of local urban management to the community should lead to a gradual collective awareness of the potentialities and restrictions of urban development, of the rights and responsibilities corresponding to each citizen in terms of preservation, the use and improvement of habitat, the chance to be an active agent in the development of their own habitat and, finally, of the benefits, on a local scale, that the collaboration between community and authorities can bring about.

In the end, all the above implies that there must be an acknowledgment of the relevance of municipal action in any activity within the corresponding municipal area, understanding that local administration goes be-

yond spatial management and the supervision of building works, and is oriented instead toward a general improvement in living conditions and the quality of habitat of the people in the community.

This, as argued above, requires solving the problem of division of responsibilities between the central and municipal government, including considerations regarding the representativeness of the municipal authority and the way to encourage community participation, as well as a classification of projects in terms of scale, recognizing the need for coordination where they are of inter-community or regional scope.

As well as this type of consideration, it should be borne in mind that the local space, due to its very dimension, makes possible the proposal of mechanisms to reinforce mixed private-public management, through non-governmental organizations, welfare and charity agencies, as well as cooperative groups, neighborhood and church associations, etc. The opportunity provided by this to revitalize developmental actions within the framework of the daily activities of the population, helping to improve habitat quality and living conditions via specific actions, is yet to be generally materialized. However, recent experiences, such as those undertaken by non-governmental organizations in various communities in Santiago in actions supporting neighborhood improvement, show the effectiveness of management at the local level. However, important questions still remain, particularly regarding the dependency established between the community and the professional. In spite of this and certain doubts regarding their replicability, these experiences suggest very optimistic outlooks in the field of social development, specifically in relation to the issue of quality of life and habitat.

The proximity of local government to daily issues and to the individual, together with the ability to detect the specific impact of efforts aimed at improving living conditions at that level, supported by the closeness and the presence of the authorities, reinforces the feasibility of generating action proposals whose central focus would be precisely where community life takes place and whose central issue would be the habitat in its multiple dimensions.

The privileged position of the modern municipality at the center of local issues, as the receptor of both demands and initiatives from the community, and as the vehicle or executor of central government programs, makes possible the integration in a single proposal, of objectives, plans, assessments and projects formulated sectorally, either locally or centrally.

On the other hand, in terms of local traditions, special characteristics and local cultural patterns, municipal government can develop its own

instruments for the planning, programming and prioritization of expenditure. Among these, proven forms of micro-planning (participatory defining of neighborhood improvement projects) have provided a methodological answer to the problem of incorporating the user into decision-making relating to changes in the immediate environment, contributing to the training of monitors and to a commitment to collective action in carrying out the work.

Linking modern municipal administration to certain global tasks that will serve as a framework for specific action, and opening up local administration to management incorporating actors other than government officials, apart from an organizational effort, requires the identification of concrete development issues and projects that will promote the mobilization of an organized community. Clearly one such topic is housing, particularly among sectors of the population with a concentration of poverty. Housing, understood as more than the mere physical dwelling that serves as shelter, in other words the process of gradual occupation and modification of space by human beings, serves as a basis for numerous management projects shared between government and the community, with various possible time-scales and different resource requirements, in which housing projects as such are linked to initiatives relating to community services, infrastructure and equipment.

Lastly, it seems necessary to make some comments on public management and participation by the community in the construction, preservation and recovery of habitat.

In the first place, it should be pointed out that the processes of settlement design can and must be improved. The systematic repetition of solutions conceived only in a quantitative dimension and only with economic efficiency criteria or commercial aims, involving clear failures as to the generation of qualitatively suitable environments, continues to be the main characteristic at present. Despite abundant academic criticism and patent empirical evidence, mistakes are repeated with respect to size, layout, programs, density, design, etc., among the vast majority of housing developments proposed by the public sector.

The provision of top-down solutions based on reasons valid from the perspective of economies of scale and agglomeration, or simply on the availability of professional teams at central administration levels, due to their very nature are unable to make the adjustments to projects that are shown to be necessary along the way.

For the same reason, in general, one sees no effort to adjust programs and types of architectural and spatial design to local characteristics,

including aspects such as climate, culture, availability of construction materials, etc.

The urgency to undertake projects, the lack of arrangements to incorporate the user/beneficiary, the terms of financing and the scale of action/intervention, among other issues, contribute to the implementation of “classical” low-cost housing projects, which are extremely homogeneous and require significant investment on the part of the user and the municipalities in order to suit them to the specific requirements arising from local conditions and peculiarities.

If to this we add the lack of resources for maintenance and replacement, the mismatch between the target population and effective demand, the lack of sufficient capacity for quality control and inspection of building works undertaken by the corresponding institutions, the lack of coordination between public agencies as regards equipment provision and other similar problems, a scenario emerges which has resulted in the growth of cities based on projects that help to increase the nation’s housing “stock”, but which at the same time commit huge investment, both private and public, in maintenance and in making them appropriate to local characteristics.

The unavailability of greater financial resources from the state to provide solutions, as well as growing demand and theoretical progress in the field, have pointed the solution typology towards progressive housing programs, land plots with services included, improvement of neighborhoods, sanitary units and basic housing. So-called “comprehensive” solutions which include, apart from basic service access, single family dwellings and domicile connections, appear as a unfeasible model, due not only to the permanent resource crisis, but also in the light of empirical evidence indicating the costly transformations that users, within their means, are forced to make.

Moreover, the capacity of poorer sectors to build their own houses or to administer the construction of their houses by themselves, reveals the ineffectiveness of programs aimed at large-scale housing developments that do not take advantage of this ability in a productive way.

In other words, the search for balance between each actor’s capacities and advantages in implementation and production should guide the process, thereby combining large-scale products (infrastructure networks, for instance) with those of intermediate scale (equipping the neighborhood) and small-scale ones (individual or family house-building efforts).

So, in response to the problems mentioned above, a process begins to take shape which explicitly involves the user in the construction of his own home, and the public sector is then mainly responsible for providing

the services and developed land and, in the case of informal settlements, of its rehabilitation via the regularization of property deeds, the installation of drinking water and sewage systems, and other similar measures.

In this scenario of active participation, a set of semi-public and private organizations emerge as elements of housing management, contributing both to administering demand and the financing of improvement projects, technical training, legal support and countless community promotion actions through the process of house-building. In this sense, the role of the local authority, in the framework of actions relating to the poorer sectors, must be oriented towards creating the necessary conditions so that activities carried out by such organizations are easily implemented. Their specific tasks include the programming and supervision of land development, coordinating the prompt availability of services and resources for equipment, opening up spaces for collaboration between the authorities and the community, representing community interests, generating local improvement and urban growth projects, agreeing the definition of investment standards, rules and incentives, and encouraging community participation in responsibility for quality control and maintenance of the habitat.

As regards the latter, the traditional division of urban space into private and public spheres fails to take advantage of the richness of the dynamic process of “constructing the city”, which in practice expresses more varied typologies of space. Thus, for example, adopting the notion of semi-public and semi-private space not only permits a diversification of the urban fabric, but also achieves a stronger commitment from the citizens in tasks of maintenance, care and replacement. This makes it possible, for example, to move away from traditional designs based on “free areas” or “green areas” whose size and location are not functional for the community unit, or in terms of care and maintenance of the habitat on the part of the users. The result is an overload for municipal administration that generally lacks the necessary resources for this purpose, leading to a landscape of neglect or refuse dumps, with obvious negative consequences for the quality of habitat and living conditions of the population.

A critical review based on an assessment of the “behavior” of the projects executed in the past—which must necessarily be done in the locality—will make it possible to correct future design proposals, especially in aspects relating to the use of public spaces, size of land plots, refuse disposal, types of dwelling, organization of traffic, etc. As regards non-physical aspects, an understanding of the informal housing market, as well as community credit systems, work arrangements, and the provision of services such as child care, training and surveillance, are some of the areas

where, based on projects involving an active link between the municipality and the community, it is possible to make a definite contribution to improving both process and product in relation to the construction of the people's habitat.

The enormous diversity of micro-projects based on joint action between the municipality and the community in this field includes, tree-planting, the building of playgrounds for children, materials and tool banks, improvements to pedestrian walkways and rainwater run-off, drains, canal dredging, roof repair, self-construction of basic amenities (community meeting places, child care centers, spaces for sports, etc.), the cleaning up of refuse deposits, basic technology plants for the treatment of sewage and the prioritization of local improvement projects. This implies contributing towards the organization of active links between the local government and the community, making possible a large number of joint and participatory actions between citizens, the private sector and public authorities. These actions not only involve construction, but also community organization, labor training, efficient participation and joint financing of projects.

From the habitat point of view, the gradual improvement of the surroundings sets up formal and informal processes for the selection and prioritization of projects, which make use of accumulated experience through feedback—at least informally. In this way, the environment is enriched through a multiplicity of solutions that represent the constant search, conscious or otherwise, for individual imprint. Similarly, as regards urban layout, it is feasible to include various design options of a land site in building projects, for the users' benefit. Corner land plots, those facing the main road, a bus stop, or water standpipe, proximity to natural water courses etc., are elements that have a positive or negative effect on development for the occupants of a site, and so must be taken into consideration.

Equally, acknowledgment of the value of semi-public or semi-private space, in relation to the opportunity to reduce maintenance costs, may provide guide the designer in making his proposals.

In this regard, it should be remembered that a critical review of informal settlements reveals important differences between settlement patterns and use of space defined spontaneously by users and those conceived by professionals. The use of the home as a place of work, housing density, the dimensions of living spaces, the importance given to individuality and the formal expression of the dwelling as an indication of economic status, preferences regarding details of finishings, habits and practices in matters of construction and maintenance are some of the ways in which such differences are expressed.

Similarly, minimizing networks of pedestrian and vehicle circulation in housing projects should become a central objective, not only to strengthen the roads functionally but, more importantly, to reduce the cost of wiring and other networks that usually accompany a road system.

To implement such measures it is essential for local government to be actively incorporated into the process of housing provision, not only in the control and approval of the building work, but also in the design and execution of urban development projects within their territory.

This, as mentioned earlier, requires modifications in the traditional role performed by professional bodies as well as in management direction and scope, tending towards the role of “facilitator”, with indicative planning as a guiding tool for community action. Seeking the incorporation of new actors, delegating responsibilities, training, creating contexts and opportunities for participation, and generating innovative resources are vital components of this effort. Learning from experience, searching for the most appropriate technologies and processes, opening projects up to the community, delegating control and the training of actors, are practices that it is advisable to include in the formal design, construction and recovery of habitat.

The gradual construction of the environment; i.e. the progressive consolidation and increasing provision of all sorts of functions and services in response to the changes and dynamics of a system in operation, requires a partial reorientation of existing resources to develop processes that will fulfill the dual purpose of incorporating resources that are currently inactive, or only marginally employed, and reduce, also in part, the costs incurred by the public sector in providing and maintaining the systems of infrastructure and urban services.

The traditional economic crisis of the municipal sector may thus be alleviated. Furthermore, and this is important, this idea would make it possible to justify further contributions to local development via the redistribution of funds from the central level.

At the same time, the search for new management methods and government instruments, including a special effort to design local participatory planning, centered in the neighborhood sphere where people's shortages have daily relevance, is a task that cannot be put off. This new planning step may help to generate more balanced settlements, and also make it possible to integrate the city's different administrative levels, reduce the scale of intervention, allow respect for the traditional, improve options regarding the search for variety and extend the coverage of housing programs, even though this may occasionally mean higher costs in terms of supervision and administration.

The adoption of local forms of housing management requires the design of improved coordination mechanisms that, without limiting local capabilities, guide actions at that level towards the specific centrally defined ends relating to the country's general development.

Implementation of the above as a goal of decentralized local action, given local and urban development needs, and the unavoidable obligation to drastically reduce poverty levels in broad sectors of the population, without doubt will require significant amounts of political will, risk and experiment.

Academic research, model or pilot projects, experimenting with creative management and administration forms, are steps that will have to be taken if the objective is to achieve a better balance between society and habitat, between natural resources and the development model, between artificial space and social development.

To propose housing or habitat as the central vector in fulfilling this objective does not mean the exclusion of other actions, particularly those relating to community development and social welfare. However, experience seems to show that actions of spatial improvement and habilitation, give rise to the establishment of social and socio-governmental links that facilitate the development of experiences and programs of an exclusively social nature. Housing and its extension, the habitat, thus become the pillar of community growth.

III. Possible areas of centralization in housing policies

In the housing policy area, it seems advisable to initially highlight questions and concepts that emerge the basis of a modified perception of the housing issue as seen by the different actors involved, in particular central government.

For example, a change has clearly taken place recently in terms of a change in outlook from a deficit approach to an asset approach, from a public expenditure view to one of social investment.

As a corollary, from the economic assessment standpoint, housing improves its standing as productive sector by considering associated effects and ensuring that value is attached to non-governmental management efforts, to the creation of micro-enterprises and the development of community organizations; in brief, by going beyond the notion of housing as a simple dwelling unit, attaining connotations of community development instrument.

Another recent change in housing policy is the review of standards associated with the production of houses and settlements which, gradually and steadily reduced, lead to visualizing every housing structure as a dynamic element in the consolidation process, and, for this reason, to policy design as an activity oriented towards supporting the various instances of such processes rather than the provision of a specific product or good.

This is reflected, at least insofar as the actions linked to extreme poverty and low income sectors are concerned, in favoring improvement, rehabilitation or replacement solutions over those of construction or expansion of the housing stock, which, because of its characteristics, does not make use of or recycle the capital contributed and the efforts made by families, however small these may be. In any case, from this perspective, a makeshift settlement is not so because it strays from an ideal settlement model, but because it lacks minimum levels of infrastructure and services provision, as well as ownership of the houses or plots of land.

This renewed outlook has led, as an immediate consequence, to exploring the question of subsidy policies, which are aimed at promoting the process of housing construction at the local level—including job improvement and creation—as an alternative to subsidizing the purchase of a finished product for residential purposes. Without rejecting the granting of subsidies to satisfy the demand for finished products for his purpose, at the same time, possible forms of parallel financing arise, such as technical assistance for the improvement of neighborhoods, extension and replacement of houses, materials banks.

Lastly, there is consensus on the importance and potential of local government and its most frequent manifestation, the municipality, in this specific issue, especially as regards its possible contribution to the administrative efficiency and effectiveness of the process of providing good quality habitats, making it less centrally oriented and, consequently, opening up channels for participation and a search for ways that promote variety and formal differentiation in settlements.

While advocating a certain degree of decentralization in the housing sector, one needs to be clear about the difficulties that such decentralization bring with it.

This is a sector with strong political importance, with considerable rigidities in planning and management procedures and methods that arise largely out of the urgencies that have to be dealt with, as well as local or international financing conditions and by the need to be constantly assessing, from an economic, social and political point of view, the effectiveness and efficiency of the actions carried out.

The opening up of housing management to lower levels of administration will therefore need greater flexibility in the classification of solutions, in types of proposal, and even in the conceptualization of housing issues, bearing in mind that by bringing operations closer to the local level increases inter-sectoral relationships, thereby moving towards the proposal of more integrated project packages. As a result, new administrative complexities and longer terms to obtain end products may be expected; however, better balanced habitat designs will undoubtedly be achieved as a counterpart.

On the other hand, as the local level becomes more actively involved, it will have to try to define its integration with the regional or central-sectoral level, as appropriate. The clear identification of roles or activities corresponding to each administrative level remains to be done, but it is clear that the local level should be in charge of "primary care" in housing, that is to say, tasks involving the face-to-face work in the community itself, including execution and supervision of building works, local spatial and economic planning, services, applications for subsidies, selection and prioritization of projects, etc. The central level, meanwhile, should be in charge of tasks involving the definition of national coverage policies, global financing, subsidy and credit programs, national supply and demand studies, as well as encouraging large-scale investment by private enterprises, legislation, statistics, integration and coordination at the regional level; project orientation and the gathering and transmission of experiences; support for local development and the approval of local rules and programs, etc.

With this classification in mind, it is possible to envisage a managerial decentralization process in which programs are firstly administratively diversified, and this is followed by the delegation of specific aspects such as the promotion and control of urban development, local building legislation, the creation of local tools for public or private management, the administration of public services, the collection of mortgage repayments and the control of mortgage portfolios.

This division of responsibilities would give a boost to the creation of varied and variable incremental development environments, reflecting participation by the various actors at the different intervention levels and where the processes of feedback, assessment and control of the various programs to be implemented would be facilitated. In the end, the idea does not consist of transferring all actions from the central to the local level, but rather to try to make both levels complementary to each other, by characterizing the different spheres of competence and scales of intervention, in order to strengthen each decision making instance with respect to its sphere

of influence. With this aim, it is possible to characterize policy areas in which variable degrees of decentralization measures can be introduced.

1. Settlement Policies

As regards the human settlement process, i.e. the gradual occupation and adaptation of space to residential and productive ends, and the “settlement” product, i.e. the socio-spatial entity resulting from such a process, a global policy needs to be defined that specifies the objectives and models that underpin it and provides general guidelines for each of the levels and actors involved.

In practice, the substantive aspects of such a policy may not differ greatly from “what is done anyway”, but even so, it will undoubtedly help to define the authority and responsibilities of each level in the design of the settlement process and the resulting settlements, in the urban space in particular, recognizing the individual roles of the state and the municipality in the overall orientation of the process, as well as in the management and operation of the settlements as such.

The social aims of a policy such as the one indicated must be to equalize opportunities in a spatial dimension, which has consequences for the prioritization of projects, the localization and expansion of settlements, the provision of services and infrastructure and also for the homogeneous “territorial coverage” by the administrative and operative system.

The policy should contain indications to ensure that the settlement operation, a task that should preferably be in public sector hands, tends to equalize levels of “basic services” provided to the different sectors of the community, allocating proportionally more resources to sectors that are more abandoned from a social, economic or habitat-quality point of view. Another issue that should be addressed by a national settlement policy relates to the caution needed in designing and undertaking state actions regarding land space, the market, and no less important, future management, supply and resources.

Equally, policy measures should refer to the timeliness and manner of checking the effects—in the immediate, medium- and long term—that the strategies applied may have on the habitat, as well as future costs implied by them for the user and central or local government.

It should also be emphasized that the goals of the settlements policy must be coordinated with those of policies relating to the environment, urban management and urban development. In this context, the joint search

for solutions relating, for example, to the optimal use of the existing inner city, the reduction of traffic congestion, improved accessibility to services, jobs and individual growth opportunities, will help to improve the settlement process in the country.

As regards the contents of settlement policies, it should be noted that although they are meant to be provide general guidelines of national scope, they ought to recognize the importance of the local scale as the sphere of specific proposals for settlement planning, management and development, as well as for the generation of instruments and projects that, in general, take account of local potentials and are aimed at solving specific local problems. It is also the sphere for drawing up standards, rules and regulations to coordinate urban growth with integral local development, attempting to match the rate of growth of the housing *stock* with a general improvement in habitat and community growth.

2. Habitat Construction Policies

The evidence that the many efforts made via the “new-home providing state”, have been insufficient to satisfy the housing needs of the poorer sectors, has defined housing programs options that, with greater or lesser emphasis, propose gradual or incremental development, with this being understood as the gradual provision of the various housing components, and settlement as a function of priorities and budgetary possibilities. Self-built housing is another operational tool that permits the use of non-conventional resources. Urban renewal and re-densification as a strategy tending to the most efficient use of “installed capital” in the cities is another possible answer. Thus, a scenario emerges in which, by accepting the structural restrictions —insufficient financial resources, slow rate of production, lack of entrepreneurial capacity, disorganized demand, among others—, new types of projects emerge, all in some way “incomplete”, and where the limit on what is “provided” by the state is defined by economic, institutional and even moral considerations.

Without going deeper in the now classical debate between basic housing and developed land, the appropriate thing is to stress that there is a broad range of solution types and options, with a higher or lower level of subsidy (which of course depends on the state’s financial possibilities), with a common denominator in the government’s role as provider, the participation of big business in carrying out the work, and efforts by the families themselves in meeting mortgage repayments and finishing or building the house.

Understood in this way, the state is also responsible for planning the sectoral budget, preparing in advance the process of land occupation, with the aim of minimizing the costs of building and managing the urban fabric, as well as ensuring the most efficient use of the economic, natural, human and all types of resources available.

For this, it is necessary to recognize and use the energy and resources that the population itself invests in creating the environment, designing for this purpose participatory negotiation-management processes to channel these resources, and in which the municipality plays an important role, coordinating the organizations and associations at neighborhood and municipal level, through which the community's expectations are expressed.

The coordination, promotion and guidance of the participation implemented via these organizations is an essential task of local government.

As well as this, if one views the housing sector as a productive activity, it may be relevant to set up mechanisms for the local promotion of housing production.

Similarly, as far as private-sector participation is concerned, the municipality, aware of the socioeconomic level of the population and the activities the population can undertake in construction, financing and organization, must help to identify specific projects and programs aimed at the poorest sectors, traditionally cared for by the public sector, for their needs to be met by the private sector.

The evidence tends not to support the transfer of models conceived in other parts of the world with different characteristics, standards and levels of services provided. The multifarious problems this generates in settlements is quite obvious: unequipped green areas, empty lots, nondescript urban space, difficulties in finding one's way about inside settlements, etc.

3. Land and Ownership Policies

A critical component of the housing process is the ownership and availability of developed or developable land. The lack of this in the past has led to irregular and illegal forms of land acquisition, informal markets, speculation, etc.

As regards housing and its relationship with poverty, it is clear that land ownership is essential for setting off any consolidation and investment process. In this context, efforts towards regularization of ownership are important not only because of their effect on the tax system, but also because of their strong effect in increasing the returns to private investment

in improving habitat, and to their effect on involving people in formal processes, including the real estate and financial markets.

Through the regularization of ownership, then, it is possible to maximize all kinds of social benefit included among the goals of any low-cost housing program.

As regards the local role in this area, the most decisive are responsibilities relating to the land regulation and use, the timely assessment and supervision of urban development and, equally important, the promotion of tools for regularizing ownership.

4. Financing Policies

Like the other components of the process, on the question of financial resources there is evidence, albeit less structured, of local and informal mechanisms of access to credit, savings, etc. Thus, the local lender, savings in materials, solidarity, certain community funds or funds owned by various organizations, family lending etc., are examples to suggest a certain autonomous capacity to mobilize financial resources within the poorer sectors.

Issues linked to financing perhaps constitute one of the most crucial areas in policy proposals. The low amount of available credit, non-enforceable guarantees, variability in the terms, high administration costs, and other related aspects suggest, however, that local government, because of the scale of its operations and organization, could offer space for interesting innovations to be proposed. The implementation of a system of shared borrowing, savings attracted by the municipality as a counterpart to improvement micro-projects, the management of revolving funds, are some instruments that have already been tried in this context.

On the issue of financing, the improvement of local financing instruments is necessarily linked to a healthy macroeconomic profile that guarantees stability and makes it possible to design low-risk medium term financial instruments that can translate into acceptable interest rates.

As regards the channeling of social welfare resources to housing, beyond mere subsidy or direct public expenditure, it is possible to consider adjustments to the redistribution of municipal sectoral income, higher direct contributions from the state via the municipalities, tax breaks for investment in low-cost housing, state guaranteed loans, etc.

5. Policies Concerning Construction and Materials

On this question, closely linked to traditional practices of an institutional and regulatory nature, policy orientation may, as in the case of for-

mal types of solution, accept standards of a lower level, at the same time reinforcing efforts made by low income sectors and processes of self- and locally managed construction.

The picture presented by any housing complex provided by the state, barely a few days after it has been occupied, is of a huge building site: walls being erected, fences under construction, extensions and protection for windows, outside and inside walls being torn down; provisional meeting places for social purposes being constructed, front gardens being dug, walls being decorated, walls facing the street being pulled down to make shops for commercial purposes, etc. This amazing activity is usually not subject to regulation and its material quality varies, usually subject to gradual improvement.

The important idea to take from this is the organizational capacity, the availability of conventional and non conventional resources, the technical ability and, equally, efforts to adapt and personalize building work being done, as well as the network of construction services that is spontaneously set up with specialists in all the relevant areas: bricklayers, plumbers, carpenters, etc.

Would it be possible, with a great organizational effort, to bring these activities into the formal building process, thereby reducing the state's costs? If this were feasible, it would also constitute an area for local government action in the decentralized management of low-cost housing provision.

The characteristics associated with the small-scale building firm, such as lower fixed costs, flexibility for change, including entering and leaving the market, labor training at the work site, working with materials of different quality and higher labor intensity, are some of the elements that should be considered in order to involve them more actively in the design of the outlying urban environment. This requires a review, at the local level, of standards in design, material use and zoning, encouraging the use of local materials, while at the same time providing the necessary resources for technical assistance, training, credit and legal assistance and, to some extent, workshops for the local production of components and construction materials.

Moreover, and as a further area for local action, small-scale projects can be identified which may be contracted out by the municipal sector to these local building firms, allowing the use of building techniques and materials that are easily available and adaptable.

IV Some Suggestions for Action

The current level of administrative consolidation among the municipalities in Chile, which displays rich local management experiences, enables initiatives to be suggested that, within current modes of operation in the housing sector, will contribute to a gradual decentralization of decisions and implementation of projects related to housing and urbanization and also to consolidating municipalities in their role as leaders of local development.

This is not only consistent with the policy guidelines implemented recently, but also with the most recent arguments at a theoretical level. The Chilean municipality has become an active agent in efforts to eradicate poverty, modernizing itself and evolving from an entity solely devoted to providing certain services, to a body that promotes and carries out policies and programs for community development and social welfare.

The gradual enhancement of municipal action in the housing area, in accordance with this modern role that goes beyond mere administrative action, requires greater presence of a more empowered local government involving significant legal and regulatory amendments, as well as much creativity and a spirit of public service on the part of municipal staff.

The initiatives suggested here are within the framework of the policy areas defined above, and their purpose is to contribute to the consolidation, in Chile, of an efficient modern municipality which participates in tasks relating to habitat design, particularly in the poorer areas.

1. Implementation of Tools for Territorial Community Management

The efficient orientation of the urban development process requires flexible and constantly renewed regulatory instruments. This means, at the very least, that every municipality needs to have up-to-date thorough planning regulations indicating preferred uses of developed land and containing mechanisms to control the expansion of developed land within the municipal area. In the present situation, characterized by slow ministerial procedures, obsolescence or an absence of this instrument, planning regulations refer only to land that has already been declared as developed, a situation clearly in conflict with a growth dynamic based essentially on territorial expansion—due to low land values—into neighboring rural areas, and mainly aimed at solving the housing problems of low income sectors.

The immediate consequence of this phenomenon is the absence, at municipal level, of the set of instruments needed to control and guide urban growth. The situation is further complicated because the implementation of Supreme Decree N° 420, which indicates or suggests permitted land uses as well as development characteristics areas of urban expansion, is rendered inoperable by Ministerial decree DFL N° 2 on basic housing, which by its own definition as a legal instrument, overrides the provisions of S.D. N° 420, allowing land occupation to provide basic housing solutions, allocating plots with services installed, or proceeding to clear shanty towns, building high population density housing developments, all of this—in the vast majority of cases—in a rural or semi-rural land context, with clear limitations as regards accessibility, services and community amenities. The municipalities are not empowered to act in this process.

It is necessary, therefore, to promote the generation and approval of planning regulations, a basic tool for administration of the settlement process, giving it an orientation and negotiation platform role in meeting the demand for land for different uses by the public and private sectors.

Similarly, the enactment of local building and development orders makes it possible to adapt national regulatory instruments to the socioeconomic, spatial and functional reality of each community. Thus, for example, such orders will reflect the possible differences in the standard of the materials used, dimensions, provisions with respect to density, and other issues that may exist between different sectors such as the center and the periphery of the city, not forgetting the territorial and demographic differences throughout the country.

The regulatory instruments indicated above are accompanied by the study and proposal of sectional or specific improvement and urban development plans, relating to specific areas of the city or municipality (historical sectors, sectors for renewal, services, special reserves, etc.)

The set of instruments mentioned above, defined by the law currently in force, given the centralism of state action—particularly in municipalities which are in the process of expansion—do not have the relevance they should have. It is, therefore, appropriate to allocate the necessary resources from the municipal budget in order to efficiently develop and apply them.

2. Modifications to the housing subsidy

The housing subsidy policy, which at present is handled by the Housing Ministry through its regional housing and urban development

units (SERVIU), is organized around the implementation of a variety of programs defined in terms of a direct fiscal contribution bracket and subsidy percentage, associated with various formal types of housing products and the socioeconomic situation of the beneficiaries.

The first bracket has been assigned to take care of housing marginality and includes solutions such as plots of land with services included, sanitary huts and operations for the improvement of encampments or of old site operations. Its beneficiaries are groups living in extreme poverty and its management and implementation is carried out by the corresponding SERVIU.

A second bracket is defined as basic housing, which consists of houses bought "key in hand" by the public sector from the private sector through tenders the allocation of which is handled by the Ministry on an applications basis. The applicant must be registered at the Ministry, must have prior savings and must have submitted to a social stratification report, elements, which duly weighted, constitute a points score that indicates the applicant's priority on the waiting list. With up to three location selection options, the beneficiary takes out a mortgage loan equivalent to 25% of the total value of the house, which must not exceed 250 UF.¹ The state subsidizes the remaining 75%. In these programs, houses are built with the possibility of later extension and consist of a built area of between 18 and 36 m², the average being 32 m², occupying land plots of at least 60 m².

The third bracket covers applicants for a joint subsidy which links low-cost housing with savings and financing, aimed at higher income sectors. This program subsidizes up to 150 UF for the purchase of houses costing between 400 and 2000 UF. With an application procedure similar to the previous bracket, the points system here puts the emphasis on savings committed and realized. The difference between this form and the other two mentioned above is that here it is the beneficiary who chooses his future dwelling from supply on the real estate market, so this program encourages entrepreneurial competitiveness that usually leads to the inclusion of financing deals for the amount not covered by the subsidy plus the savings, even if the price of the house exceeds the limit stipulated in the subsidy regulations.

Bearing in mind the central message of this paper, namely the need to decentralize administration in the housing area, the proposal here is to devolve the administration of the subsidy handled by the public sector,

¹ *Translator's note:* The UF is an inflation-indexed unit of account used in Chile, whose value in January 1998 stood at approximately 14,000 pesos or US\$30.

particularly in the first two brackets, aimed at groups affected by poverty, transferring to the municipality not only the jobs of diffusion and coordination of applications but, more importantly, tasks involving the classification of demand, submission of the projects and application for municipal subsidy. This would enable the local authorities to bid for funding to satisfy local demand which, as well as alleviating social problems, would contribute to strengthen socio-governmental links.

The goal is to balance the local supply and demand for housing, through the allocation of per-borough building quotas, to be managed by the municipality.

The administrative devolution of subsidy funds may bring with it more expeditious processes for handing over property deeds, managing mortgage portfolios and, potentially, for studying mechanisms for reinvesting funds collected in the same population sectors in each borough.

In this context, it is possible to imagine extending subsidy programs to finance home improvement and rehabilitation as well as replacement or extension, recognizing that the process of consolidating a house can take two decades or more. This would help to partly ease the deficit via improvements in the existing housing stock and changes in occupation density, which may be particularly significant in the older sectors of the city.

From an operational perspective, a certain time after granting the original subsidy and subject to a set amount of repayment actually made, authorization could be given for people or groups of people to apply for new subsidies to make improvements to their homes or the houses of the neighborhood.

In the outlying zones of our cities there are numerous cases where full repayment of the original loan has been made, and where one can see incremental construction work going on that needs further encouragement to bring it to completion, or to modify it, for example, to house a family that has grown over time.

3. A local urban improvement fund

On the basis that the process of improving the environment must be continuous, it is suggested that in each borough a fund should be set up with central funding (similar to the National Regional Development Fund – FNDR), to support projects conceived at the municipal level aimed at the integral improvement of the specific local conditions of a given settlement. To be allocated on a tender basis, its conceptual orientation would be

towards financing integral projects with an emphasis on community participation and which encourage the concerted action of various actors.

For example, eligible projects would include housing and environmental improvement actions designed by the community, with assistance from the municipality or some other local support organization and promoting, apart from the actual physical work, training, involvement of youth, or some other socially enriching goal.

The experience gained through neighborhood development funds, so-called “hand-in-hand” projects and others, suggest that this type of program is a very efficient way of addressing the solution of habitat quality problems. These resources would be added to those arising from municipal investment, direct contribution by the community, donations, transfers, etc., at the same time making it possible to adapt projects to the specific needs of the local community, thereby constituting an alternative to the central allocation of quotas, or to the participation in macro-type improvement programs which, by their very nature and because of their centralized administration tend to uniformity.

4. Urban Densification and Renewal Policies

Given that housing density in Santiago is one of the lowest among Latin American capital cities, the re-densification of the inner city should be considered. The “refilling” of already constructed fabric has advantages in terms of using existing infrastructure and equipment resources, and as a result represents significant economies including decongestion and environmental decontamination.

Based on municipal renewal projects it would be possible to create, at a regional level, subsidies to support undertaking building work that would also allow access to international loans, activate the formal real estate market, etc. However, this requires, apart from the existence of a policy and resources, an improvement in project evaluation, incorporating more effective and efficient valuation elements resulting from the operation of the existing equipment or its replacement, as against the construction of new infrastructure on the periphery. It also requires drawing up legal instruments to facilitate the tasks of procuring and developing land.

This is not inconsistent with the goals of a targeted demand response and the granting of subsidies, for an analysis of applicants’ location preferences shows a preference for already consolidated urban sectors that offer big advantages in terms of accessibility and provision of services and amenities.

One of the consequences of these initiatives would be the possibility of controlling urban expansion via a better balancing of “refilling” and re-densification projects. Accessibility, shorter travel time, a lessening of congestion and future equipment costs are valuation variables that contribute to this goal.

Coordination and participation efforts linked to the implementation of local development strategies may benefit significantly from the implementation of “joint ventures” between the private and municipal sectors, related, for example, to the purchase, sale and provision of plots of land, as well as compulsory purchase, real estate management, and the operation and administration of the assistance and development equipment.

5. Improving the municipal budgetary base

An improved municipal budgetary situation, especially in communities with the highest poverty concentrations, has obvious consequences for the local capacity to generate and implement projects.

At present, local governments have at their disposal, in drawing up their budgets, greater possibilities for obtaining resources, particularly due to the setting up of a redistribution mechanism known as the Common Municipal Fund (FCM). This fund receives pre-established percentages of all revenues collected by municipalities from land taxes, permits, licenses etc., which are later distributed among nearly all municipalities in the country, except for the wealthiest ones, according to an allocation coefficient reflecting the number of families living in poverty, the municipal revenue and the proportion of tax-exempt real estate in each borough.

On top of this provision there is cash generation that is not paid into the FCM, as well as all funds directly transferred from the state by way of subsidy grants, social welfare programs, donations, etc.

The problem arises in the speed of adjustment of the FCM allocation coefficient, which is updated only every three years on the basis of population growth statistics prepared by the INE (National Institute of Statistics), an index displaying a much slower rate of change than in urban population growth, particularly in outlying areas.

This has a negative impact on municipal capacity to design projects for local improvement and provision of amenities, especially in view of the significance of the FCM as a source of funds in municipalities characterized as “dormitory boroughs”, i.e. those that have a low level of economic activity, and so low levels of cash generation.

The maintenance of urban population statistics from year to year with data handling at municipal level by the INE, as well as annual review of the FCM allocation coefficient, are measures that need to be implemented.

The extra resources for poorer municipalities arising from the application of these measures would allow them to plan medium-term investments, thereby reducing the need to apply to central fund sources for the provision of practically all urban development work, which has contributed to administrative centralization.

6. Access to Credit for Small Construction Enterprises

The creation of locally managed funds for financing capital loans, training and legal advice for small building firms or producers of building materials and components could help to activate the local housing process.

Experience shows the huge potential of these small companies to organize themselves and provide the many services needed by incremental construction processes, especially in starting up specific improvement programs, such as the annexation of sanitary outhouses, implementation of extensions, basic sanitation, the paving of sidewalks and *cul-de-sacs*, the construction of borough amenity centers, etc.

With fairly small loans it would be possible to increase these companies' capacity to handle stocks and the replacement of materials and tools, to upgrade locally prefabricated workshops, etc. Local administration of such loans would make it possible to use as collateral the goods purchased with them, or the mortgage or lien on the real estate associated with the firm, which in turn would enable unsubsidized interest rates to be charged.

7. Adaptation of Standards and Regulations

Linked to the above, but not strictly related to the provision of resources for neighborhood development and improvement, is the question of building standards and controls. In this context, it is advisable to review the present local building regulations and ordinances, whenever they exist, or to set them up when they do not, in order to standardize a large proportion of the buildings put up by local people that do not comply with the corresponding regulations.

This measure should not be mistaken for a liberalization of the concepts related to safety, sunlight conditions, ventilation and other matters of social interest, but rather to a review of provisions associated with authorizations relating to the gradual process of consolidation of the house—front garden, parking, garage, fences, etc. In other words, it relates to elements affecting the design of the urban space, which permit or restrict the house's potential to play roles other than that of mere dwelling, which, when not taken into consideration in the building standards or regulations, necessarily leads to illegality of informality and forces the local administration to apply troublesome procedures for approving provisional permits, false regularizations, badly executed inspections, etc.

If the choice is made to structure more flexible approaches, this opens up the possibility of technical assistance and planning of projects that will be consistent with the levels of income and flow of resources in the community, unlike the current regulatory requirements that are expensive and difficult to implement.

8. Micro-planning as a methodology

The micro-planning method recognizes the neighborhood as the most appropriate scale and declares the goal of joint participation in the identifying problems, choosing solution alternatives and prioritizing them, engendering commitment between the municipality and the community for their implementation

Putting micro-planning into practice, in the form of workshops with community participation, requires very little infrastructure and, as marginal benefits, makes it possible to train the community in participation and habitat management processes, as well as strengthening grass-roots organizations, and improving links between the authorities and the community, etc.

Micro-planning works on the basis of defined territorial units such as a neighborhood, a shantytown, or sector, seeking to generate an integral improvement program involving various resources and different actors. Thus, it involves the work of the community, women, the local church, etc., and it manages to link local administration to the district and community.

To put this mode of planning into practice, the implementation of demonstration and training projects is suggested.

9. Municipal Real Estate Registry

It would be advisable to decentralize this important institution for the control and constant supervision of real estate. With a similar structure

and legal framework to the local police courts, once decentralized, this service would make it possible to formalize and regularize the local land market, reducing costs and formalities to the user.

Combined with services of legal assistance, it would keep a constant record of property ownership, among other things ensuring compliance with the contractual terms and conditions of housing subsidies.

Clearly, the local Registry offices would be linked and subject to central supervision.

10. Municipal allocation of unoccupied SERVIU dwellings

Whether due to desertion, non-occupation, dispute, or other reasons, frequently part of the basic housing stock is not occupied, a fact that encourages deterioration, vandalism and all sorts of problems, even criminal ones. At present, the municipalities, despite identified demand, have very little possibility of reassigning these dwellings.

It would be sufficient to introduce desertion clauses in mortgage agreements to permit their reallocation. It is inefficient to subsidize desertion and vandalism, not to mention the impact this has on the other residents and their perception of public-sector responsibility in the management of resources. As control is expensive and difficult for the centralized system, it could empower local government to do this.

11. Municipal amenity reserves

Both the law and the settlement process itself assign land for amenities. Currently, such lots are owned by SERVIU (their original purchaser) who sells or transfers them to the municipality or the private sector. These left-over pieces of developed land sometimes make up a group of plots that could be turned into attractive program proposals, either for green areas, headquarters for various organizations, further housing developments, churches, and countless other uses.

However, usually the municipality lacks the resources to buy these plots of land from SERVIU.

We suggest the systematic transfer of the state-owned plots for amenities to the municipality, at the same empowering it to turn them into reserved land to be used for purposes other than housing. This would give the local public sector negotiation elements for urban development in its

territory and the gradual improvement of the quality habitat for the population.

The operation of a land bank, similar to job banks, would facilitate the interrelationship between supply and demand, contributing the necessary information for analyzing the local real estate market, a role that could be played by the municipal real estate registry.

V Final Comments

The ideas presented here deal with the issues that, in relation to habitat and its process of consolidation, orient proposals for policies and action programs, particularly as regards settlements among low income populations. It centers around the idea that the housing issue must not be limited conceptually just to a search for more efficient ways of producing houses, which is generally seen as the role of the public sector. Above and beyond this, it is better to conceive the action of providers of all types of housing elements as joint participants in a process that does not end—or begin—with the production of a certain type of housing solution.

To the complexities inherent to the problem of human settlements, their gestation and development process, we must introduce a more exhaustive assessment of the way in which the actions undertaken, both by the public sector and by the traditional private sector, affect positively or negatively the opportunities for individual and family development in a situation of poverty.

Furthermore, and as experiences in this sector become established, the opportunity implied by involving local government and the community, through participation, to contribute to a better dimensioning and formulation of projects, must be given clearer recognition in legislation as well as the attributes of these two actors whose roles are today being redefined.

Thus, in the end, it is clear that action in the housing area will greatly benefit if the different proposals that get undertaken in terms of space, either for the provision of housing or of any other component of the habitat, are approached from an integral perspective which recognizes the peculiarities of each locality, in both the physical and the social dimension.

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