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**HOUSING USE VALUE AT THREE LEVELS OF ANALYSIS:  
THE CASE OF BASIC HOUSING IN THE SANTIAGO METROPOLITAN REGION**

**Luca Brunelli**

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BHP	BASIC HOUSING PROGRAMME
CCC	CHILEAN CONSTRUCTION CHAMBER
LDCs	Less Developed Countries
MIDEPLAN	Ministerio de Planificación y Cooperación, (Ministry of Planning and Cooperation)
MINVU	Ministerio de Vivienda y Urbanismo (Ministry of housing and planning)
PHP	PROGRESSIVE HOUSING PROGRAMME
SERVIU	Servicios Regionales de Vivienda y Urbanismo (Regional Services of Housing and Planning)
SMR	SANTIAGO METROPOLITAN REGION
UF	Unidad de Fomento (equivalent to approx. \$30 in 1999)
UN	United Nations
USP	Unified Subsidy program
WB	World Bank

## HOUSING USE VALUE AT THREE LEVELS OF ANALYSIS: THE CASE OF BASIC HOUSING IN THE SANTIAGO METROPOLITAN REGION

### 1. INTRODUCTION

Housing use value can be defined as the set of attributes of shelter that satisfy human needs in accordance with socially acceptable standards. The definition of these attributes is historically determined. It changes over time according to the evolution of needs that in turn depend on economic, social and cultural factors. People with adequate financial resources can usually choose which housing (use value) better suits their needs.

Conversely, those who cannot afford to purchase a house in the market either live in inadequate dwellings (shacks, slums, etc) or have to rely on state support. In this case the use value is defined and provided by society itself through state intervention.

This case is relevant for housing studies for at least two reasons. On the one hand, for the same reason that induces the state to intervene, i.e. the impossibility for some sectors of the population in any country to gain access to housing. On the other as a result of the social character of state intervention and the consequent problems that may arise in the definition of the characteristics (use value) of housing when provided under conditions of scarcity of resources and oriented to mass production. State intervention in fact is regulated and orientated by policies usually aimed at quantitative results and in which the notion of use value shifts towards a rigid assessment and definition of acceptable standards with the consequent risks of generalisation and simplification. Wrong assumptions, misunderstandings, but also managerial, financial and administrative obstacles intervene to keep a more comprehensive formulation of housing use value in programmes and projects and often reduce use value to a set of "technical standards". The definition of these standards becomes, therefore, one of the most delicate and important aspects of any housing policy. This is even more relevant if we admit that state intervention is necessary for eradicating poverty, distributing wealth and resources more equitably, and guaranteeing acceptable and sustainable living conditions for present and future generations. In the understanding of this work state intervention in housing provision in any country is necessary for unblocking the situation in which large sectors of the population are unable to get access through the market to socially acceptable housing.

It should be acknowledged that housing use values may offer a wide range of meanings accordingly to both the cultural and

the ideological, theoretical, and political context in which it is formulated. Furthermore, although housing use value is relevant whatever the economic conditions of the owners or renters, as many authors (Hardoy, Mitlin, Satterthwaite, 1989; Gilbert, Gugler, 1992) have already discussed, housing assumes greater importance the poorer the living conditions of the households. This is not to deny these values for the better off but it is to say that in conditions of greater socio-economic vulnerability such as those of the urban poor, housing may play a central role in the survival strategy of households. Moreover, the precarious and limited resources of the lowest income sectors of the population force (or should force) the state to consider the definition of housing use value more carefully. This has to take into account not only their circumstantial conditions, but also the structural barriers that impede the full integration of these people into the economic system. Nevertheless, it should be borne in mind that housing policies alone can not subvert the whole system from which the housing problem arises and of which housing is nothing more than a component. To the extent that the breadth of this problematic is understood properly and re-addressed in an appropriate and progressive housing policy that takes into account the complexity and variety of "values" associated with housing, housing itself can become a valuable contributor to a more sustainable society. This paper therefore elaborates a conceptual tool of policy analysis that considers housing use value at three different spatial levels, the housing unit, the neighbourhood and the urban system. Through this holistic approach it should be possible to highlight which elements are most relevant for state intervention in housing provision in order to satisfy human needs related to shelter in a socially acceptable manner, and to improve the well being of residents.

In order to give background to the proposed theoretical argument, the Chilean case is taken as example of the state intervening in the provision of housing use value. This choice is not arbitrary. Housing policies in Chile have been hailed as a success and they are seen as a model for the rest of Latin America (Jirón, 1995). They are apparently coherent with the structural adjustment of the national economy, drastically carried out by the military regime from 1973 to 1989, in which the state has withdrawn from direct supply, the private sector role has been enlarged and the transparency of the system allows for greater

efficiency in the allocation of resources. For these reasons, Chilean policies are often indicated as a positive example for those countries still under a process of liberalisation of the economy and facing dramatic housing problems.

The discussion of the Chilean case is, on the one hand a first attempt to use a theoretical framework that may give some critical insights into Chilean policies. On the other hand, application to a real case may provide an initial feedback on the potentials and weaknesses of the analytical tool itself.

### 1.1 Aims and Objectives

The aim of this work is twofold. In the first place it will discuss the wider notion of housing use value bringing together different factors that arise from a critical view of the value of housing when considered at three different spatial levels, from the single unit to the neighbourhood scale, and up to the whole urban system. In the second place, once these issues have been elaborated, the paper will explore Chilean housing policies and more specifically the case of the Santiago Metropolitan Region, adopting the same three-layered structure of analysis and the main concepts associated with housing use value previously examined.

Accordingly, the objectives of this analysis are the following:

- (a) to expand the notion of housing use value at three levels, single household, neighbourhood and urban system;
- (b) to explore the problems posed by state intervention in the provision of housing use value as proposed in this work;
- (c) to assess Chilean housing policy and particularly the Basic Housing Programme in the Santiago Metropolitan Region adopting the three levels of analysis proposed;
- (d) to provide an initial feedback on the applicability of the analytical instrument discussed

### 1.2 Methods and Data Sources

The inherent time restrictions of this work have imposed a methodology that has limited the collection and elaboration of primary data. However, the opportunity given by the DPU and the David Thomas Award to make a field trip to Santiago in the summer of 1999 has notably enriched the analysis of the Chilean case and has given useful hints for the discussion of the housing use value at the three levels. This fact has also contributed to making this work more extensive than traditional MSC papers.

The method followed was a literature review followed by the field trip. The literature review has not only been used to give a general background but also to elaborate the theoretical framework and to expand the main concept analysed in this work, that of housing use value. The field trip allowed the collection of updated secondary data, and also a partial primary data collection exercise, in order to get direct information about Chilean housing policy and therefore to enrich the secondary data and the discussion about the value of housing with unpublished reports and interviews with scholars, officers, professionals and residents in two municipalities of the Santiago Metropolitan Region: Pudahuel and Puente Alto.

### 1.3 Structure of the paper

This paper comprises six chapters. The current chapter is introductory and has hitherto provided a brief explanation of the topic and its relevance to current debate, a statement of aims and objectives, and a description of the methodology and data sources employed.

**Chapter Two** (theoretical framework part I) provides the theoretical foundation for this work. It starts by introducing a broader framework that sees housing as a commodity produced, exchanged and consumed through the market. It links the different actors involved in housing provision, and discusses the role and nature of state intervention in housing provision. It also introduces the notion of sustainable development and its implications for urban planning.

**Chapter Three** (theoretical framework part II) elaborates the conceptual analysis of housing use value at three spatial levels, housing unit, neighbourhood and urban system.

**Chapter Four** first provides a general background to the origins of the neo-liberal approach to housing policies in Chile. In the second, it focuses more specifically on the housing programmes for the low-income sectors of the population and particularly on the Basic Housing Programme.

**Chapter Five** applies the conceptual tool presented previously to the analysis of the housing use value provided by the Chilean government in the Santiago Metropolitan Region.

**Chapter Six** concludes with a brief answer to the aims and objectives stated initially in the light of the Chilean case.

## 2. HOUSING PROVISION AND SUSTAINABLE DEVELOPMENT (Theoretical Framework Part I)

This work adopts as its main framework a structuralist view of housing elaborated by neo-Marxists studies in sociology and geography<sup>1</sup>, an explanatory approach that has been considered effective in analysing the process of housing because it allows the relation of the physical and economic aspects with the social structures and social actors that stand behind the production of housing. This interrelation between physical, economic and social aspects will<sup>1</sup> prove to be particularly useful when focusing on the central topic of this work, housing use value.

The development of the framework starts by acknowledging that nowadays the dominant process of housing production is based on the separation between producers and consumers, a fact that led to the specialisation of the former and to the commodification of housing. This process is consistent with the dominant socio-economic system, capitalism, in which housing is produced for the market according to socially acceptable standards and in a competitive way that should allow for lower prices and better quality (Ramirez, 1997). The commodification of housing widens the access to housing to the extent that consumers have enough financial resources to get to the market and purchase a house. The problem arises when people do not have enough resources and remain excluded from the system.

It should be said that there are structural barriers within the economic system that prevent large sectors of the world population from obtaining sufficient resources, i.e. to gain access not only to housing but to the system itself (Ramirez, *ibid.*). This process of marginalisation has been aggravated by the process of structural adjustment undertaken in many countries in which the role of the state has been significantly reduced and the hegemony of the liberalised market reaffirmed. The deregulation and privatisation of most productive areas has also allowed the formation of a "liquid" capital that creates the conditions for a new form of accumulation. Thus, huge amounts of money "fluctuate" in the global markets in a search for the best forms of investment, unaware of the social and economic unbalances they may generate. The territorial consequences of this new globalised economy are already evident. Cities benefiting from the new world assets enjoy unprecedented prosperity, while other centres are competing fiercely in an attempt to attract global capital at the expense of other regions and areas (Barkin, 1997). The immediate

implications at the urban scale are the increasing social and spatial segregation within cities as small-scale replications of these unbalances, a phenomenon particularly evident in highly unequal societies such as Chile. According to Fernandez (1998), a limit to this process might come from considering the constraints given by environmental sustainability and especially the physical and ethical barriers that the new development paradigm could erect.

The recognition that poverty, due to its structural nature can only be eradicated through deeper transformation, is not to restrain from advocating state intervention in order to alleviate the problems. State intervention should leave open the way to more structural changes. It also has to support people in their efforts to gain access to the system. At the same time, we should be aware that state intervention is by nature contradictory. It represents, in fact, a break in the rule of the market by a social structure<sup>2</sup> that stands beyond the productive relations between labourers and capitalists and whose main role is keeping alive those conditions that are necessary for the reproduction of the productive processes. Fiori and Ramirez (Fiori, Ramirez, 1992), referring to state intervention in self-help upgrading programmes, remarked that: "On the one hand [...] its objective may principally be to support private capital by both keeping the value of housing outside the value of the labour power used by capital and reducing as much as possible the social value spent in housing unemployed labourers. On the other hand, [this] state intervention may accelerate the process of commodification."

For the discussion of the main topic of this work, that of housing use value, it is relevant to analyse these two main aspects, housing as a commodity and the nature of state intervention in housing, and then to discuss how the latter can bring about the former under the new paradigm of sustainability.

Housing as a commodity<sup>3</sup> and the social and economic process of gaining access to housing as a process of commodification, became the central concepts of this work. They help to understand the process of gaining access to housing and allow the identification of two main values associated with housing. The exchange value, on the basis of which houses are exchanged in the market, and the use value that should satisfy the needs of those benefiting from it. Furthermore, these concepts make it easier to understand why many people in the world, and mostly in the less developed countries cannot gain access to housing unless they resort to informal and/or illegal means or are supported by the state. This is because their income, the value of their



reproduction<sup>4</sup>, does not include the value of housing. In other words, the value of their salary only includes certain goods, for example food and clothes but it does not permit them to purchase a house in the market. The determination of this value is given “by the relation forces (economic – on the labour market –and political –in terms of class struggle) between capital and labour” (Preteceille, 1981:3). This situation therefore may change if, through the alteration of these forces (social struggle), workers’ economic conditions improve. This means that the value of their reproduction increases and housing becomes included in their income as has happened in the most developed countries.

Another possibility that is necessary when the preceding condition is not given is that the state intervenes by redistributing part of the funds that it collects from society. It should be said that even in the richest countries there is always a part of the population that cannot gain access to housing through their own means, hence the state up to now has been forced to intervene in one way or another. One explanation of this is that the capitalist system is not perfect, it is in fact contradictory in nature because the process of accumulation through increasing competition leads to the reduction and elimination of the conditions necessary for the accumulation itself. This is why the state has to intervene to guarantee what Folin calls the general conditions of production, as opposed to the specific conditions of production, those that occur within the productive processes and in the articulation between capital and labour (Folin, 1985). The general conditions are necessary for the sustainability and reproduction of the capitalist system and are usually outside the will and the scope of individual capitalists.

The state regulates the whole system to different degrees according to the dominant political and economic ideology but it is forced to intervene when a crisis, of either production or consumption, occurs. The former occurs when the fundamental means of production, necessary for the productive processes such as for example roads, railways and power stations are outside the financial and technical capacity of the private sector. The latter occurs when the means of consumption such as housing, necessary for the reproduction of the labour force, are outside the interests of the capitalists or are too expensive for people to buy. If there are structural reasons for the state to intervene it is still not clear how the “crisis” of housing as a crisis of consumption is defined. In other words, how the deficit or the housing needs are defined and consequently how the state intervenes. In order to affirm the need for improving the living conditions of part of the population, their living standards have to be assessed. This happens when we pass a

value judgement on the housing stock. This acts as a kind of “discriminatory criterion” that helps us to distinguish between what is socially acceptable housing and what is not. The value judgement is a qualitative assessment of the use value of housing; it is socially and historically defined and therefore dynamic. In the understanding of this paper it is possible to better orient policies when this value judgement considers the links and implications of housing use value at different levels. Housing provision can be more efficient in social, economic and environmental terms when the nature of the whole system and the role of the state, but also the sustainability of the intervention and the implications for the well being of the people are considered more carefully. The further elaboration of these aspects may suggest adopting a flexible approach to housing policies and state intervention in order to make possible the satisfaction of needs and guarantee the well being of present and future generations.

## 2.1 Exchange value and use value

For housing to be a commodity it has to be produced in accordance with the average conditions of production in the building industry (exchange value), to be exchanged in formal markets<sup>5</sup> and to be consumed satisfying socially acceptable standards (use value). This process of production, exchange and consumption is based on the coexistence of two main values, exchange value and use value. The exchange value is given by an inherent quality that gives to any commodity a certain value and that makes it exchangeable against another commodity or against money. The value of the commodity, in this case housing, is given by the average time spent into its production. As Marx pointed out “The real value of a commodity is, however, not in its individual value, but its social value; that is to say, the real value is not measured by the labour time that the article in each individual case costs to the producer, but by the labour time socially required for its production” (Marx, 1995:193).

The exchange value is a concept that allows us to understand how a commodity is exchanged and therefore how it is possible to gain access to housing. We should be aware that the exchange value is, on the one hand, a precondition for anything that satisfies human needs from a commodity, i.e. something that is exchanged in the market. On the other hand, the exchange value does not necessarily correspond to the price of the commodity given in the market. While the former is given by the social time necessary for the production of the commodity, the latter is related to the average rate of profit. This is the average relation between the surplus value - the value

generated in that part of working day in which the worker creates value in excess to that he receives in his wage - and the whole investment in the production of all capitalists or at least of the predominant ones (Marx, 1995:416).

Use value results from the different attributes that satisfy human needs and move people to buy and sell commodities. Human beings produce use values, commodities that they need to satisfy needs and wants and it is the use value that, under the conditions of division of labour,<sup>6</sup> creates the need for exchange. The use value of housing is not excluded from this general rule, but its relevance for individuals, society and the economic system are far greater than for many other commodities.

In this introduction, two main aspects of the notion of housing use value can be highlighted, one economic that brings together and even blurs the distinction between use value and exchange value, and another related to the social definition of the qualitative aspects of housing. In the first place, housing use value embraces an economic dimension of housing that allows the realisation of exchange value, i.e. the conversion of housing into money<sup>7</sup> and therefore into other commodities. With reference to the definition of exchange value given above, the use value attached to housing, the value that corresponds to the qualities of the commodity is in fact the basis on which exchange is made. It constitutes the foundation for the realisation of a profit if the commodity is exchanged in the market at a price that allows gains over and above the average rate of profit.

This aspect can help to make a first and indeed very important distinction between housing that can be considered socially acceptable and that which can not. Squatters and those who build their house with scarce resources, often with their own unskilled labour, in fact spend much more time in construction than the average time spent by a formal building company. Thus, although they may end up having the same housing use value in terms of satisfaction of needs as the houses produced at average conditions of production, they could never recoup the value attached to (or the labour time spent in) their dwellings. The economic dimension of the use value is not proportional to their efforts. When they exchange a house that has not been produced under the average conditions of production they would *de facto* lose a large amount of labour, "dead labour" or labour not reproduced. (Ramirez et al., 1992).

The social dimension of housing use value can be related to the provision of socially acceptable standards of living, or to put it another way, to the satisfaction of socially defined needs and wants. This latter point

leads to wider and at the same time more vaguely defined grounds where social, cultural, psychological and anthropological elements accrue to the definition of these needs and wants. These aspects are not controversial when under the dominant system an individual can have access to the market and make a choice that is by definition socially determined. Conversely, when people cannot gain access to housing under these conditions, and they have to depend on state help it becomes crucial to the interpretation of their needs and its reformulation in adequate housing. Before examining how the state intervenes in housing provision there are two other collateral aspects of the capitalist form of housing production, productivity and land rent that are worth mentioning.

In the capitalist system, the tendency is to reduce the value of commodities by increasing productivity through competition and therefore to make it possible for more commodities to form part of the value of reproduction, i.e. the value of the salary. Productivity is in fact the central concept that helps to understand why in the most developed societies - societies characterised by a high level of productivity - people can have access through their salary to an increasing amount of commodities, including housing. Marx explained this concept in *Capital*. He indicated that in the capitalist mode of production the source of profit for the capitalist is surplus value. It is a tendency of capitalism to accumulate profits, in other words to extract more surplus value (Basset and Short, 1980). According to Marx, this can be done in two ways. The first consists in prolonging the whole time of production, the length of working day. The second consists in altering the proportional relationship between labour-time necessary for reproduction and the time in which value is created (surplus value), and appropriated by the capitalist while keeping the total time constant. In order to achieve this, an increase in the productivity of labour is necessary. Marx said, "By increase in the productiveness of labour, we mean, generally, an alteration in the labour-process, of such a kind as to shorten the labour-time socially necessary for the reproduction of a commodity" (Marx, *ibid*:191). This alteration of labour-process is achieved by improving the means of production. This can be done by increasing the efficiency of physical actions of workers or by incrementing productivity through the introduction of innovative machinery and tools. The former presents clear limitations while the latter is just limited by the rate of investment. The investment in new technology is therefore the best way to increase productivity. An increase in productivity in the building and construction industry by reducing the socially necessary time for the production of houses led therefore

to lower prices with potential beneficial effects by widening access to housing, i.e. allowing housing to be increasingly included in the value of reproduction of labour.

A detailed discussion of the processes of housing production would be out of the scope of this work. However, it is worth mentioning that there is a major element that actually distorts the “beneficial effects” of the capitalist system in the field of housing and makes it different from other commodities. Housing production includes land as a “means of production”. Again, it is not possible to examine in detail the debate on land, land rent and the land market. What is important to note here is that land is not a commodity. Its exchange value is not the product of labour - the product of social time spent in its production. Land in fact stands outside the capitalist structure of production articulated between capital and labour and therefore is not subject to the imperative of productivity. On the contrary, the inherent necessity of land for the housing process (all houses must be built on land), encourages the different actors involved in housing provision to try to appropriate land rent, i.e. the payment made to the owner of property for its use.

Land rent is a claim over the profit that the use of the land (for agriculture, for industrial production or for building and selling of houses) may yield. However, the profit that land can yield, when introduced in a productive process like housing construction, is largely influenced by its location. The location of a plot of land in the urban territory makes it more or less attractive for certain activities. In the Marxist theory of land, the value of the land with the least appreciated location, for example in the furthest periphery, determines what has been called “absolute” rent, i.e. the rent of the worst land that ever entered the market. All land whose value is above the absolute rent, that is, land offering a better location than that, (for example in central areas where most services, facilities, better communications, etc are provided) may yield differential rent that is given by the difference between the absolute rent and the increased rent that is paid on top of this. Differential land rent can be considered as a claim over the higher profit that may be given by the better location.

The analysis of land rent it is evidently quite complex and far exceeds the scope of this work. It is worth pointing out, though, that the process of appropriation of land rent (absolute and differential) is conducive to speculative practices in which most of the efforts of builders are distorted from the construction process itself and concentrated on land market operations. Most builders are also landowners and adopt the strategy of supply/non supply, i.e. putting land on or retaining land from the market, in order to increase prices. This

practice hinders access to land for the low-income sectors. They tend to occupy the land whose differential rent is lower, that is land whose location is less attractive. The same logic applies to the state when it intervenes in housing provision and is forced to purchase land in the market. It seeks to cut costs and therefore has to buy low cost land usually located in peripheral areas. Finally, it must be added that speculative practices in the land market are usually more profitable than the production and sale of houses. As a result, they result in a decline in the imperative for increasing productivity in construction and therefore lessen the effect of lower prices and improved quality<sup>8</sup>.

## **2.2 State intervention in housing provision**

Structural barriers hamper access and command of sufficient resources to many people. This aspect becomes quite apparent in the field of housing. The high cost of housing in relation to the income of households in fact makes it more difficult for people to gain access under market conditions. This is even more relevant in countries like Chile where for example more than 21% of the population (MIDEPLAN, 1999) are poor or indigent – that is, their average income is only sufficient (or not) to guarantee adequate alimentation but not to gain access to other goods and services in a regular and satisfactory way. When large parts of the population cannot gain access to housing by formal means, that is, purchasing or renting a house under market conditions with their own savings and through the support of formal financial institutions, a crisis of consumption is originated. The crisis of consumption may be disruptive for the whole system in economic and social terms; it might result in reinforced social movements, political instability and economic dysfunction. If this is the main reason for the state to intervene we should then look at the ways in which this occurs.

This work agrees with the view of some authors such as Fiori et al, (1992) for whom state intervention through the redistribution of the social fund is considered necessary for supporting and providing a solution to housing problems. However, state intervention is always moved and guided by political interests and ideologies. As they argue in fact, public housing policies have been addressed through different approaches depending on political orientations, on the availability of economic resources, and with many different and apparently mutually exclusive purposes, such as supporting capital accumulation, maintaining social stability and fostering economic development. These authors roughly divide public housing into two main groups or

categories whether in accordance with *conventional* or *non-conventional policies*. The former see the state “taking responsibility for the production and delivery of fully completed housing as use values” while the latter indicate “systematic but partial interventions by the state in a ongoing process leading to the same objective”, ( Ramirez et al, *ibid.*:101). None of these forms of housing could be considered to be commodities in a full sense. In the first case the state provides completed houses with apparently fully socially acceptable standards (use value), houses that can be considered as potential *commodities* because they meet standards and requirements but their possibilities for exchange in the market have been suspended. That is, public housing cannot be sold or rented at market conditions. In the second case the state, through the transfer of resources in the form of infrastructure, land, basic housing units and other indirect forms such partial subsidisation, provides *incomplete commodities*, i.e. houses (shelters) that do not have complete use value and whose completion and the possible realisation of exchange value depends on the development of the process of commodification in which the state has intervened.

The provision of *potential* and *incomplete commodities* can be achieved by supporting either the consumers or the producers. Support to the consumers in turn can be direct or indirect. It is direct when the state contracts houses or infrastructure to private enterprises and transfers them to selected beneficiaries. It is indirect when subsidies are given directly to the consumers with the explicit aim to expand demand and therefore to create or enlarge the housing market. In this case, the state is *de facto* bridging the financial gap between housing cost and ability to pay of the beneficiaries. The way in which subsidies are distributed and how people are selected to benefit from their support is crucial for the success of such policies, and depends on the dominant political ideology. By and large, it is possible to distinguish between two main approaches to social services and housing. Firstly, the universalistic approach tends to redistribute wealth uniformly to all sectors of the population. Under this system, the whole society shares the same services. Thence, services' standard tend to be kept higher and because of that, they contribute to attenuating social differences and foster social equality. Secondly, the “targeting” approach in which financial resources are channelled only to those most in need. Targeting is ideologically consistent with the neo-liberal economy and apparently in line with the austerity measures promoted under structural adjustment. Not surprisingly therefore targeting is the principle fostered by all international agencies and

particularly by World Bank (WB) under structural adjustment policies.

In one of the most influential documents of the present decade on housing policy, “Housing: enabling markets to work” (WB, 1993), the state is seen as the “enabler”, i.e. the main co-ordinator of the interventions and distributive mechanisms of the market while poverty is considered as a mere by-product of a transitional economy's adjustments that has to be approached with “targeted subsidies”. The benefits of the universalistic approach in social services and housing are denied on the basis of the cost recovery and replicability of programmes and because of lack of resources. Thus “targeting” is considered to be the best way to maximise the use of scarce economic resources while concentrating the effort on those more in need, sectors of the population that are affected by the process of structural adjustment but, in the view of WB only transitionally. On the one hand, there is not any recognition of the structural nature of poverty, on the other there is a contradictory understanding of the role of the state because it is based on the principle of cost recovery. If cost recovery were to be possible in programmes aimed at low-income sectors, state intervention, according to the notion given in this work, would not be necessary anymore.

It is widely recognised that the “targeting” of state intervention in housing (and in any other social service) may bring other negative impacts. In the first place, it increases the social discrimination and exclusion of the weaker sectors of the population - those who under the structural transformation of economy have been increasingly marginalised. This is even more evident in the case of housing because targeted subsidies in this field become the physical expression of social segregation and consequently increase the “stigma” attached to certain parts of cities. Secondly, this approach puts in evidence that those who receive the subsidies are not paying for the services and therefore legitimises the criticism of the wealth redistribution principle. Finally, the “targeting” approach also hampers the creation of a new market because the resources channelled are often not sufficient to attract private companies.

With regard to this last aspect, it is possible to say that the support of demand via subsidies and the creation of a market is also constrained by the reluctance of the private sector to enter a new area of production such as low-income housing. For a market to be created in fact, it must be given the conditions for gaining over and above the average rate of profit. If an area of production such as for example low-cost housing, cannot guarantee a rate of profit that is over and above the

average that might be gained in other fields, then production and investment decline and eventually are diverted to other areas. Furthermore, when the market is artificially supported by subsidies one of the positive aspects of capitalism, competition and the consequent quest for productivity, lower prices and increased quality is often dimmed. Consequently specifications for houses tend to be strictly attached to the minimum standards established and spaces for illicit negotiation between companies and the state open up<sup>9</sup>. When the above-mentioned conditions for profit are not given, eventually the constructors may retreat from the market. In this case, either one sector of the population is taken away from state support or the state decides to divert policy to direct support to demand by contracting and allocating housing units.

The provision of *incomplete commodities* in non-conventional programmes offers another degree of complexity hidden behind the apparent "simplicity" of goods, land, infrastructure and basic units. Any non-conventional policy should imply a higher understanding of the dynamic of housing as a process, i.e. how and for how long people can complete the use value and eventually realise the exchange value of housing. A careful evaluation of the needs of the beneficiaries is therefore required to avoid hampering their socio-economic development. The scarcity of resources make the provision of potential commodities to all sectors of population in need financially unsustainable. In addition, as Turner (1976) pointed out, the lower the income conditions the more flexible should be the housing solution given to them. This explains why for example, providing households with a fully subsidised house (use value) in ownership, a *potential commodity*, may generate a series of collateral costs for services and maintenance that place a burden on the modest budget of residents. Furthermore, it might force people to live in a certain area hindering their mobility and therefore the possibility to find a job in another place. (Turner, 1976).

The introduction of the two conceptual categories of public housing, *potential* and *incomplete commodities*, in the first place allows us to understand the forms in which the state intervenes in housing provision. In the second place, instead of being seen as two separate departments, they can be considered as different graduations of the same process. In other words, the discussion of state intervention should not lead to determining *a priori* what could be the best solution to the housing problem in a given context, i.e. providing serviced plots or fully equipped flats. It should be better understood as a continuum process that acknowledges that there are no definitive solutions to housing. This is because

housing is a process of commodification that depends on the evolution of people's income but also on their social and cultural development that makes socially acceptable today what might not be tomorrow. In the understanding of this work it is a responsibility of government to create the best conditions, in terms of finance, administrative instruments, and physical planning that make housing use value suit the dynamic evolution of people's needs. This should be done according to the principle of sustainability, i.e. respecting the natural limits imposed by the environment and guaranteeing the satisfaction of needs and the wellbeing of present and future generations. Before probing housing use value in more detail, another aspect should therefore be introduced, the notion of sustainability and its main implications for urban development and housing policies.

### 2.3 Sustainability and urban development

Hitherto, the theoretical framework has provided a general foundation for understanding the process of housing commodification and the role of the state within the dominant socio-economic system. It has also been put in evidence that there are structural reasons that impede large sectors of the population from gaining access to this system and to socially acceptable standards of housing. Thus, on the one hand structural changes must be advocated for giving definitive solutions to these problems, on the other hand, the urgency and scale of poverty requires prompt and effective interventions within the current system.

According to these premises, this section introduces the debate on sustainability, sustainable development and its implications for urban planning for two main reasons. In the first place, it is argued that in a moment in which it seems that there are no alternatives to the system, perhaps more profound changes can be promoted recognising the existence of environmental limits to the current patterns of accumulation. In the second place, although it must be acknowledged that these changes are still far from being pervasive, the notion of sustainable development when applied to the urban system may encourage more comprehensive and holistic approaches to housing, including social, economic and environmental concerns at different levels. These approaches, given the importance of housing for human beings, may improve the conditions of the poor within the current socio-economic situation and may contribute to encouraging those structural changes that are advocated at general level.

It should be remarked that considering the inherent length restrictions of this work it is not

possible to give an exhaustive explanation of the complex debate surrounding the notion of sustainability, sustainable development and its implications for urban planning.

Notwithstanding, it has been considered important firstly to acknowledge the existence of this debate, and secondly to highlight only those aspects that are most relevant for the main topic here analysed.

### 2.3.1 Sustainability and sustainable development

Sustainability as a characteristic of socio-economic development could be defined as the “imaginative attempts to dissolve the conflicts between environmental and economic values” (Dryzeck, 1997:14). Sustainability is commonly accepted as “a mediating term which bridges the gap between developers and environmentalists” (Haughton, Hunter, 1994:21). At a general level of discussion it is possible to agree with the hypothesis put forward by Fernandez (1998). This author elaborates the arguments of O’Connor, Harvey, and Leff on the nature of global capitalism and suggests that sustainability may act both as an ethical and physical barrier to current forms of accumulation. The current pattern of development based on the non-sustainable consumption of non-renewable resources and the inefficient use of the renewable ones may clash with the constraints and limitations imposed by the natural environment. This is by definition physically restricted to the material and energetic system of the planet. How it is possible to solve the conflicts that arise between the need for ecological protection, economic growth and social development is, however, far more complicated than simply recognising the existence of physical limitations to the current form of accumulation. The possible solutions to this apparently controversial objective should stem from a definition of “sustainable development” (Dryzeck, 1997).

It is widely recognised that sustainable development is “development that meets the need of the present without compromising the ability of future generations to meet their own needs”, (in “Our Common Future”<sup>10</sup>, WCED, 1987:43). As argued by Wackernagel and Rees (1996), this definition is not immune from contradictory interpretations, “the various interpretations of sustainable development are caused not by poor understanding, but rather by ideological differences and the reluctance of many to acknowledge the implications of the underlying message”, (Lélé, cited in Wackernagel and Rees, *ibid.*:33). Haughton and Hunter also point out that “sustainable development is a term which is far from value-free. Instead the term raises an enormous number of contentious issues, so that its use

as political mantra quickly emerges as unsatisfactory and deceptive.”(1994:21). These authors for example remarked that the notion of sustainable development has been instrumentally adopted by the neo-liberal establishment as a justification of current economic development.

Despite the contradictory interpretations of sustainable development, there are some general aspects that are increasingly accepted. As Satterthwaite et al pointed out “the importance of the term sustainable development is that it brings together the concern with meeting human needs (the development component) with a concern for controlling or limiting the harmful impacts of human activities on the environment” (1992:3). According to these authors, sustainable development requires the simultaneous achievement of different social, economic, political and ecological goals. Sustainable development in their view implies: minimising the use of non renewable resources (like fossil fuels, minerals, bio-diversity); the sustainable use of renewable resources (such as aquifers and fresh water runoff, soils and biomass); keeping within the absorptive capacity of local and global sinks for wastes (for example considering greenhouse gases, chemicals, stratospheric ozone depleting chemicals, persistent chemicals, liquid wastes and surface runoff, keeping within the absorptive capacities of water bodies etc). At the same time sustainable development, within the boundaries defined above should guarantee that human needs are met and this includes access to adequate shelter and a healthy environment in a participatory and democratic way (Satterthwaite et al., 1992:3).

It is widely recognised that for future development to be sustainable it has to be founded not only on the recognition of physical limits in terms of resources available and waste absorption capacity of the biosphere, but also on socio-economic changes. As pointed out in a rather emotive and emphatic way by Commoner: “When any environmental issue is pursued to its origins, it reveals an inescapable truth – that the root cause of the crisis is not to be found in how men interact with the nature, but in how they interact with each other – that to solve the environmental crisis we must solve the problems of poverty, racial injustice and war; that the debt to nature which is the measure of the environmental crisis cannot be paid, person by person, in recycled bottles or ecologically sound habits, but in the ancient coin of social justice; that, in sum, a peace among men must precede the peace with nature” (cited by Haughton and Hunter, 1994:22). Thus, sustainable development should lead to a redefinition of patterns of production and consumption, a

redefinition that combines in a progressive and integrative manner social, economical and environmental objectives.

Haughton and Hunter (ibid.) further develop these aspects into principles. In their book they first highlight three of them: *inter-generational equity*, that considers “the effects on the ability of future generations to meet their needs and aspirations”; *the principle of social justice*, “concerned with current generations, where power is seen as a prime cause of degradation”; *the principle of transfrontier responsibility*, “at the broad level, stewardship of the global environment is required”. (Haughton, Hunter, ibid.:17). In a lecture recently given at the Development Planning Unit of University College London<sup>11</sup> Haughton mentioned two more principles: the so-called *procedural equity* that should guarantee equal rights of access to justice for every citizen, as opposed to the “cities within cities”, where access to justice is unevenly distributed within the boundaries of cities; and the *inter-species equity* that takes into account the rights of nature itself beyond the necessities of human beings.

The social dimension is also remarked on by Gilbert et al., (1996:11-12) when they say that “socially sustainable development is development that maintains the cohesion of a society and its ability to help its members work together to achieve common goals, while at the same time meeting individual needs for health and well-being, adequate nutrition and shelter, cultural expression, and political involvement. Much of what is meant by socially sustainable development concerns ‘meeting the needs of the present’, but the contribution of social factors to environmental sustainability, and thus long-term matters, should not be ignored. A society whose structure and function does not lead its members to respect and work together for long-term goals is unlikely to practice environmental sustainability”. Furthermore, the European Commission’s Report on Sustainable Cities (EC, 1996:8) also put in evidence that “sustainable development is a much broader concept than environmental protection. It implies a concern for future generations and for the long-term health integrity and prosperity of the environment. It embodies concerns for quality of life – not just income growth, for equity between people in the present (including the prevention of poverty), for intergenerational equity (future generations are entitled to an environment as same as ours, if not even better), and for the social and ethical dimension of human welfare. It also implies that further development should only take place as long as it is within the carrying capacity of natural systems” (EC, 1996:8).

The above mentioned carrying capacity, defined as the “maximum load (population x per capita impact) that can safely and persistently be imposed on the environment by people” (Catton, cited in Wackernagel, Rees, 1996:158), becomes particularly relevant when considering cities and their impact on the environment. Cities in fact concentrate in a limited area the impact of a large population and usually make more acute the effects of non-sustainable use of resources and waste absorption.

### 2.3.2 Urban development

There are three main points related to sustainability and urban development that, at the general level here discussed, may be relevant for a discourse on housing use value and state intervention. On the one hand, it is interesting to consider the relationship between cities and their immediate natural environment. On the other hand, the discourse on sustainability and natural limits brings back into the discussion the idea of local action, as opposed to global. It highlights therefore the importance of space, its social (urban) dispute, the importance of communities’ participation in planning and management of resources and the role of local governments in fostering sustainable development.

First, the existence of physical natural limits should not bring us to the conclusion that cities are not sustainable as supported by certain anti-urban discourses<sup>12</sup>. Cities can be seen as the places where specific patterns of production and consumption are concentrated (Satterthwaite et al., 1992). They are places where the non-sustainability of these patterns becomes more evident. Thus, cities are not the cause of environmental degradation themselves but are the most visible expression of those production and consumption patterns that threaten ecological sustainability. It becomes clear therefore that if a substantial change to these patterns is advocated for achieving sustainable development, cities (and housing as their major physical component) can play a fundamental role.

Many authors have pointed out that within the sustainability paradigm it becomes important to explore the links between cities and their immediate environment. Focusing on the natural region (or bio-region), usually defined as “following natural environment boundaries, such as a watershed” (Haughton, Hunter, 1994:24), may help “to ensure that urban residents are not divorced from nature, both as a resource provider and as a source of personal well-being” (ibid.:24). For example in the case of housing construction it could be interesting to explore the possibility of encouraging productive processes of materials that use locally available resources and/or

minimise the need for transport in order to reduce pollution and waste of non renewable resources. The bioregion dimension of cities is also related to the problematic of urban growth and expansion, and to the patterns of land use and land planning. However, as Haughton and Hunter observed, it is not a matter of urban size. Rather it is the internal form, the way in which patterns of production and consumption are organised (through regulations and land use planning for example) that by and large influence the sustainability of cities (Haughton, Hunter, *ibid.*).

Secondly, the sustainability development paradigm may contribute to reaffirming the relevance of cities as the places for social dispute about space. The de-territorialised nature of global capitalism in which national boundaries no longer represent constraints to capital accumulation (a process recently accelerated by the spread of the internet and information technology) has increased the apparent irrelevance of space and location in economic development. However, according to B. Haumont<sup>13</sup>, the constraints to the current form of accumulation given by the physical limits of natural environment once again make it evident that societies are localised in space. Space remains, despite the globalisation of financial markets, the object of social dispute. In an increasingly urbanised world as is the case of Latin America and Chile in particular<sup>14</sup>, the social dispute is indeed located in the urban space in which housing, its provision and location plays a relevant role. Housing being at the intersection of urban economy and social policies regains relevance and housing negotiation becomes the negotiation for decision-making and management of resources at city level. According to J. Fiori<sup>15</sup> housing could be the central instrument for achieving this intersectorial and integrated development in which the state might recover its central role in sustaining the low income sectors through policies that link the project level to poverty eradication.

From this perspective the action of local communities gains relevance and not only as being "the lowest efficient level" in managing resources in accordance to the principle of subsidiarity. "Grassroots involvement in local environmental initiatives at every stage, from conception to implementation and management, is widely regarded as being a central precondition for bringing about permanent beneficial change" (Haughton, Hunter, 1994:303). Agenda 21<sup>16</sup> is quite clear in highlighting the importance of institutionalised participatory approaches to sustainable urban development based on dialogue between all the actors involved. Local communities' participation is also advocated for better identifying and meeting collective needs, such as infrastructure and public

amenities (Quarrie, cited in Haughton, Hunter, *ibid.*).

It is not possible to expand the discussion on community participation because it would lead far beyond the scope of this work. It is worth pointing out, though, that due to the urgency of the social, economic and environmental issues at city level, it makes great sense to work and plan with local communities in order to make the best use of scarce economical and natural resources. And this is particularly relevant in the housing field considering its socio-economic importance and the wide meaning of housing use value as defined in this work.

Third, as remarked by Satterthwaite et al. the role of the municipalities within the sustainability paradigm regains relevance. "The fact that each city and its insertion within local and regional eco-systems is unique implies the need for optimal use of local resources, knowledge and skills. This demands a considerable degree of local self-determination, since centralised decision-making structures face great difficulty in implementing decisions which respond appropriately to such diversity" (Satterthwaite et al., 1992:6). Thus, according to these authors municipal government has to play an important role in responding to citizen demands for a safe and healthy living and working environments which includes ensuring the availability of shelter and the provision of basic infrastructure and services. Municipalities also have to encourage recycling, re-use and reclamation of both non-renewable and renewable resources and waste materials, and to manage urban growth to promote minimal use of environmental capital while meeting social and economic goals. With specific reference to urban development the authors also affirm that the most obvious role of municipalities "is in planning, guiding and regulating the built environment – building material production, construction, building design and performance, and site and settlement planning" (*ibid.*: 6).

So far the concept of sustainable development has brought into the discussion at a general level the consideration of social justice, the fair distribution of opportunities and resources and the respect for and the sustainable use of natural resources. Moreover, it has helped to identify long-term socio-economic objectives and the need for more effective and decentralised structures of decision-making. The sustainability paradigm in housing provision should help to ensure that human needs are satisfied in an equal and healthy environment. This in the end implies a more integrative approach to policies at the city level: an approach that considers the implications of housing not only at the level of the single unit but that also highlights the links



and mutual influences between the living environment and the whole urban system.

### **3. THREE LEVELS OF ANALYSIS (Theoretical Framework Part II)**

The central hypothesis of this work is that through an holistic approach to state intervention in the provision of housing use value it is possible to satisfy human needs related to shelter in a socially acceptable manner, improving the well being of residents and fostering sustainable patterns of consumption and production. According to this premise this chapter tries to develop a theoretical framework that considers housing use value at three different scales, the single housing unit, the neighbourhood and the urban system.

So far the discussion of sustainable development and its general implications for urban development has indicated that there is a need for a more holistic approach to housing that stems from the consideration of social, economic and environmental issues. This has implications for housing use value in terms of its relation with the surrounding living environment, with the urban system and for the patterns of production and consumption of housing as a commodity. In addition to this, it can be said that the integration of policies is justified in conditions of lack of resources by an economic rationale. The integration may promote pooling of resources and the achievement of the same goals with less investment.

At the same time, we should not forget that housing use value is that part of value attached to housing as a commodity that satisfies human needs. The hypothesis of expanding the notion of use value above the housing unit stems also from a concern with the satisfaction of needs. In the condition of urgency in which governments usually have to intervene it becomes strategic to pursue the satisfaction of human needs beyond the limitations of the single unit and to try integrate use value at different scales.

Although there are several studies of the classification of human needs\*, this work will not consider any of them for a series of reasons. In the first place, even if the work of researchers in this field may offer hints and valuable indications for housing policy design, it is never immune from arbitrariness. In the second place, focusing only on the categories of needs related to housing would probably render the discussion too univocal. It would be more interesting to consider the general conditions of well being as the ultimate objective of housing use value and to discuss

what are the constraints and limitations that the state may find in its achievement at different spatial scales. Furthermore, as Lang remarks "in the field of housing much remains to be understood so decisions will continue to be made under uncertainty" (Lang, 1993:65). This is even more relevant in a context of rapid socio-economic change as might be the case of Chile in the last decade in which the social definition of needs evolves rapidly.

Furthermore, the formulation of standards from the definition of needs may be quite controversial. For example, there is general agreement on the human need for shelter. However, the recognition of this need alone does not tell us anything about how this shelter should be. Some authors such as Amerigo (1994) argue that the objective components of an environment become subjective when evaluated by individuals. This subjective evaluation is dependent on social and historical influences. Otherwise, it would not be possible to explain why the idea of comfort, defined as the "well being" of a person in a place, is experienced individually but everybody feels it according to general rules (Rybczynsky, 1997). These general rules are socially determined and therefore dynamic and difficult to incorporate into policies.

On the one hand, a greater effort should be advocated in research in order to come closer to the definition of these rules and therefore to a clearer set of social needs to satisfy. On the other hand, it must be acknowledged that it is impossible to design a housing policy in which the state is capable of providing the housing use value that corresponds exactly in each place and time to the aspirations and needs of the population. Nevertheless, if we understand the importance of the house for the social and economic well-being of its occupants and consider its backward and forward linkages at different scales, it is more likely that state provision of housing use value would match the needs of the beneficiaries.

If the whole complexity of housing use value is finally recognised and its definition becomes operative for policy design, in the understanding of this work it is necessary to construe this complexity as "flexibility". This flexibility that allows people to accommodate their residential environment, the house, the neighbourhood, the city and themselves in the pursuit of satisfaction of needs. This flexibility should encourage people's participation in the whole process of housing production and consumption. It should be a pervasive quality promoting progressive approaches, and a variety of solutions that can be proposed and discussed by officials, professionals and residents. It should strengthen the capacity to change and to adapt previous programmes and plans. It should also allow professionals

and institutions to cultivate progressive, innovative and sustainable solutions in strict collaboration with local communities.

The following sections analyse housing use value in more detail at three levels. Only a few aspects will be discussed for reasons of economy in this work. In the first, the housing unit, the analysis will be focused on the qualitative aspects in terms of design and construction, how these may influence the wellbeing of occupants, and how they can be conducive for sustainable patterns of consumption and production. The economic importance of dwelling as a mean of production and saving for the occupants will also be highlighted, as well as how the unit should provide flexible solutions for living, including different types of tenure. The neighbourhood will thereafter be indicated as the spatial and social extension of the house and the place where most services integrating the housing use value should be provided. This spatial level is relevant for promoting the participation of communities in policy design and management and it is where the interaction between the state (municipalities) and people may potentially improve living conditions in the path of sustainability. Finally the discussion of housing use value at the city level highlights the importance of integrating housing, land use and transport policies not only for the completion of use value in terms of adequate location, accessibility to job opportunities and other services, but also as an indispensable element of sustainable patterns of urban development in social, economic and environmental terms.

### 3.1 Housing unit

Home “is central to human well being in every part of the world. People are often born, marry, procreate, raise children, work, grow old, die, and function as part of economic, political and social systems in homes” (Altman, 1993:xix)<sup>17</sup>. Altman also adds that the “qualities of homes are not universal, and there is enormous variation among cultures and over the course of history in the form, use, importance and role of dwellings in peoples’ lives. Regardless of their variation across cultures, however, there is no escaping the fact that homes are among the most central physical settings of human life.” Housing is “the most visible evidence of a household’s relative well-being, as well as the second largest component of personal consumption” (Arias, 1993:170). The housing unit as the “physical setting” of human life should promote and make possible the wellbeing of its occupants.

Housing as a structure can contribute to this well being at two main levels. The first is related to what Rybczynsky (1997) defines as “comfort”, a condition of intimacy, privacy,

domesticity, and commodity that is considerably influenced by design and construction quality. The second is more related to the economic dimension of housing use value mentioned before, i.e. the use value of a house as a mean of production and saving (and therefore the creation of wealth and the increase of well being). This second aspect is again linked to the possibilities given by the physical conditions of the unit in terms of tenure and space. It is also largely conditioned by other factors at the scale of the neighbourhood and city level that will be discussed in the following sections.

The design of the unit (as well as the design of the immediate surroundings) undoubtedly exerts a certain degree of influence on the social behaviour of the occupants. We should be aware, however, that “for a building to work efficiently in a social sense, its organisation and iconography need to mesh with the inhabitants’ beliefs and to conform with their expectations” (Blundell J., 1996:23). Thus, despite the claims of research in “social engineering design”, the relation between the physical set and the behaviour of occupants is much subtler. Buildings are not coercive but should promote a certain “complicity” with users (Blundell, *ibid.*). This is more founded on the degree of adaptation of individuals than on the physical characteristics of the structure. As van Diepen points out “first households can adapt themselves and their preferences to the situation [...] second, to nullify any dissatisfaction, households can actively try to adjust (parts of) their daily environment to their own needs. [...] A third type of reaction involves a change in the household’s sense of well being. Feelings of stress and discontent can arise if the members of the household are unable to harmonise the situation with their own desires” (van Diepen, 1998:102).

Consequently, it is possible to argue that the most valuable “quality” of use value in terms of design is the floor area, i.e. sq. metres. The bigger the house (or the plot of land in case of incomplete commodities such as site and services), the higher will the level of flexibility that the house can offer. For example, it has been observed that if the floor area of the unit is not sufficient to separate different uses, the spaces tend to become multifunctional. In the research carried out by Ramirez et al. on the informal settlements of Caracas, the authors noted that in the early stages of the evolution of the houses examined, the living room not only accommodated the preparation of food, but was also converted in bedroom at night. (Ramirez et al., 1992). There are limits, and obvious safety and health inconveniences in

the multifunctional uses of spaces. Moreover space limitations can negatively influence social reproduction and family activities.

Usually public policies tend to reduce space (and size of plots), as a measure to cut costs, regardless of the fact that housing use value at household level should take into consideration the dynamic and social evolution of households. For example, governments tend to provide units, potential commodities, for the mono-nuclear family, i.e. parents and two children. As observed by Basset and Short, "Adequate housing is a precondition for the stability of the family and changes in family form and family functions may well necessitate changes in the structure of the housing stock" (Basset, Short, 1980:179). Any policy should take into consideration a greater variety of household composition and evolution. This should be reflected either in the possibility of incrementing space, the quality of the structure, the accessibility of additional spaces or in the "option to move", i.e. the possibility of changing the (house) use value completely. In the first case the state should take into account this need through adequate design (for example allowing flexible division of internal spaces), through technological solutions that may encourage and facilitate people's efforts in extensions, and by means of continuous financial and technical support (Arditi et al., 1991). Design can also palliate the lack of resources and to space restrictions. For example if more attention was paid in projects to the design of accesses, balconies, stairs and thresholds, these "in-between" spaces, as defined by Hertzberger (1996) could open possibilities for activities that are restricted to the interior of the units, such as for example hanging out of washing, gardening and social interaction.

Design and construction may contribute to the comfort of inhabitants and may promote sustainable patterns of consumption and production. Adequate materials should guarantee a sufficient level of protection from the external climate improving the health conditions of residents. When combined with appropriate design they can also provide higher levels of energy efficiency. For example, thermal insulation combined with solar gain design may substantially reduce the need for winter heating. In this case, a well-built and well-designed house reduces the consumption of non-renewable resources. In addition, higher levels of environmental comfort and energy efficiency promote households' saving in other consumption items, for example by cutting down health care expenses. Another crucial element for the comfort of residents and even more important when spaces are limited is adequate acoustic isolation. Adequate isolation applied within the unit, between units in the same block and from

the external environment can contribute to the sense of intimacy and privacy so central to the well being of households.

Furthermore, the use of materials with low levels of in-built energy<sup>18</sup> and produced within a reasonable distance from the site, may contribute for instance to more sustainable patterns of production, reducing the consumption of natural resources in the productive process and in the transport<sup>19</sup> of materials. There are many other aspects of construction and design of the unit (and that are strictly related to the neighbourhood scale as well) that have relevant implications for the "economic" side of use value. For example when the house is considered as a mean of production<sup>20</sup> it should allow the development of productive activities in safe conditions for the dwellers and for the environment. Appropriate spaces within or between houses should be provided for these activities in the initial project. Moreover, and equally important, the regulations should permit mixed uses. Too often, because of a restrictive legislation residents act at the margin of the law and in absence of formal financial and technical support.

There are obvious physical and financial limitations to the adaptability of the physical structure. Thus, when the flexibility of the structure does not allow for more radical changes it should at least make possible the expression of the ultimate adaptive resort of the individuals and families, what before was mentioned as "option to move", i.e. the possibility for residents to choose and move to another house that offers a use value that better matches their needs. In this sense not only the physical structure but also tenure and location as highlighted by Turner (1976) become fundamental qualities of housing use value.

Despite the fact that rental housing is one of the most common informal housing solution in many cities in developing countries<sup>21</sup>, political and economical reasons have often privileged home ownership as a main goal of housing policies. This form of tenure for example, has been at the centre of Chilean housing policy during the last fifty years not only because of cultural preferences but also as a way to promote social stability (Gilbert, 1993). What is worth pointing out here is that rental housing has to be considered as a dual option for state intervention in housing provision: as a form of use value itself, i.e. public houses given for rent, and as a "quality" of housing use value when housing is provided in ownership, i.e. the legal possibility to rent part of or even the whole house. The former requires however an efficient administrative structure for managing the housing stock that, particularly at local level, is difficult to find in most countries. Notwithstanding, the

implementation of such a policy could be the incentive for launching capacity-building programmes and therefore improve the efficiency of public sector and specifically of local authorities. The second option mentioned above could lead to a double result. In the first place, for many households renting out part of their dwelling may be an important source of income. In the second place, by giving this possibility to homeowners through appropriate regulations, the state promotes a rental market that could supply and even substitute any eventual publicly managed housing stock.

Usually governments have intervened in the relationship between landlords and tenants (rent control) keeping rents too low. In this way, they create an area of illegality in which landlord's force tenants to other forms of payments (key money) and are not encouraged in the maintenance of buildings. Another option could be giving subsidies to tenants who in turn may gain access to the formal rental market. At present this approach would be ideologically coherent and quite simple to implement in countries like Chile where the whole housing system is orientated to demand support through subsidies.

As a final remark in this section, it can be said that the house and the process of use value completion are in many cases the single most important means of saving, particularly for the poor. Understanding housing use value in a wider sense that embraces three different scales should ensure that the efforts of home owners in improving the quality of single units as well as of the surrounding environment are not spoiled. Very often, in fact the realisation of the exchange value of a house is impeded by the non-completion of housing use value at higher spatial levels. The lack of adequate services in the neighbourhood or the marginal location within the urban system are common factors that *de facto* reduce the market value of the unit.

### 3.2 Neighbourhood

According to Norberg-Schulz "in its broadest meaning, to 'dwell' is to 'be at home' in an environment. [...] In material quantitative terms a dwelling is 'a roof over our head and a certain number of square metres at our disposal'. In qualitative terms, the home acquires social meaning by virtue of the continuum of which it is but a part." (cited in Francescato, 1993:40). Francescato also adds that "one can approach housing at the level of room and dwelling unit [...] but it is equally legitimate to discuss housing at the scale of the neighbourhood and community" (ibid.:40).

The discussion that follows highlights three main areas of debate about the neighbourhood scale and housing use value. The first of these considers the neighbourhood as the immediate

spatial extension of the unit and examines the implications for urban design, and for the quality and quantity of public spaces. The second examines the access to and maintenance of infrastructure and services. The third sees the neighbourhood as a social dimension in which a sense of community and eventually participatory practices may arise.

The neighbourhood is the immediate extension of the housing unit. At this level housing use value has to include qualitative and functional urban design aspects that allow social encounters, recreation, and participatory activities. Public spaces such as streets, squares and parks are that part of the spatial continuum of the neighbourhood that can consistently contribute to the quality of built environment by encouraging recreational activities for children and adults, and fostering what Blauw defines as "public life" (Blauw, 1993). According to this author, "public life" indicates a type of social contact in which people do not exactly know each other's background although there is a certain degree of familiarity with it. Public life not only offers opportunities for this kind of "low intensity contact", but according to him (ibid.:242): "it also offers opportunities to start more intimate contacts" under conditions of mutual interest. Furthermore, it may give opportunities for establishing social networks and kinship relations. Thus, as Hertzberger (1996) points out, equal attention should be paid to the design of unit and to the design of open spaces. These spaces should not be the residues of a mechanical juxtaposition of blocks or houses as too often occur when quantitative targets rule policies. When better spaces are provided it is more likely that "public life" occurs and that a feeling of community increases the sense of identity with the place. In addition, if urban design considers the crucial importance of the relation between buildings and open spaces like streets, squares and parks, it is more likely that people will find incentives and commit themselves to the improvement of the residential environment. For example, when the design of the buildings take into consideration how the openings put private and public spaces in relation, it may be conducive to higher levels of integration between these two domains and provoke therefore a rich and lively "public life".

The neighbourhood is also that area in which certain services necessary for the wellbeing and the socio-economic (but also cultural and spiritual) development of residents are provided (Amerigo, 1994). The role of the state in guaranteeing *social justice* and *intergenerational equity* is here fundamental. If services are provided in proximity to the housing unit, it is more likely that social and economic conditions of residents will improve

as the access to services become less constrained by income (for example when long and expensive journeys are required to access education or health care facilities). Furthermore, when access to education and health care is locally available and therefore highly accessible, there are increasing possibilities that future generations will enjoy better living conditions. They will be better educated and healthier than their parents and therefore less discriminated against by the system.

Under the influence of neo-liberal ideology however many services such as schools and hospitals are privatised. This is the result of the reorganisation of state intervention “to create or widen zones of profitability and facilitate private capital investment in the sectors of consumption which are already socialised [...] Thus, even if the total public expenditure is not reduced, and even sometimes continues to grow, its economic logic changes, as well as its social consequences, since the former changes also the very nature and the real social effects of collective consumption, leading to a deterioration of their socialised aspects and a strengthening social segregation resulting from increases in the price access” (Preceteille, 1981:10). The privatisation of these services tends to guarantee better facilities only to the higher income sectors of the population. At the same time state intervention is targeted at the poor with consequent lower quality of services and a tendency to increase the physical segregation of the population. If targeted services are located where the low income sectors are already concentrated, it is unlikely that higher income sectors will be attracted to the area. In this way a process of spatial segregation is generated and reinforced by the same provision of services.

The definition of standards is greatly influenced by the lack of resources (or their poor redistribution), but also by conflicts in resources allocation and decision making processes that arise from the division of administrative responsibilities. Hardoy and Satterthwaite (1989) remark that “government action to address problems of housing and living conditions for lower income groups cannot be separated from their actions in other sectors [...] Governments like to reduce the problems to shelter, infrastructure and services” and also added that “[governments] do not want the links made with the functioning of the economy (and governments’ role within this) because of the obvious political implications. Dialogue with the community groups on (say) public services provision favours the fragmentation of the potential challenge presented by community organisations” (Hardoy, Satterthwaite, 1989:48).

The concept of community participation was briefly introduced in the discussion on sustainable development and the length restrictions of this work impede the expansion of the analysis much further. Notwithstanding, there are a few points worth highlighting here that are relevant for this discussion of the neighbourhood as a social dimension. At this level in fact the interaction between residents and institutions is more direct and state intervention is visible and easy to appreciate<sup>22</sup>. Hardoy and Satterthwaite, remark that community participation “requires above all institutional changes [...] changes in building and planning codes and more professional staff whose job it is to talk to, to work with and help mobilise low income groups” (ibid.:47). Furthermore these authors stress the need for better technical and management training for local authorities and say that “perhaps a new kind of local government is necessary – less centralised, more open to giving support to group efforts in planning, setting norms and priorities, and evaluating projects. Perhaps many tasks have to be decentralised to district or neighbourhood level offices where community organisations have better chance of participating in decisions and in influencing resources allocations” (ibid.:47).

The participation of communities at the local level is consistent with the principle of subsidiarity<sup>23</sup> and is advocated at many levels from scholars, practitioners and planners, up to international agencies. As mentioned before it is one of the “pillars” of sustainable development as promoted by Agenda 21. Also political reasons support community participation as a way to increase democracy, environmental awareness and social justice. Moreover, there is a reasoning that is related to the topic discussed here, housing use value and how this, when provided by the state, may satisfy people’s needs. In this regard making people responsible for their own environment may increase their identification with the neighbourhood, increase their wellbeing and encourage more sustainable patterns of consumption at the local level. For example it may encourage locally managed waste recycling (including building materials that can be made available for self-help initiatives) and grey water reuse. According to this discourse, community participation should be advocated as a central component of any policy aimed at increasing the satisfaction and well being of individuals. It may help to promote the identification and sense of responsibility within the neighbourhood, foster social encounter and reaffirm social networks. We should be aware, however, that the benefit of “community feeling” based on the “public life”, a kind of face-to-face contact at the scale of the neighbourhood might be controversial. As Robbins points out: “A community is by nature

restrictive [...] restriction is about exclusion, about diminishing difference and ultimately about keeping people of different backgrounds and sensibilities apart" (Robbins, 1999:14 ). There is a need for a better understanding of these dynamics in order to allow these practices to be beneficial for improving living conditions and at the same time to contribute effectively to sustainable development.

### 3.3 Urban system

There are many aspects of the urban system and of urban planning, that exert a great influence on housing use value. At the same time different approaches in housing policies may have completely different impacts on urban development. The mutual relation between urban planning and housing policy becomes even more evident when put in the perspective of sustainable urban development. It is possible to affirm that the single most influential element in urban planning is land policy. Through this instrument it is possible to achieve the sustainable urban development advocated by Haughton and Hunter (1994). A development that promotes mixed-uses, increases population density and concentrates traffic flows around sub-centres within the city may be conducive therefore to sustainable patterns of production and consumption. If housing is integrated opportunely with land policy the use value may provide satisfactory locations within the urban territory and facilitate access to job opportunities and to existing services while reducing transport needs. On the one hand, it is therefore crucial to adopt a land policy that allows the location of new public housing within or close to existing central, middle and upper income areas. However, considering that this often is not possible, the same policy should promote mixed uses and integration with the housing policy. This may encourage the generation of job opportunities within or close to new areas of city expansion.

According to this premise, the myth of the self-regulating land market seems to be inappropriate. Only state intervention may keep the development of the city attached to the principle of *social justice*, i.e. guaranteeing equal opportunities to all citizens. In the urban context in fact, land rent usually accounts for a considerable part of the total cost of housing. When the logic of the free land market is operating, inevitably the differential land rent becomes the determining factor in the selection of the location of new public housing settlements. Low-quality land corresponds to low-cost housing. Consequently, most new settlements are located in peripheral or marginal areas. Furthermore, when the logic of the free market is applied to its extreme and urban expansion is not regulated, as it was the

case of Santiago, these marginal areas will be found increasingly further from the city centre often at the expense of valuable rural land within the city bio-region. The same mechanism results in an increasing concentration of low-income settlements and therefore makes housing policy a perverse instrument of social and spatial segregation.

Conversely, a proper land policy should give governments the chance to avoid these problems and make housing provision a valuable instrument for social and economic development. For example the state can create land banks for public housing and, as in the case of the Netherlands<sup>24</sup>, give municipalities the power to negotiate the regulations affecting new housing developments beforehand with the private contractors.

When the state has a stake in the power relations and in the negotiating processes surrounding housing developments it can actively address both public and private interventions towards the goal of sustainable urban development. We should acknowledge that the possibility of achieving social land use and social mix at the expense of private profit clearly depends on political and economical factors at a broader level. It may also find cultural barriers that strongly oppose social progress, as is particularly evident in many Latin America societies. Nevertheless, the state has the responsibility for housing policies in conjunction with other sectors of urban development and economy, and to create incentives for more sustainable patterns of living. For example by making neighbourhoods more attractive with the provision of good "universalistic" services, including commercial and religious facilities. Such policies of integration accrue to the completion of housing use value in socio-economic terms. They also make a considerable contribution to the reduction of unsustainable patterns of consumption of non-renewable resources, when travel needs are reduced bringing residences and working places closer.

In order to promote public housing development within this perspective many different elements should be considered in the decision-making processes at city level. For instance, the locational pattern of jobs and services, (job promotion policies, education, health, social services), the intensity of urban activity (residential density policies, land use zoning and commercial density policies) and traffic and public transport policies. At the local level (neighbourhood) layout and urban design can also influence local circulation and access strategies to residential and working areas (Barton, 1996).

When discussing the implications for housing use value of the whole urban system it becomes evident that we are increasingly

entering into other territories that are related to the practices of urban planning and management. It is at the city level where the integration of policies has to be co-ordinated and the discussion gets involved in arguments related to other policies that evidently exceed the limitations of this work. Furthermore, the discourse on the urban system can even bring back the discussion on what kind of city is advocated and consequently what society is promoted by different policies. If for example a government is not equipped with sufficient powers for addressing urban planning according to the principles of the sustainable development the underlying reasons for that have to be found in the society itself and in the dominant economic ideology that privileges private interests.

Wellbeing and satisfaction of needs as the ultimate meaning of housing use value can be achieved through an holistic approach in housing provision that considers the entire complexity of relations that housing implies as a commodity, with the residents but also with all other social actors involved in its provision and in the shaping of urban space. Any policy that includes programmes for low-income sectors and therefore tends to reduce standards should consider housing provision not as a definitive solution but as an intervention in an on-going process of social development. Thus, even the reduction of standards if considered in this perspective becomes a step in the process. It might be therefore beneficial in opening up the deadlock into which poor people are forced. All those people who, despite their efforts cannot enter the system, and therefore cannot buy a house in the market (Ramirez et al., 1992). It is the responsibility of governments however to guarantee that this reduction of standards does not result in obstacles for further improvement of wellbeing.

In the last analysis the provision of potential and incomplete commodities although mainly determined by financial reasons (restrictions) should also take into account the need for flexible social, economic and environmental sustainable solutions. This means in the first place offering a variety of options in terms of design and tenure, considering the need for reducing the impact on the environment, encouraging sustainable patterns of consumption of residents. In the second place, if the housing use value provided also includes open spaces, good services and facilitates the access to job opportunities at neighbourhood and city level, it is more likely that housing can

serve as a vehicle for gaining access to the system.

#### **4. CHILEAN HOUSING POLICIES IN THE 90S**

In the last 50 years, housing policies in Chile have been characterised by a continuous although varied state intervention. Different approaches have been implemented by the governments through the years reflecting the economic models implemented and the political upheavals that affected the country from the 1970s onwards (Richards, 1995). Governments' commitment to providing a solution to the housing problem has been a constant, although the conceptualisation of state intervention has changed depending on political and economic orientations. This continuity has to a certain extent characterised the handing over from the authoritarian regime of Pinochet to the democratic governments of Aylwin (1989 to 1994) and Frei (from 1994 onwards). This continuity in housing policies can be considered as a reflection of the continuity in the economic model adopted. As pointed out by Bravo, in the change from dictatorship to democracy, the basic rules of the economic model "have the majority support of the political parties and public opinion in general, and this may be the country's main asset in its determined advance along the path of development" (Bravo, 1993: 19).

Signs of dissatisfaction and discontent among the population however have started to become evident, as reported recently in a study carried out by United Nations Development Programme on Human Development in Chile (UNDP, 1998). The detachment between economic and human development<sup>25</sup> starts to bring into question the validity of a model that has privileged economic growth. As shown in table 1, between 1990 and 1997 the GDP has grown by an average of 7.8%. At the same time (Table 2) the relationship between the income of the 20% richest and the 20% poorest has not changed. (See also graph 1). Although the overall economic conditions have improved consistently with respect to the past, the demand for measures aimed at a more equal redistribution of wealth increases. Furthermore, the pervasive intervention of the State in housing provision since the 1980s should lead to a reflection on the type of socio-economic relations on which is founded, and to what extent the housing use value provided had contributed or not to poverty alleviation and to the well being of residents.

### Macroeconomic indicators

Year	GDP	Exports	Investment	Inflation
1990	3,7	3,6	1,8	27,3
1991	0,0	8	22	18,7
1992	12,3	11,9	26,0	12,7
1993	7,0	81	177	12,2
1994	5,7	26,1	3,5	89
1995	10,6	381	121	8,2
1996	7,4	39	11,6	6,6
1997	7,6	99	30,9	6,0
1998	3,4	-12,0	21	4,7
Average 90-97	7,8	9,7	12,2	12,6

Table 1. Macroeconomic indicators.(source: MIDEPLAN, 1999)

Deciles	Income Distribution				
	1990	1992	1994	1996	1998
1	1,4	1,5	1,3	1,3	1,2
2	2,7	2,8	2,7	2,6	2,5
3	3,6	3,7	3,5	3,5	3,5
4	4,5	4,6	4,6	4,5	4,5
5	5,4	5,6	5,5	5,4	5,3
6	6,9	6,6	6,4	6,3	6,4
7	7,8	8,1	8,1	8,2	8,3
8	10,3	10,4	10,6	11,1	11,0
9	15,2	14,8	15,4	15,5	16,0
10	42,2	41,9	41,9	41,6	41,3
Total	100,0	100,0	100,0	100,0	100,0
20/20*	14,01	13,2	14,3	14,6	15,5

\*; 20% richest income/20% poorest income.

Table 2. Income distribution, 1990-1998. (source: MIDEPLAN, 1999).



Graph 1

Many authors (Almarza, 1998; Lerda, 1998; Kusnetzoff, 1997; Gilbert, 1993; Fadda, Ducci, 1993; Etchegaray, 1993) have summarised the evolution of housing policies in Chile in recent decades. This chapter will provide the general background for the analysis of the use value at three levels that will be expanded in the following chapter. It outlines how the programmes and policies have been evolving in the last decade and also to highlights the main changes implemented by the democratic government in accord with the increasing concern for poverty reduction, housing quality and urban environmental improvement. Particular attention will also be paid to the Basic Housing Programme for its relevance within the SMR. The continuity in the approach makes it recommendable to start the description with the era of the military regime when the general framework of current policy was established and the patterns of urban development were determined. The fact that most of the current programmes actually started early in the 1980s is also significant for a qualitative analysis of the results as it is possible to analyse the physical outcomes of policies and the level of consolidation of many areas.

This brief introduction on the housing policies and the following discussion of the three levels in Chapter 5 will be by and large focused on the Santiago Metropolitan Region for reasons of economy of the work but also because this area demonstrates at the greatest scale the problems related to housing provision and sustainable urban planning in Chile. Section 4.1 will introduce the general background of policies from late 70s onwards. Section 4.2 will look more in detail at the policies implemented in the same period regarding housing and urban development. Section 4.3 will describe the principal innovations in housing policies during the democratic government. And finally section 4.4 will give an overall view of the present subsidy system with particular attention being paid to the programme targeted at the poor.

#### **4.1 The origins of the neo-liberal approach in housing provision**

The rise to power of Pinochet with the military coup in 1973 represented a rupture with the past fifty years of political stability and resulted in the imposition of a regime based on the elimination of the real division of powers and its concentration in the hands of the military committee that used terror as the principal means to keep order (Moulian, 1997). This regime carried out a “capitalist revolution” between 1973 and 1989 (Martínez, Díaz, 1996), the drastic reorganisation of the economy according to the principles of neo-

liberal ideology. This was a process characterised by numerous upheavals<sup>26</sup>, and in which the most vulnerable sectors of the population suffered most of the economic and social consequences. This structural transformation of society and economy however gave direction to the economic and social development of Chile. It represented a “radical transformation of the regime of accumulation and the mode of regulation in the most fundamental aspects of the economic system, including the state, the firm, the market, wages, and private property” (ibid.). Notwithstanding, Martínez and Díaz point out that at least two of the three structural changes that contributed to this transformation and indirectly influenced or supported housing policies were carried out by previous governments between the late 1960s and early 1970s.

The copper industry, CODELCO, was nationalised under Allende’s administration (1970-73) and was kept under state control during the military regime. It gave the state additional resources “which allowed it to avoid a prolonged fiscal crisis, rescue the financial sector, and gradually address the crisis of external debt” (ibid.). The agrarian reform carried out under the government of Eduardo Frei (1964-70) and Salvador Allende, allowed the military to avoid a confrontation with the land-owning oligarchy while it completely changed the nature of the agrarian sector creating a land market that favoured the intervention of private developers in the provision of urban land for housing developments. This liberalisation of the land market also accrued to the uncontrolled urban expansion of major cities and particularly Santiago at the expense of valuable agricultural land, an aspect that will be discussed later. Finally, the reform of the pension funds implemented in 1981 and the transformation of the social security system into a system of private savings liberated funds for the private sector. This change created the basis for the development of the capital market and made available finance for housing developments<sup>27</sup>.

By the end of the 1970s, the Ministry of Housing and Urbanism (MINVU) set the main guidelines of the housing policy in the National Policy for Urban Development (Política Nacional de Desarrollo Urbano, PNDU) when it affirmed: “With respect to housing. The government will promote and support the creation of a free market in housing. Responsibility for the production belongs to the private sector.” (from PNUD, MINVU, 1979; quoted in Fadda, Ducci, 1993). This was the thrust of the authoritarian regime of Pinochet in the housing sector, an ideological and political vision that was coherent with the general

liberalisation and deregulation of any sector of the economy.

The main purposes of the urban and housing strategies were basically two. In the first place the government “gradually transferred its functions to private institutions and using the market as the main instrument for the production and allocation of houses” (Ramirez, 1997). Most of the efforts of the government were aimed at developing a financial system and supporting demand through direct subsidies to the people. In the second place, the Military arrested the process of illegal land occupation, and the formation of the so-called “campamentos” with a strict control over any new invasions and a fierce campaign of evictions that lasted until the end of the regime.<sup>28</sup> The preclusion of any possible informal solution to housing and the limited encouragement to rental housing, resulted in the increasing phenomenon of sharing (Gilbert, 1993), the so-called “allegados”. This represented and still represents in many cases the most affordable solution to dwelling in urban areas.

#### **4.2 Housing policies, urban development under the military regime**

The military regime not only founded the basic guidelines of current policies but also originated two of the most influential elements that contribute to the present “qualitative” problems of housing and urban planning in the SMR, the convergence of interests between the construction industry and the government, and land planning policy.

##### **4.2.1 First period: 1973-1981**

According to Kusnetzoff (1997), two main periods can be distinguished in the military regime as far as housing and urban development are concerned. The first of these ended in 1981 after the implementation of orthodox neo-liberal measures, when an economic crisis led to bankruptcy in the major private financial institutions and firms and forced the state to intervene. In this period, policies were directed at the elimination of most forms of state control, deregulation and liberalisation land market for real estate speculation and the recovery of areas of valuable urban land through the eradication of illegal settlements. More than 150.000 people were evicted and resettled in more peripheral areas (Fadda, Ducci, 1993).

At the same time, according to the idea that “urban land is not a scarce resource” (MINVU 1979, quoted in Sabatini, 1998) the land market was completely deregulated and liberalised. By law (DS 420/79) the limit to urban growth set in the Masterplan of 1960

was abolished. This shift in policy was made with the explicit objective of “harmonising the guidelines of the sectorial policy with the overall policy of social and economic planning implemented in these days in Chile and named as Social Market Economy” (Trivelli, quoted in Gross, 1991). Market mechanisms were seen as conducive to the beneficial convergence of private and public interests and the role of the state was reduced to the provision of infrastructure, services and the definition of land use according to the preferences of demand expressed through the market (Sabatini, *ibid.*). The result was an increment of urban area to 64.000 ha. in a period in which the city occupied approx. 36.000 ha. (Fadda, Ducci, 1993) (See Map1)

As M. Greene<sup>29</sup> remarks, from 1979 onwards urban planning (if after the DS420/79 it could be called such) was detached from housing, despite the fact that the responsibility for both lay with the Ministry of Housing and Urbanism (MINVU). An attempt to reformulate the policy was made in 1985 with the Adjusted Policy of Urban Development (DS 31/85) but it was never concretised in terms of norms and regulations, and so remained ineffective. The future development of Santiago and the conditions underlying the location of low income housing estates were already compromised by leaving the land market in the hands of private developers and even selling off the small public land bank accumulated under previous governments (Sabatini, *ibid.*; Fadda, Ducci, 1993).

The effects of the retreat of the state from social expenditure compared to the previous government of the Unidad Popular are shown by the fact that in the period between 1974 and 1982 a total of 29,879 houses were constructed in Chile, 5,828 of them built by the state. These figures represent a clear regression in both absolute and relative terms when compared to the previous period from 1970-73 when a total of 53,132 houses were built, 39,089 by the public sector (Kusnetzoff, *ibid.*).

##### **4.2.2 Second period: 1981-1990**

The period from 1981 to the general election in 1990 was characterised by the increasing intervention of the state in the housing sector in contrast with the proclaimed neo-liberal ideology and the withdrawal of the state from welfare provision. This became particularly evident after the (momentary) rise of organised popular movements in 1983 (Kusnetzoff, 1997). Although the role of the state was officially limited to that of regulator, i.e. the “subsidiary state<sup>30</sup>”, many arguments prove that the case was the contrary. For example the level of public spending (debt repayments

and fiscal revenue excluded) as a percentage of GDP was higher under Pinochet than under E. Frei and S. Allende. As reported by Martínez and Diaz (1996), between 1983-88, average government spending as a proportion of GDP was 25.1%, while in 1967-72 it was 23.6%. Furthermore, between 1985 and 1988 half the income of the poorest in Chile came from subsidies and fiscal support. After the economic crisis of 1981-83 the neo-liberal state "far from being reduced to a subsidiary role, strengthened its position in the Chilean economy". (ibid.: 67). For example, during the economic crisis of 1981-1983, the government introduced emergency programmes aimed at palliating the increasing protests coming from the lowest income sector. In 1982 the municipalities were given the responsibility for financing and managing the programme called "caseta sanitaria" (sanitary unit) and "vivienda economica" (economic house). The former provided for a total cost of 110 UF<sup>31</sup> a structure of 6 sq.m. that included a bathroom and a small kitchen unit. The economic house also included a small room providing, a total of 18 sq.m. for 220 UF (Gilbert, ibid.).

During the first years of the military regime, the neo-liberal readjustment of the economy marginalised the industrial associations, which had to a large extent made possible the rise of the dictatorship (Martinez, Diaz, ibid.). However, at the beginning of the 1980s and particularly during the economic crisis of 1981-1983, their political constituency regained power. In particular the Chilean Chamber of Construction (CCC) which had major influence in the reformulation of housing policies. The political pressure exerted by this group in fact found fertile ground in the view of the government that saw site-and-services programmes as uncomfortably reminiscent of the past. Therefore, the housing policy started to be oriented more to the provision of finished units. This was a formula that was also ideologically supported by the idea of making all Chileans homeowners (Richards, 1995). A stable and low-risk area of capital accumulation independent from the fluctuations of the market, was opened up by the introduction of the Basic Housing Programme. The government in fact guarantees a pre-determined level of demand by direct contracting the houses. In addition, it can be said that through the liberalisation of the land market, the private sector had an almost complete control over the location of the new low-income settlements. Not surprisingly since the introduction of Basic

Housing programme (1984), the new complexes were mostly located in peripheral municipalities where the differential land rent was lower. This pattern of housing provision resulted in the replication of the existing patterns of social segregation in the Santiago Metropolitan Region (SMR). By the end of 80s the distribution of wealth within the SMR was that shown in Map 2.

The policies gradually introduced in the 1980s were according to Gilbert the most evident expression of the "triumph of pragmatism over principle" (Gilbert, 1993: 72). Between 1979 and 1985 in fact, 79% of all houses built in the metropolitan region were eligible for subsidies (Soto, 1987, quoted in Gilbert, 1993). The programmes were quite successful in reaching the poorest sectors of the population, 77% of the programme of "caseta sanitaria" reached the poorest two-fifths of the population as did 62% of the "economic houses" (ibid.). These figures however can be deceptive. The number of units that were subsidised was insufficient for reducing the housing deficit. Furthermore, the total spending on subsidies was not equally distributed, with the lowest income groups receiving less than the highest. At the same time poverty was increasing with a fall in real minimum wages of about 40% between 1970 and 1987 (Moran, 1991). As Gilbert pointed out "what helped the Pinochet administration reach so many poorer families was the decision to reduce the average size of houses [...] it can be interpreted as belated recognition that the poor simply could not afford large conventionally built houses".

### 4.3 The housing policies in the 1990s

The basic concepts of the policies implemented by the democratic governments of Aylwin and Frei were set out during the transformation of Chilean economy under the military regime. The new governments kept as a central objective of housing provision the reduction of the quantitative deficit through the involvement of the private sector. At the core of the policy lies a system of mixed finance, that combines personal (private) savings with a non-refundable cash voucher granted by the government and supplemented by loans from private financial institutions or provided by the Ministry of Housing itself. It could be argued that there were no reasons for changing housing policies, as there was no particular reasons for re-addressing the overall political

Map 1

Map 2

economy. As Moulian points out, contemporary Chile, "*Chile Actua*", is very much the product of the previous period (Moulian, 1997).

In 1993 Etchegaray remarked that "housing policies should promote savings as an effort shared by the public and private sectors, and they should also foster the freedom and the inclusion of the individual in the economic system through facilitating access to banking services, and by offering free choice as regards with housing solution and location". This "free choice" should stem from a system that to a certain extent tends to replicate the conditions of a free market. That is to say that when the housing policy introduces a component of supply (the private builders) and demand (supported by state subsidies) it may be possible to widen the offer and increase quality. As will be explained later, this process has come up against a series of barriers such as, for example, the limitation of resources, the influence of the building industry and the cost of land. However, the major obstacle to the widening of the housing offer seems to be the quantitative imperative that has characterised housing policies. Many commentators (Rodriguez, 1999; Rojas, 1999; Basauri, 1999; Greene, 1999; Haramoto, 1999; Ducci, 1998) agree that the major thrust of housing policies in Chile was and by and large still is quantitative. The whole structure of housing provision, based on a quite efficient financial system, was set up under the democratic government, and maintained, with the major objective being the reduction of the housing deficit. This culminated in an average of approx. 120,000 housing units being built per year over the last decade accounting for a total of 1,253,310 units (CCC, cited in Basauri, 1999).

Despite the fact that the main goal of the policies remained the reduction of the quantitative deficit, the eradication of poverty also became part of the new democratic government discourse and a collateral objective of policies (Ramirez, 1997). Thus, targeting of subsidies was amended in order to reach a greater vertical equity (Arellano, 1996) and more funds were disbursed to the programmes designated to the poor.

Before examining in more detail the housing use value provided for the low income families in the Santiago Metropolitan Region in Chapter 5, the following section gives a summary overview of the whole system.

#### **4.4 The housing system**

Chilean housing policy is structured around a system of subsidies and two non-conventional programmes of sites and services

and upgrading. The principal characteristics of the system are shown in the tables below. The main guidelines are the same for all the programmes. They differ in the specific target groups for which they have been designed and in the criteria for the selection of applicants as shown in Table 3.

Although this work is mainly concerned with the solution given to the lowest income sectors, it can be observed that the production of houses for the Unified Subsidy System (USP) has suffered many of the problems that afflicted the Basic Housing Programme and that will be singled out in the next chapter. In the USP, the government does not directly contract the houses. Instead it establishes a set of houses' top market prices related to the income and savings of beneficiaries and gives them up-front subsidies operated through vouchers. As Rojas points out, "today several developers have specialised in the production of houses that fully comply with the price-quality requirements of this program [...] The allocation of a stable amount of resources to the Program over the years contributed to the specialisation of the developers". He also notes that "cost considerations and consumer preferences have induced the private sector to build mostly single family houses for this market" (Rojas, 1999:15-16). As a result the quality of the houses declined due to the narrow margins of profit given to builders, and the high cost of land has induced developers seeking to reduce costs, to offer houses in peripheral, low cost areas (Rojas, 1999).

The programmes that are explicitly designed and targeted for the lowest income sectors are the sites-and-service and upgrading programmes, "Chile Barrio" and "Mejoramiento de Barrio", and the Progressive and Basic Housing Programmes. In all of them state intervention is direct, either in the provision of potential commodities, the Basic Houses, or in the provision of incomplete commodities, the Progressive Houses and the upgrading services.

"Mejoramiento de Barrio", also called "lote con servicios" (sites-and-services, although a more appropriate translation would be upgrading) was originally launched for the consolidation of the new squatter settlements eradicated by the military. Gradually this political side lost importance and the programme continues to improve the sanitary conditions of settlements already integrated in the urban structure but lacking in basic services. As the intervention was originally political and sectorial, the programme was and still is centrally administered by the Ministry of Internal Affairs and locally managed by the municipalities (Basauri, 1999).

Table 3



Table 4

“Chile Barrio” complements and substitutes the previous programme and it is aimed at the legalisation and regulation of the approximately 970 informal settlements (urban and rural) presently found in the whole country. It is administered by MINVU and involves the Ministry of the Interior for the legalisation of land, the Ministry of Works and other programmes for poverty eradication managed by the Ministry of Planning and Cooperation, MIDEPLAN. It includes a certain component of popular participation that, as Basauri remarked, is the strength and the most innovative point of the programme (Basauri, 1999).

The democratic government of Aylwin introduced in 1990 another programme that provided incomplete use value, the Progressive Housing Programme. It was specifically designed to reach the lowest income group of the population and particularly those who were in the condition of sharing, the “allegados”. Its innovative feature was the introduction within the current policy framework, of the concept of “progressivity” in the housing development. For this purpose it is structured in two stages in which first applicants receive a fully urbanised plot with a small bathroom and kitchen, and then they can apply for further financial assistance in order to expand the house (Lerda, 1998). The weaknesses and strengths of the programme with respect to the use value provided will be discussed in more detail in the following chapter. What is possible to anticipate here is that the PHP is no longer a viable solution within the Santiago Metropolitan Area (SMR). As shown in the graph below, since 1993 no one Progressive House (first stage) has been completed. At present, the most affordable housing solution provided by the state in the SMR is the Basic Housing Programme (BHP).

The BHP was targeted for families of “allegados” or for those renting accommodation, although it has increasingly catered for young families whose heads are steadily employed in the formal sector (Basauri, 1999) It was set up in 1980 (DL. 1088) and modified in 1984 (DS 62/84). Initially it offered semi-detached houses of 24 sq.m. in plots of more than 100 sq. m. (Haramoto et al., 1997). The offer is now wider, includes different typologies of single family houses, and flats with an average floor area of 40/45 sq. m. Between 1990 and 1996 (preliminary data for 1997, source Rojas, 1999) a total of 141,114 units were built (see table 4). As a consequence within the SMR the production of BH reached a peak in 1991, and started to decline from 1996. This is a decline that has become quite evident in the last three years with only 8,258, 6,317 and 4,649 units

completed respectively in 1996, 1997 and 1998, as shown in the graph below.

In addition, it must be said that the selection criteria for the BHP (very similar to those applied for the PHP) are quite contradictory and that these contradictions discriminate against those with fewer resources. The selection of beneficiaries is made according to a set of socio-economic parameters extracted from the CAS<sup>32</sup> survey. This is carried out by municipalities in order to make a classification for filtering the access to social services. The survey gives information about the living conditions of applicant, like floor area/household, water provision, and the quality of the previous accommodation. The scoring for the housing allocation also takes account of the size of the household, and the number of children. Nevertheless, the determining factor for obtaining a basic house is the fulfilment of the minimum saving requirement (8UF until 1994, and 10UF since then). As Richards (1995) pointed out, this selection on the one hand gives more points to those in more need but on the other rewards the applicants with higher saving capacity. This contradiction has led many people to save through sharing, i.e. remaining in a precarious condition as “allegado” for more time (Vergara et al., 1991).

The programme will be examined in more detail in the next chapter. Here, though, it is possible to remark that despite being the most economic public solution in the SMR, the average price of units has increased from 194 UF in 1990 up to 314 UF in 1998. At the same time, as shown in graph 2, the amount of subsidies has not increased accordingly (Haramoto, 1999).

As a final remark in this succinct overview of the housing system it may be observed that in the Santiago Metropolitan Region the offer of housing use value for the poor is quite limited as neither the incomplete commodities provided by the Progressive Housing Programme, nor the potential commodity of the Basic Houses are commonly available and accessible. Furthermore as Basauri<sup>33</sup> observed, the sites-and-services and upgrading programmes are in fact planned as temporary interventions that give solutions in circumscribed situations. Their action is limited to the already existing informal settlements and de facto do not contribute to widening the offer of housing use value for those, the “allegados”, who share an accommodation and are at the bottom level of income distribution<sup>34</sup>.

The analysis of housing use value at the three levels should offer some explanation for this situation and may give some measures for improving current policies.

Graph 2

Graph 3

Graph 4

## 5. HOUSING USE VALUE IN THE SANTIAGO METROPOLITAN REGION

Hitherto the theoretical discussion has tried to highlight the complementary character of different aspects of housing use value at three spatial levels: dwelling design and construction; urban design; availability of services, location and tenure. The need for a better integration of urban policies, including those affecting urban activities like land use planning and density, job promotion, services provision and those regulating traffic and public transport has been indicated. Chapter 3 also highlighted the importance of the combined participation of local communities with state institutions and particularly with municipalities.

This chapter adopts the three layers of analysis of housing use value proposed in Chapter three. It applies this analytical instrument to Chilean housing policy for low-income sectors and particularly to the Basic Housing Programme (BHP) within the Santiago Metropolitan Region (SMR). The analysis will place emphasis on the principal aspects that either contributed to or limited the completion of the extended notion of use value as defined in this work. The discussion of the Chilean case may yield a twofold result. On the one hand, the use of the three-layered analysis can give some critical insights into Chilean policies and provide a small contribution to the debate on housing, poverty alleviation and state intervention in Chile. On the other hand, as a first application of the theoretical framework to a real case, it will provide feedback on the potentials and weakens of the tool itself.

The analysis commences by considering spatial and constructive aspects of the Basic Housing Programme, and will try to assess the congruence between the use value provided and the level of wellbeing achieved drawing on recent literature, interviews and commentaries

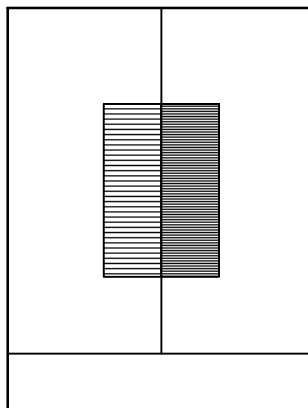
of residents. Further on, the section focuses on the neighbourhood scale, and considers the quality of urban spaces, how these have offered incentives, or not, to the dwellers with particular reference to the areas surveyed. It will also briefly discuss the level and quality of services available and the extent to which the current situation can be attributed to policies, rather than to the lack of resources. Finally, the analysis will focus on the influence of land planning on the location of Basic Housing projects within the Santiago Metropolitan Region and examine how this has affected housing use values in terms of spatial segregation and increased need for transport.

### 5.1 Housing unit

The analysis first focuses on the design and layout of the units. In particular it highlights the constraints to adaptations and extensions generated by the current solutions provided by Basic Housing Programme. Secondly, it briefly discusses how the qualitative aspects of the construction of the units can affect residents' comfort. Thirdly, it indicates the Progressive Housing Programme as being an interesting attempt to introduce higher levels of progressivity in the housing use value provided and tries to explain why this solution has failed in the Metropolitan Region of Santiago. Finally, the section concludes by discussing tenure and housing as saving processes as two qualities of housing use value that should be considered with more attention by the Chilean policies.

With respect to design and layout it can be said that the Basic Housing Programme has kept its principal characteristics over the last decade and only a few changes in the design and technical specifications have been introduced in the last few years. Nowadays it offers three main basic units. Houses "A type" of 1 floor, detached, semidetached or terraced on a plot of a minimum of 100 sq.m.

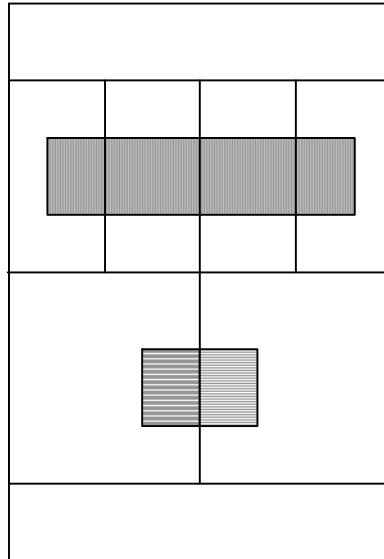
Figure 1. Basic Housing "A type", Semidetached.



“B type”, 2 or more floors, again they can be detached, semidetached or terraced but the

minimum plot size is reduced to 60 sq.m.

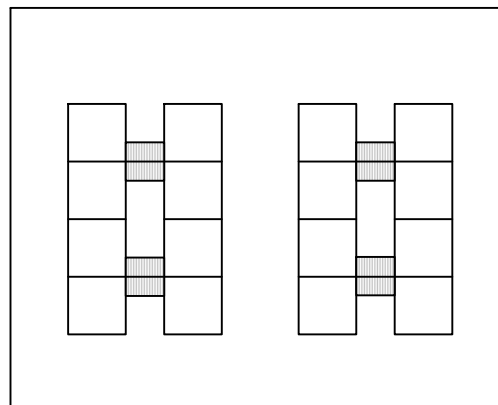
Figure 2. Basic Housing “B type”, Terraced and semidetached.



Flats “C type”, organised in blocks of 3 or more floors. All types except the flats “C” include two bedrooms, 1 open space (kitchen + living

room), and 1 bathroom. The flats may vary from two to three bedrooms, and the kitchen is separated from the living and opens to a “loggia” (see also figure 4 and 5).

Figure 3. Basic Housing “C type”, twin blocks.



As Basauri (1999) remarks, the programme lacks variety and does not offer different typological solutions, nor does it imply technical or aesthetic variations according to different regional climates and traditions. The same types of blocks and houses are monotonously repeated not only within the

Santiago Metropolitan Region (SMR) but across the whole country. It should be noted that within the SMR the tendency in recent years has been to offer more units in small blocks rather than houses of one or two floors. Between 1990 and 1991, 44 out of 52 interventions were of low rise detached or

semi-detached houses, representing 84.6% of total. This figure was inverted in the following years. Between 1992 and 1994 in fact 75.7% of BH houses were in blocks of three floors or mixed with low rise, between 1994 and 1996 this proportion increased to 86.4%. This increase was by and large motivated by the increasing cost of land and by the propensity to increase density for achieving quantitative goals. (Haramoto et al., 1997).

Regardless of other aspects that will be discussed in the following sections, the use value provided with the Basic Houses is in many cases favourably comparable with the previous living conditions of the beneficiaries. A study carried out in 1995 on the targeting of the Progressive Housing Programme (PHP) and on the Basic Housing Programme (BHP) in the SMR, found that 60.1% of those selected for the BHP had no potable water provision in the previous dwelling, and 62.8% had no adequate sewage and sanitation. Furthermore, between 40% and 70% of selected households were living in houses with constructive deficiencies in floors, roofs and walls (Cortinez et al., 1995). These data confirm, on the one hand, that the targeting of the policy is apparently efficient, on the other hand they indicate that gaining access to a Basic House for many families could represent

a great step forward in wellbeing. Haramoto indicates that the average size of Basic Houses has increased from 34.10 sq.m. in 1991 up to 42.00 in 1995 (Haramoto et al., 1997). This increment has been reflected in higher costs (from an average of 194,4 UF in 1990 up to 314,8 UF in 1998, see graph 4).

Nevertheless, the residents of flats interviewed complained about the lack of space and particularly about the impossibility of making spatial alterations and extensions. As pointed out by Ducci the reduced size of units often impedes the celebration of family events. As a result living patterns change, encouraging individualism, breaking family bonds and often inducing young people to join street gangs (Ducci, 1998). Lack of space together with poor construction quality therefore increases the level of dissatisfaction of inhabitants. In the opinion of Arriagada,<sup>35</sup> the satisfaction of beneficiaries of BHP tends to decrease after the first months following the reception of the house. People grow quickly disillusioned with the spatial and qualitative aspects of the dwelling. This process is aggravated by the disappointment with the quality of services provided at the neighbourhood level, an aspect that will be examined in the following section.



Figure 4. Promotional leaflet for Basic Housing in Puente Alto. (SERVIU, 1999d)



FIGURE 5. Promotional leaflet for Basic Housing in Puente Alto. (SERVIU, 1999d)

Figure 6 Plan

Figure 7 Plan

The range of possible spatial changes and extensions is clearly dependent on the original configuration of the dwelling that in turn is highly influenced by production costs. Allowing alterations within and outside the unit makes the house more adaptable to the evolution of households and permits the use of the house as an income generation structure as demonstrated by the numerous small shops, workshops, garages and other services appearing in the more consolidated areas (Plates 11, 12). In this respect, a distinction can be made between the one or two-storey houses and the flats. It is evident that in the first case, the possibilities are greater and not surprisingly many activities are often developed in and around the house. Some cases are also given from the blocks of flats (Plates 5, 6, 7 and 8) although it is evident that the blocks offer fewer opportunities for change.

The solution of single family plots should not necessarily be advocated in the urban context as it implies lower density, higher consumption of land (and therefore higher costs) and greater urban expansion with increasing transport need. The configuration in small blocks of three and four floors when properly designed may create incentives for spatial expansions and a variety of uses. This aspect is clearly not considered in the Basic Houses Programme since the actual size of the space between blocks and the dimensions of the stairs and balconies are determined instead by minimum-cost criteria<sup>36</sup> (Figure 10, 11). This contrasts with the efforts and the inventiveness that many people have injected into these spaces despite the lack of "incentives" (Plate 9). In other words, the fact that the spaces between the blocks are apparently the few public or semi-public areas in which residents apply their efforts is by no means evidence of good design. On the contrary it is the result of an absolute carelessness in considering the relation between the buildings and the surrounding space. This is an issue that will be examined in more detail in the following section. What can be said here is that alternative solutions for making the use of residential environments possible as a source of income, when this cannot be achieved due to the spatial limitations of the units, may be found at the neighbourhood scale, integrating physical structure, technical and financial assistance. This could be achieved, for instance, by considering the provision of plots (when not already built structures) for rent (or sale) for commercial activities as a prerequisite of any new housing estate. In this manner, an integrated approach to housing beyond the limits of the units may contribute to the completion of use value.

Most of the complaints of residents also referred to the low construction quality and to the low or insufficient level of acoustic isolation (the separation walls are simple and not isolated, see

figures 8 and 9). The latter may provoke notable psychological stress within the households and among neighbourhoods. The lack of adequate acoustic isolation within the unit can have disruptive effects on levels of intimacy and privacy between households members (Ducci, 1998). It must be acknowledged that not all the construction aspects defined by the norms are inadequate, for example those concerning the seismic resistance characteristics of the structure. However, in other aspects like protection from external weather conditions they either are insufficient or give too many margins for poor execution. Emblematic in this respect is the case of a group of Basic Houses built by the building company COPEVA in Puente Alto. In 1992, a few months after allocation, this complex ended up on the front page of all newspapers because of the damages suffered during a storm. As a consequence, from that year on the government's concern for qualitative aspects increased. It was reflected in a new law on housing quality that assigned responsibilities (to the constructor, to professionals, to building material producers, etc) in the production process (MINVU, 1997). Notwithstanding, as many of those interviewed remarked, the law has substantially altered neither the production processes nor the technical specifications that largely influence the quality of the houses.

These specifications form part of the tendering requirements that in the last fifteen years have been dictated by quantitative goals. Quantity has been always given priority over quality. The evaluation of tenders up to 1983 was based on a mix of qualitative and quantitative criteria but from 1983 onwards the main target was quantitative and tenders were always adjudicated by the company which offered the greatest number of units for the same investment (Campos, 1997). The tendering procedures and the technical specifications have contributed to great extent to encouraging and supporting the current pattern of production. As already mentioned, they have favoured capital accumulation by lowering investment risks and have also increased the profit margin by reducing standards and quality (Richards, 1995). In the interview Campos<sup>37</sup> suggested that the Chilean Chamber of Construction (CCC) has exerted a political pressure that influenced the definition of types, size and construction materials of Basic Houses in order to better suit their financial and technical characteristics. The CCC has also contributed to decreasing the level of technical requirements, for example when the construction companies allied with building materials providers in the search for cheaper products. In these cases, the government has turned a blind eye for the sake of achieving quantitative goals. The bulk of the existing stock of BH was produced in this context.

Figure 8 Plan

Figure 9 Plan



Figures 10 & 11

Sustainability and environmental concerns in the solutions provided are almost never considered either in the specifications or in the productive processes or in the selection of materials. One of the few examples in which energy saving and higher thermal comfort have been promoted is that reported by Campos (1997) and launched by the local authority of La Florida in the SMR. In 1991, this municipality adopted a system of discounts on building licenses proportional to the increases in thermal isolation implemented in the projects. As Campos remarked this programme had a considerable success and encouraged many companies to finance new research and to start collaborating in the design of programme specifications. Nevertheless, when this kind of improvement has to be applied at a large scale such as for example to the thermal isolation of external walls of Basic Houses, it clashes with evident technical and economic barriers (Campos, *ibid.*).

The architect Cuevas<sup>38</sup> remarked that in recent years a new set of qualitative criteria has been (re)introduced. More than 40 points of the technical specifications have been revised (SERVIU, 1999b), and better design and construction are increasingly rewarded in the tendering procedures (SERVIU, 1999c). It would be possible to argue however that improvement in standards is in fact a measure taken within the logic aimed at favouring formal and well-established building companies. This approach is by no means negative when it promotes the provision of housing in a competitive context and when technological innovation and sustainability are encouraged by innovative and pro-active norms. Notwithstanding, the immediate effect of raising qualitative standards in a market dominated by the cost of land<sup>39</sup> and with poor margins of profit coming from the construction process is that of a rise in housing costs. Not surprisingly in fact the price of Basic Houses has increased (see graph 4). This, added to the fact that subsidies have not increased accordingly, makes access to the programme for larger sectors of the population more difficult or even impossible, with an evident reduction of the number of solutions completed in recent years (See graph 3).

The increase in quality had to be backed up by further state support (or higher purchasing power of the beneficiaries, or higher levels of competition among builders and materials producers) in order to avoid limitations in the access to the programmes. It is the understanding of this work however that it is possible to guarantee better living environments when progressivity and flexibility in the completion of housing use value are also considered as quality in the solution provided.

The reduction in standards and space, i.e. the reduction of use value at the scale of the housing unit becomes a viable and acceptable solution in conditions of urgency. In Chile this reduction should be made in the perspective of allowing people to improve on their own<sup>40</sup> spaces by giving them the continuous financial and technical support needed. Furthermore, this reduction would not necessarily undermine the wellbeing of people when housing policy is integrated to other factors at the three levels discussed here.

An element of housing use value progressivity was introduced in 1990 through the launch of the Progressive Housing Programme. Its explicit objective was to reach the lower income sector of the population and particularly those living as sharers. The PHP is fact articulated in two phases, (the second is optional) and three modalities, public, private and densification. The first phase consists of the provision of a plot of land of an average of 75 sq. m., and a core unit (bathroom and kitchen and a small room). In the second stage, the beneficiaries can opt for expanding the existing unit with further subsidies and a loan. In the public modality, the Housing and Urbanism Services Department (SERVIU) provides land and contracts the unit, in the private option the applicants provide the plot and participate actively in the management of the solution. Finally in the densification modality the subsidies are usually given to people living in condition of "allegado" and willing to remain in the same plot. The latter option has been demonstrated to be an interesting solution but it soon clashed with administrative and constructive obstacles as it intervened in areas and plots already built. It could be said that the most successful one is the private modality because it has allowed the achievement of the construction of bigger units (up to 35 sq. m.) and has opened the opportunity for innovative solutions (Basauri, 1999). It has also demonstrated that popular participation can largely contribute to achieving better use value.

It can be said that by and large the PHP has been conceived for promoting private sector involvement but without a serious analysis of the necessary preconditions. Not surprisingly very few cases of the second stage have been developed and what is more relevant, since 1993 the Progressive Houses at least in the first stage are no longer a viable solution in the Santiago Metropolitan Region (graph 2). The costs of land in fact exceed the value of subsidies provided. Thus, the Basic Housing Programme remains for the time being the most affordable solution provided by the state within the SMR. Despite the partial failure of the PHP, the idea of introducing progressivity in the construction processes

seems to be quite reasonable. In this regard an interesting proposal is made by Rodriguez (1999) who suggests the possibility of extending the “progressive” policy involving producers and dealers of building materials and providing flexible forms of finance for the purchase of materials. If so the policy would benefit not only the applicants for Progressive Houses but also the owners of Basic Houses and all those willing to modify and extend their houses.

The flexibility in housing use value at the scale of the unit should also consider the possibility of either providing houses for rent or of allowing people to rent part of the house as a source of income. In this respect Almarza (1998) points out that although there exists in Chile an extensive rental market for low income sectors of the population most of it is illegal, either because the regulations impede the rental of public houses, or because a great part of it includes sharers and other forms of informal arrangements. He also remarks that the Leasing Programme was introduced with the explicit aim of creating an offer in the rental market. It is premature to draw any conclusion on the performance of the programme, however it is reasonable to say that it cannot reach the lower levels of the population for whom the informal market still represents the most affordable solution. Therefore, it would seem correct to say that further attempts to extend the offer of rental housing should be considered by Chilean policy makers. In this respect Haramoto (1999b) outlines an interesting programme specifically designed for the lowest income sectors that integrates housing and capacity building activities. It provides temporary accommodation in rental units administered by municipalities. In addition the possibility should be considered of adopting the already well-established and efficient system of subsidy allocation for introducing a programme of subsidies for tenants. In this way it would be possible to support a collateral market for rental accommodation, widening the public offer and contributing to the wellbeing of many sharers, even those who keep sharing as a form of saving for gaining access to homeownership.

As a final remark in this section, it should be noted that the house (and the process of completion of housing use value) is for many households the single most important method of saving. Poor design and construction quality when combined with other aspects that will be discussed in the following sections often reduce the capacity of people to realise the exchange value of their dwelling. It could be argued that in the longer perspective there is a risk that the market does not adequately

reward the saving efforts of the beneficiaries of the BHP. Many residents in fact may find themselves owners of a property that is not exchangeable once the repayment of the loan is completed.

## 5.2 Neighbourhood

This section discusses the housing use value provided by the Chilean government at the neighbourhood scale considered in three forms. Firstly, as a spatial dimension (i.e. the most immediate extension of the dwelling space), secondly as a combination of local services and infrastructure, and finally as a social setting. The analysis will be focused particularly although not exclusively on two areas surveyed in the Municipalities of Puente Alto and Pudahuel. Both of them received a large number of BHP developments (see Map 2 ) and are quite representative as low-income areas although they are not located at the lowest extreme of the wealth distribution spectrum (Table 5).

The sociologist Arriagada<sup>41</sup> maintains that the level of satisfaction of beneficiaries of Basic Houses decreases rapidly as soon as their attention turns to the scale of the neighbourhood. The peripheral municipalities of the Santiago Metropolitan Region, where the bulk of Basic Houses have been built, have always suffered a chronic lack of investment in public spaces and infrastructure. This accrued to what Arriagada defines as the “dragging deficit”, as opposed to the deficit generated by new public housing developments. This is an inadequacy that becomes more evident when compared to the higher standards of the richer areas of Santiago, Vitacura and Las Condes (Fadda, Ducci, 1993). Tables 6 and 7 show the uneven distribution of public green spaces as well as the insufficient levels of maintenance of the publicly-accessible areas in the poorer and peripheral municipalities of Greater Santiago.

This situation has been aggravated by the system of housing provision and particularly by the tendering procedure that promoted very low proportions of green space. Green areas in Basic Housing complexes usually account for no more than 3 and 6% (with some rare exceptions which reached 11%) (Haramoto et al., 1997). In addition, urban design has always been dominated by mere cost criteria. As Toro<sup>42</sup> points out, the tendering regulations, by defining standard combinations of blocks, have also endorsed the monotonous repetition of the urban layout induced by the reduction of infrastructure costs (water, sewage, sanitation and electricity). As a result, public space is frequently a mere empty plot in the residential grid. (See figure 7)

Table 5.

<b>Municipality</b>	<b>Number of areas</b>	<b>Surface (m2)</b>	<b>Share of total surface (%)</b>
Renca	40	2,171,048	11.00
Santiago	57	1,964,028	9.95
Las Condes	230	1,734,753	8.79
Recoleta	53	1,436,896	7.28
Ñuñoa	90	1,166,583	5.91
Vitacura	94	845,025	4.28
La Granja	99	805,938	4.08
La Florida	282	709,309	3.59
La Reina	51	660,114	3.34
Conchalí	90	624,402	3.16
San Bernardo	78	579,916	2.94
Providencia	77	564,536	2.86
Quinta Normal	48	559,974	2.84
Estación Central	80	553,071	2.80
Maipú	181	531,641	2.69
La Cisterna	24	440,730	2.23
Lo Prado	74	437,190	2.21
Macul	35	429,810	2.18
Cerro Navia	71	344,729	1.75
San Joaquín	63	342,142	1.73
Pudahuel	35	320,595	1.62
Lo Barnechea	51	314,422	1.59
La Pintana	98	300,374	1.52
Puente Alto	94	298,106	1.51
P.A. Cerda	45	248,920	1.26
San Ramón	56	231,462	1.17
El Bosque	27	229,912	1.16
San Miguel	25	209,255	1.06
Lo Espejo	23	171,256	0.87
Independencia	37	165,395	0.84
Quilicura	40	112,599	0.57
Peñalóen	33	109,550	0.55
Cerrillos	22	77,903	0.39
Huechuraba	22	47,998	0.24
<b>Subtotal</b>	<b>2,445</b>	<b>19,739,582</b>	<b>100.00</b>
Parque Metropolitano	1	7,120,000	
<b>Total</b>	<b>2,446</b>	<b>26,859,582</b>	

Table 6. Publicly-accessible green areas in Greater Santiago, (adapted from Balza 1999)

Table 7

The transfer of open spaces to the municipality in new property developments is established by the General Ordinance for Urbanism and Construction ( Ordenanza General de Urbanismo y Construcciones). Further to this, in recent years the tendering regulations have included improved specifications for open spaces. In the annex referring to the design of green spaces the need for adequate public spaces for improving the quality of life of residents is clearly noticeable while in the annex referring to communal facilities, the characteristics of playgrounds, sport grounds, and communal building are specified (SERVIU, 1999a; 1997).

These improvements, however, risk remaining inoperative or insufficient because of the division of responsibilities and the low or practical non-existent transfer of resources from the MINVU and the municipalities. The Director of the Housing Department in the municipality of Pudahuel, E. Maldonado<sup>43</sup> points out that there is no co-ordination between institutions, there is no adequate transfer of funds, and the poor quality of urban spaces in the housing settlements is probably the most evident result of the lack of integration between housing and urban planning. As observed by Balza (1993), Santiago is managed by several public organisms. For example the streets are paved by the Housing and Urbanism Services Department (SERVIU) of the Ministry of Housing and Urbanism (MINVU), but also by municipalities and, according to their urban or interurban nature also by the Ministry of Public Works (MOP).

There is other evidence that the housing use value provided at the neighbourhood level has neither satisfied residents' needs nor has it encouraged them to improve the situation. According to Ducci (1998) the fact that even after many years of occupancy there are very few signs of improvements in urban spaces, is a clear sign that the beneficiaries of the houses do not appreciate the urban environment. As argued in Chapter 3, the design of the spaces does not necessarily lead to creative attitudes and innovative interventions. Design should provide incentives and motivations for people to develop their environment, to make it more responsive to their needs and thereby to improve their quality of life although there is not any unequivocal relation between design and social behaviour (Hertzberger, 1999). It could be said nevertheless that the urban design of the Basic Housing estates and particularly in the case of blocks by no means provides "incentives" and encourages "public life". The blocks are completely turned towards the interstitial access spaces and turn their "back" to the streets. (See plates 13, 14). Few openings in

fact allow people to use the external space surrounding the building. Recently, the area surrounding the blocks has been given in co-property to the residents with the idea of encouraging their efforts in terms of maintenance and improvement (SERVIU, 1999c). Although it is premature to make an evaluation, it could be questioned to what extent this measure can be effective in absence of "design incentives".

The impression given by a quick survey, is confirmed by the residents interviewed. They remarked on their dissatisfaction with the lack of open safe spaces for children, and of adequate sport grounds and green areas. In the area surveyed in Pudahuel for example, the football pitches were obtained only after long negotiations between the local community and the municipality. In Puente Alto residents' complaints related to the expensive entrance fee and the cost of lighting that prevent many people from using the existing municipal infrastructure sport grounds.

Although the quality of the urban design and of the open spaces (streets, squares, parks, playgrounds, etc) is far from being satisfactory, it must be acknowledged that the democratic government is trying to amend this situation. Since 1992 the Ministry of Housing and Urban Development launched the Urban Parks Programme "to meet the needs of the urban poor particularly in the Santiago Metropolitan Area" (Balza, 1999). 130 hectares of green areas were provided in 1996 only in the SMR (equivalent to more than 20% of the total existing maintained green space). As Balza remarked, the programme has come to a crucial phase. Its shortcomings due to the poor co-ordination between local authorities, the lack of diversification of funds and discontinuous community participation have to be solved if the programme is to become sustainable (Balza, *ibid.*). Other programmes and projects were also started in these years as part of the democratic discourse. For example the Participatory Paving Programme (PPP), aimed at improving the poor pavement quality of peripheral areas combining the resources of the Ministry of Housing and Urban Development (MINVU), the municipalities and local communities. The investment in the (PPP) increased from 6,396 billions of pesos (\$) in 1994, to \$ 20,295 in 1995, and up to \$ 27,300 in 1996 (MINVU, 1999).

These interventions not surprisingly came after the government started to question the contribution of the housing programmes to the quality of the urban environment. In 1993 in fact Etchegaray affirmed that: "a housing policy can be sustained long-term if it is situated within a framework of urban development [...] the urban development of human settlements

must include adequate planning and construction of public spaces (streets, parks, and community amenities), to provide the development and social interaction which is hindered by the small size of the homes" (Etchegaray, 1993). In the opinion of Ducci (1998), what is more surprising is that although the government recognises these problems, it still considers them to be the undesirable by-product of targeting. Thus, some measures are introduced such as the programmes mentioned above but the lack of integration, the unwillingness to consider housing use value as a complex that embraces many different factors at different levels impedes tackling the "structural" causes of this situation.

What has been hitherto said about urban spaces is applicable to the provision of adequate services at the scale of the neighbourhood or municipality. Education, health infrastructure, cultural and religious facilities, public security and justice institutions, are essential factors for human well being. They cannot be considered separately or as a corollary of public housing intervention. On the contrary, any policy whose aim is guaranteeing *social justice* and *intergenerational equity* should integrate housing and services promoting a higher degree of decentralisation and the devolution of powers and resources to the local authorities.

The level of integration between housing policy and other social services is lower than that between housing and urban planning\*. Contador<sup>44</sup> however remarks that changes for better co-ordination between policies are increasingly introduced. An example is the attempt to integrate the intervention of different departments in the Communal Services Programme (1996), aimed at improving the services of new housing estate. Another is the Communal Improving Programme that provides services for estates built before 1994 (MINVU, 1999). Nevertheless, when questioned about the objectives of these programmes Arriagada pointed out that they are *de facto* reducing the "dragging deficit" in services and infrastructure. Thus they do not improve the use value of new developments.

The deficiency in infrastructure, services and public spaces is not only a matter of lack of policy integration between departments and ministries. It is also a problem of management, assignation of responsibilities and transfer of resources between different tiers of the administrative structure. For example, management and investment in services like primary schools and health infrastructure depends from the Municipalities that receive grants from the central government. Nevertheless, as Maldonado remarked, in Pudahuel the resources given by the central

government are not sufficient to guarantee adequate levels of maintenance of facilities.

The scarce transfer of resources is aggravated by the fact that "the real estate property implanted in their territories is exempted from land taxes, the most important source of revenue for the municipalities" (Rojas, 1999:24). Although there are obvious economic reasons behind the tax exemption, it is possible to argue that this practice increments one of the worse aspects of targeting mentioned before, i.e. it demonstrates that a certain sector of the population is not paying for the services that it receives.

Although this paper cannot embark on an analysis that would exceed the limits of this discussion, there is some evidence that under the democratic government the inequalities in services and infrastructure are still not only the casual effect of (say) bureaucratic barriers but more the reflection of deeper social inequalities. As Haramoto remarks, between 1990 and 1995 for example there was a surplus of school vacancies in those municipalities that received less (not to say practically any) public housing developments. In the same period, the municipalities received most of the new public housing settlements that in the last two decades, presented a high deficit in the educational offer (Haramoto et al., 1997). Furthermore, as the authors remarked, the same inequality may be found for any other social service. Apparently is not only a matter of increasing expenditure but of redistributing the available resources more equally.

Besides the provision of services, the neighbourhood could also be the place where job opportunities could be found, especially in retail activities or small enterprises. The residents interviewed in Pudahuel and in Puente Alto however indicated the lack of jobs within or close to the residential areas as being a serious constraint on their lifestyles. This situation has worsened since 1998 due to the economic crisis. Not surprisingly in Puente Alto, groups of women were setting up small stands selling food and other goods as a way to contribute to the families' budget. (Plate 10).

As argued before there are structural reasons in the socio-economic model, the same that create barriers to housing access, that impede the creation of employment and that keep part of Chilean population excluded from formal job markets. Additionally, when focusing the analysis on the neighbourhood scale it can be argued that the spatial configuration may also contribute to exacerbating the problem. To a certain extent in fact, the lack of jobs is a consequence of the concentration of a homogeneous sector of the population in the same areas. If the main



reason for that is to be found in the relation between housing policy and land planning and will be explained in the following section, the implications of this become apparent at the neighbourhood level. The lack of social mix precludes job opportunities that may occur when different income sectors of the population live together. Furthermore, the concentration of homogenous sector of the population in peripheral areas also contributes to reinforcing the tendency towards social segregation, not only at the city level but also within the same neighbourhood. According to Sabatini in fact, social uniformity does not always generate social networks. Very often it results in the opposite situation, in which people tend to mark the differences between them instead of generating constructive social behaviour and solidarity (Sabatini, 1998). In Chile dissatisfaction with residential environments does not seem to result in social movements and participatory practices at a large scale.

In the first place, it must be remarked that current housing policy, with the exception of the Progressive Housing Programme and "Chile Barrio" does not consider popular participation apart from the financial aspects, nor does it give space to people's preferences. Despite the rhetoric of "free choice" as declared in the document presented at Habitat in 1996 (UNCHS, 1996a), Chilean policy and particularly the Basic Housing Programme does not offer many alternatives to applicants. Instead it increases the expectation of receiving a house that in turn implies being patient and disciplined in meeting the application requirements. This logic proved to be quite successful in averting land invasions<sup>45</sup>. Basauri<sup>46</sup> noticed that the level of dissatisfaction of residents is reinforced by the disappointment that arises when these expectations are not met by the use value provided. Up to 1997<sup>47</sup> this was aggravated by the fact that allocation system, for the sake of transparency and impartiality, matched the selected applicants to the available units without considering their preferred location. Therefore, the houses assigned were frequently far from the previous area of residence of beneficiaries. Ducci remarks that in this way the housing policy has considerably contributed to breaking down existing social networks and kinship relations, and to reducing the opportunities for social mobilisation and community participation (Ducci, 1998).

In the second place, the passive attitude with respect to the residential environment is partially the result of the paternalistic formula adopted in housing policies that makes people more dependent on the state (Ducci *ibid.*). Thirdly, it can be argued that economic growth and the dominant socio-economic model

based on the exaltation of individuality contribute to making the commitment to social activities less necessary and less ideologically attractive. Finally, consumerism as a form of social control has increased the relative levels of social immobility. As Moulian interestingly remarked, the popularity of the "credit economy" as shown by the increasing use of the credit cards, creates a sort of psychological (and financial) dependence on the future. This seems to reinforce the commitment of workers to discipline and submission to their employers (Moulian, 1997). With respect to housing, this form of "claim on the future" makes it more unlikely that people get involved in social movements that may threaten their economic commitments.

To this it must be added that most of the Non Governmental Organisations (NGOs) that were active during the military regime almost disappeared in the 1990s. Basauri (*ibid.*) indicates that more than 60 organisations were involved in activities related to the urban environment in the 1980s while nowadays only four or five are still active. As he points out the main reason for this is the attitude of the government that does not distinguish between an NGO and a private company, making it almost impossible for the NGOs to receive support and to operate. The few NGOs still active in the Metropolitan Region are involved in the "Chile Barrio" programme where the participation of the volunteer sector is considered in the policy's formulation.

### 5.3 Urban system

In section 3.3, it was observed that a deeper analysis of the implications of urban system for housing use value would open the discussion on several social, political, economic and environmental issues. It must be acknowledged in fact that many factors are crucial for the patterns of urban development and management for any city, and Santiago is not an exception. For example the location of industries and transport infrastructure (motorways, railways, airport, etc), when adequately addressed in a comprehensive policy framework can contribute to fostering sustainable patterns of production and consumption. These elements have clear implications for the residential environment and housing use value such as for example, job creation, urban access and the control of externalities such as pollution and traffic. The length restriction of this paper however limits the discussion only to those aspects, land use policy, land market and urban segregation, whose influence on housing use value is more evident and direct.

In the case of Santiago the mutual influence between urban planning and housing

policy is quite evident. The former outlined the patterns of development that the latter has so largely contributed to reinforcing without being integrated. The present social and spatial configuration of Santiago is by and large the result of the incongruent (although at least under the military regime deliberate) nature of state intervention. On the one hand, urban planning since 1979 has been almost suppressed and the land market has been left under the control of the private sector. On the other hand, the government has increasingly intervened in the housing sector. The main reasons for this approach were already explained in the previous chapter. What is worth remarking on here is that in the last decade the democratic government has not been able (or willing) to modify the situation. This is in contrast to the official discourses in which the problematic of the lack of integration between urban planning and housing policy has been recognised<sup>48</sup>.

Rojas remarked that “the lack of concern for urban development impacts is a major flaw of Chilean housing policy. Excessive reliance on the automatic adjustment mechanism of the market explains the initial reluctance to use proactive urban development measures. Single-minded preoccupations with increasing the volume of houses financed with a given budgetary allocation explain later the willingness to incorporate but minimal mitigating measures” (Rojas, 1999:26). In the last twenty years, there has been a lack of concern for the effects of the massive production of houses on urban development. In addition, there has been lack of concern for the implications of the liberalisation of the land market on the housing use value provided by the state. Or, in other words, there has been a lack of integration of policies that means that state intervention in housing provision has been the main generator of an extensive, monotonous and socially homogeneous periphery (See map 3). This is what Ducci (1998) calls “the city of poor”, as opposed to the “city of business” or the “city of the rich”. The difference between the middle and upper class areas such as Vitacura and Las Condes in the north-east of Santiago and the low-income neighbourhoods such as Pudahuel in the west or Puente Alto in the south are indeed apparent. They are the reflection of the socio-economic inequality that divides Chilean society in which the average income of the lowest decile in 1998 was approx. US \$130, whilst the upper decile accounts for approximately US \$ 3,780 (See table 2).

The “city of poor” is the result of the concentration of a homogeneous complex of low income housing (use value) in peripheral sectors of the Santiago Metropolitan Region (SMR) characterised by poor design, low

quality construction, and inadequate provision of open spaces and services, all aspects that have been discussed before. The current social and spatial configuration of SMR is the result of more than two decades of policies that deliberately first, and for reasons of political inertia later, promoted social and spatial segregation under the ideological cover of the free market. Initially under the military regime, the main goal of policies was to eradicate squatters from valuable land in the Northeast of Santiago, and to separate the upper classes from the rest of the population (Sabatini, *ibid.*). In the last decade, although the eradication of squatter settlements for political reasons came to an end, the unequal pattern of growth was not altered.

The single most important element of urban planning that resulted from this situation is the liberalisation of land markets carried out by law in 1979 (DS 429/79). Sabatini remarks that the DS 420 very soon had negative effects on the urban (and social) development of Santiago, by leaving all the most valuable land in central areas and large parts of the periphery in private hands (Sabatini, 1998). In the same period the Urban Development National Policy (PNDU/79) reinforced private property rights to the point that, as Gross observed, in the ideological and political context of the 1980s no government’s intervention could have violated private interests (Gross, 1991). The primacy of private property in Chile was and by and large is still so strong that there exists an idea that the surplus value generated by state intervention is part of property rights. (Sabatini, *ibid.*). The supremacy of private property and therefore of private interests is probably the major impediment to readdressing power relations in urban planning and housing provision. In this respect when interviewed, Contador remarked that the government and particularly the ministries responsible for urban planning should be equipped with more powerful legal instruments for controlling land markets. Otherwise, in his opinion, not only is the achievement of the integration of policies unlikely, but so is the efficient execution of existing plans. It is however quite difficult to promote changes of this kind because they clash with the interests of the dominant sectors of the population and, what is probably even more difficult, their objectives are in contrast to the dominant ideological positions.

The most negative effect of the private control over land markets for housing use value is the impossibility for the government to locate new settlements in more central areas. Since the state has no powers to negotiate with landowners land rent becomes the determining factor in the location of housing. As a result, most of the Basic Housing developments are located in plots in peripheral

Map 3

municipalities where differential land rent is lower and where, as Ducci remarked, the land is often inadequate for residential use (Ducci, 1998) (See map 2). Although more radical changes in urban planning and management should be advocated, as Sabatini interestingly remarks, the government could combine the housing programme with an aggressive land policy under the current market rules. He suggests facing initial higher project (land) costs and trying to locate low-income housing developments like Basic or Progressive Housing in middle and upper-income areas. As a consequence of the “negative externality” given by the poor settlements, the land rent of the surroundings would be lowered and new opportunities opened up for further low-income housing development at lower costs (Sabatini, 1998).

The problematic of urban expansion has not been understood in its complexity and conflicts between housing policy and urban planning arise. Carrasco and Silva<sup>49</sup> remarked that at least two other factors contribute to this situation. In the first place, an element already mentioned in the previous section, the fragmentation of responsibilities among different institutions and administrative tiers makes it almost impossible to promote and manage changes in the current patterns of urban planning. In the second place, the strong political value of housing policy, the quantitative goal and its successful achievement have been adopted as an instrument for gaining political support. In the last decade this has kept housing policy separated from the consideration of the urban impact of housing provision.

Within the understanding that housing location must be considered as a primary quality of housing (use value), the deregulation of urban planning has evidently had negative effects. The peripheral location of public housing developments has had as a major consequence the separation of inhabitants from the areas where job opportunities but also other social and cultural services are concentrated, i.e. basically Santiago downtown, Providencia, Vitacura y Las Condes. The increased distances accrue to non-sustainable patterns of consumption, encouraging the use of private cars, increasing consumption of non-renewable resources and aggravating air pollution. The higher need for transport in Santiago is also satisfied by an extensive network of buses, “micros”. Rojas observes that “the privately-owned and managed urban transportation system usually reacts to the demand created by the new neighbourhoods. The low fares charged allow low-income families access to the system. Also, they force operators to extend the routes to generate sufficient revenue extending the

travel time of the population living in the periphery. Average journeys to work in Santiago are over 50 minutes consuming for workers almost two hours daily” (Rojas, 1999:24). The privatisation and deregulation of public transport has also increased levels of traffic congestion further aggravating the levels of air contamination in Santiago (Fadda, Ducci, 1993).

In conclusion, it can be said that a greater integration of urban planning and housing policy must be advocated at the city level. This could have beneficial effects on the housing use value provided by the state as well as positive repercussions on urban and social development. Accordingly, changes in the power relations between the government and private sector should be advocated. This would help to make a more strategic use of land planning, to paraphrase Vergara, encouraging the use of urban land as a resource whose ultimate objective is giving people the chance to dwell (Vergara, Palmer, 1991).

## 6. CONCLUSION

The aim of this paper was to study housing use value at three spatial levels – the housing unit, the neighbourhood and the urban system – in order to elaborate a theoretical framework and a conceptual instrument for policy assessment. The case study is Chile and in particular its capital, Santiago, chosen in the belief that the application of this tool to a well-established and successful housing policy might provide interesting insights into the policy and on the effectiveness of the instrument itself.

The theoretical discussion of housing use value in Chapter Three addressed the first of the objective (a) set out in 1.2. It demonstrated how under the sustainable paradigm it is necessary to consider economic, social and environmental factors at all three levels. It outlined how these considerations have implications for the design and construction of the units, for the local urban layout and the availability of open spaces and services. The discussion has also highlighted the importance of popular participation in the decision-making processes affecting their residential environment. This practice in fact promotes the sense of identity with the neighbourhood, encourages people to improve the environment and, as remarked in Agenda 21, to foster sustainable development at the local level. Furthermore, it has been highlighted that housing use value is influenced at the urban scale by the patterns of urban development and particularly by the land policies and how these elements are determinant for housing use value in terms of location and accessibility

to jobs and services. Location and land use planning are also decisive for creating more sustainable patterns of consumption and production within cities. If housing is located closer to work places and services, the need for transport decreases and so does the use of non-renewable resources and pollution. At the same time, socially mixed locations and land use planning are also decisive for creating more sustainable patterns of consumption and production within cities. Social mixing when encouraged by a proper land use policy can discourage and contrast patterns of social segregation and exclusion within cities.

The wider definition of housing use value evidently poses new challenges to state intervention. Chapters Two and Three have already addressed the problematic related to the second objective (b). As a final remark, it could be said that when housing use value is considered at the three levels proposed, on the one hand it becomes more difficult to formulate a single policy or even a set of integrated policies that embrace this wider definition. On the other hand, once the goal of sustainability become genuinely part of the development of any country, this kind of analysis should make it easier to readdress policies in accordance with the principles of sustainable development.

The main discussion in Chapter Five, related to the objective (c) gave a succinct but comprehensive assessment of Chilean housing policy with particular reference to the case of the Basic Housing Programme in the Santiago Metropolitan Region. The three levels of analysis highlighted a series of weaknesses in the housing use value provided that explain the increasing level of dissatisfaction expressed by residents with the physical structure, and with the quality of the services in the neighbourhood. The analysis has also demonstrated that most of the contradictory aspects of use value at the three levels stem from the lack of integration between policies, from institutional fragmentation, and from the predominance of the quantitative goal over qualitative aspects. It has been observed that there are political reasons that add to this situation. A deeper analysis of the causes of the current situation of high social inequality and spatial segregation can only be achieved

with reference to political and social factors that are related to the dominant socio-economic model. According to the opinion expressed by different scholars and practitioners in housing field, it is necessary to reconsider the relationship between the state and the private sector in many aspects. This would make it possible to integrate housing policy and urban planning and to make housing policy a valuable instrument for poverty alleviation and sustainable development.

The theoretical discussion and the analysis of the Chilean case have been limited on this occasion by the inherent length restrictions of this work. However, in response to the fourth objective (d) set out in 1.2, it can be said that perhaps the greatest obstacle to the improvement of this instrument lies in the increasing number of elements and factors that should be considered. These are factors that are determined by the social, economic and environmental context. Whenever it is possible to select and outline those issues that are most relevant to the analysis of a specific case, this kind of analysis may give interesting insights and indications on housing policy. In this work, for example the elaboration of the tool has been carried out as a complement to the collection of information on the Chilean case. Therefore, it might be the case that some aspects relevant in another context have not been examined.

This paper is the final work of a course in which housing processes have been examined in terms of content: theory; context, the socio-economic situation; direction, and housing policies. In the last thirty years the direction of housing policy, influenced by new content and largely affected by the context, has retreated from the physical aspects of housing to the institutional processes. However, through the year the idea emerged that it is time to reformulate housing policies linking together all the aspects such as infrastructure, institutions, finance, communities and markets, including the physical determination of housing. The belief in this comprehensive approach to housing has underpinned this paper throughout.

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Plates 1 and 2. "Type B" terraced and "type C" blocks in "Estrella del Sur", Pudahuel

Plates 3 and 4. COPEVA Basic Houses, Puente Alto

Plate 5. Ground floor extensions in blocks of Basic Houses, Pudahuel

Plate 6. Ground floor extension in block of Basic Houses, Pudahuel

Plate 7. Basic Houses “B type” in Pudahuel

Plate 8. Ground floor extensions in Basic Houses “type B”, Pudahuel

Plate 9. “In-between” space, staircase and balconies in Basic Housing twin blocks, Puente Alto.

Plate 10. Women selling food between Basic Housing blocks, Puente Alto.

Plate 11. Retail extension in “B type”, Basic Houses, Pudahuel

Plate 12. Retail extension in “C type” Basic Houses, Pudahuel.



Plate 13. Open spaces in Basic Housing complex, Pudahuel

Plate 14. Open spaces in Basic Housing complex, Pudahuel

Plate 15. Street life at 5.00pm in Puente Alto.

Plate 16. Street life at 5.00pm in Puente Alto.

Plate 17. New (1999) Basic Housing blocks in Pudahuel.

Plate 18. New (1999) Basic Housing blocks in Pudahuel.

## ENDNOTES

- <sup>1</sup> Housing theory as such is not to be found in any specific text, however most of the concepts of a Marxist approach to housing can be found in the early work of Castells, and in the works of Pickvance, Harvey, Folin, Burgess, Lojkin and Preteceille among others. For a succinct review of their theories see Bassett, Short, 1980.
- <sup>2</sup> There is a distinction in sociology between the state as a social structure and the government as an institution. The latter can be considered as a specific form of the former.
- <sup>3</sup> A commodity might be anything, material or not that satisfies a human need or want, in the case of housing it has to satisfy socially acceptable standards (use value). It has also to be produced at average conditions of production and therefore it can be exchanged in a regular and formal market (exchange value) (Ramirez, 1998).
- <sup>4</sup> The value of reproduction is equivalent to “an historically determined bundle of goods and services necessary to ensure the survival of the worker and his family” (Basset, Short, 1980:164-165)
- <sup>5</sup> A formal market can be defined as a market working according to formal rules.
- <sup>6</sup> Division of labour as “the process whereby productive tasks become separated and more specialised. [...] In economic theory, the division of labour also gave rise to increased trade and exchange of goods and services”, (from Jury D., Dictionary of Sociology, 1991, 168).
- <sup>7</sup> Money should not be confused with the value of commodities. Money in fact is a mere mean of exchange, just think about all the different forms it may take, including the “machine-held” records in a bank account.
- <sup>8</sup> A wider set of characteristics makes the building industry sector different from others. For an introduction to the building industry see Wells, 1986, while for an interesting explanation of the role of the building industry and the influence of land markets on the production of housing see Duncan, 1986.
- <sup>9</sup> The risk for housing use value is that in order to keep the rate of profit higher, the producers, with the implicit consent of government, reduce standards and quality below socially acceptable standards.
- <sup>10</sup> Our Common Future is also well known as the Brundtland Report after the name of Gro Harlem Brundtland, the Norwegian Prime Minister who chaired the commission.
- <sup>11</sup> His intervention was part of a cycle of lectures on “Sustainable Cities”, organised by the Development Planning Unit (DPU) and the International Institute for Environment and Development (IIED) in April 1999.
- <sup>12</sup> The non-sustainability of cities and the need for limiting urban growth are defended by the “deep green” city movement whose commentators have proclaimed the necessity of returning to small, co-operative and self-reliant cities (Haughton, Hunter, 1994).
- <sup>13</sup> B. Haumont (Ecole d’Architecture de Paris La Défense) intervened at the international Symposium “Postgraduate education on sustainable urban development and housing” organised by CARDHUS I Network and held in November 1998 at DPU.
- <sup>14</sup> In the LDCs in the 1990s between 12 and 15 million households will be added to cities each year and where urban population will account for more than 2 billion by year 2000. (Burgess, Carmona, Kolstee, 1997). Over 80% of the populations of Venezuela, Uruguay, and Argentina are urban (Clark, 1996). In Chile according to the last census in held 1992, 83,5% of the population was living in cities (INE, 1997).
- <sup>15</sup> Fiori J., “Housing policy and structural adjustment: abandoning the poor”, seminar held at DPU, 1998.
- <sup>16</sup> Agenda 21 is the United Nations Programme of Action proceeding from the UN Earth Summit held in Rio de Janeiro in 1992.
- <sup>17</sup> \* See for example Max-Neef, 1989.
- <sup>17</sup> We should be aware that in the English language there is a substantial difference between the term “house”, indicating the physical structure of dwelling, and the term “home”, that associates with the physical structure (house) a feeling of well-being and belonging to a place. In the ultimate analysis, it could be argued that the goal of housing policies is providing houses that could become homes.
- <sup>18</sup> The total amount of energy necessary for their production, including transport.
- <sup>19</sup> In this respect the location of housing also becomes crucial. See the following section about urban system.
- <sup>20</sup> In this case, the house can be considered as an “asset” according to the definition given by Moser (1996). The concept of asset however is less specific and offers fewer analytical insights than housing as a commodity. Economical asset as meant by Moser is in fact a sort of combination of both exchanges and use value mentioned in this work.

- <sup>21</sup> As reported in UNCHS (1996b), although the percentage of those living in rental accommodation may vary from one country to another, tens of thousands of individuals and families live in tenements, lodging houses or cheap “hotels” in Latin America’s large cities centres. “Centrally located rental accommodation serves those low-income individuals or households whose source of income is in central cities or other prime locations where all forms of legal or illegal “owner-occupation” are far beyond their means”, (UNCHS, 1996b:217).
- <sup>22</sup> For an interesting description of the relation between the state and community participation see Midgley, 1986.
- <sup>23</sup> The principle of subsidiarity can be defined as the one that fosters decentralisation of responsibilities, tasks and control over resources at the lowest most efficient level. (UNCHS, 1996b).
- <sup>24</sup> See Verhage, Needham (1997) for an interesting discussion of the Dutch case.
- <sup>25</sup> The notion of Human Development refers to a wider definition of development beyond the macro-economical indicators and that considers all aspects and dimensions of human beings, including the subjectivity of value judgement with respect to quality of life (PNUD, *ibid.*).
- <sup>26</sup> The most important crisis was in 1981-83 after 5 years of economic growth and was characterised by the (momentary) rise of social movements (Moulian, 1997).
- <sup>27</sup> The pension funds of the workers represented in 1993 35% of the GDP, (Bravo, 1993), a figure that according to this author should rise to 67% over the next 20 years (supposing that the economy will grow at a rate of 5% per annum).
- <sup>28</sup> This last aspect combined with the rising expectations of receiving a shelter through official mechanisms has limited the attempts of illegal occupation of land even under the democratic administrations in the 1990s (Richards, 1995).
- <sup>29</sup> Greene M., Faculty of Architecture and Urbanism, Pontificia Universidad Catolica (PUC), Chile, Santiago,. Interview held at PUC, on 23 July 1999.
- <sup>30</sup> See also note 25. The concept of subsidiary state as applied in the Chilean context is much more closely related to the neo-liberal idea of the state as the principal origin of market constraints. In this perspective the state is forced to withdraw from many areas of potential capital accumulation or excessive social expenditure (Burgess, Carmona, Kolstee, 1997). For an interesting account of the most famous case of state withdrawal from housing provision, see Malpass, Murie, 1999, on British policies.
- <sup>31</sup> UF stands for “Unidades de Fomento”, equivalent in 1999 to approx. USD \$30.
- <sup>32</sup> The CAS survey is carried out by means of a means-test, the “ficha CAS-2” (CAS stands for “comités de asistencia comunal”, committees for community assistance) based on a set of 50 questions of those 18 for the identification of the family, 13 for the residents within the same household and 20 that gives points for the final classification. (MIDEPLAN, 1995)
- <sup>33</sup> Basauri V., architect, former director of Taller Norte (NGO), Santiago. Interview held on 27 July 1999.
- <sup>34</sup> According to the CASEN in 1992, 45,7% and 51.5% of the families in the two lowest quintiles of the population were sharing (MIDEPLAN, 1992; cited by Jirón, 1995).
- <sup>35</sup> Arriagada C., Sociologist, Ministry of Housing and Urbanism, (MINVU). Interview held at MINVU on 27 July 1999.
- <sup>36</sup> It is in fact quite apparent that the distance between twin blocks is determined by the minimum development of the stairs.
- <sup>37</sup> Campos R. J. P., Executive Director, Chilean Construction Institute, (CCI). Interview held at CCI on 30 July 1999.
- <sup>38</sup> Cuevas R. Eric F., Area director, SERVIU Metropolitano, Santiago. Interview held at SERVIU on 29 July 1999
- <sup>39</sup> See section 4.3.
- <sup>40</sup> It does not refer necessarily to self-help practices. On the contrary, it has been widely recognised that people tend to contract small enterprises instead of putting in their own labour. This general attitude in fact leaves open the possibility for further involvement of the private sector whenever the state is committed to provide technical and financial support.
- <sup>41</sup> See note 1.
- <sup>42</sup> Toro A., architect, INVI, Santiago. Interview held at INVI on 30 July 1999.
- <sup>43</sup> Maldonado Enrique, director of the Housing Department, Pudahuel Municipality. Interview held at Pudahuel Municipality on 28 July 1999.
- \* Housing and urban planning are both under the responsibility of the same organism, (MINVU). the Ministry of Housing and Urban Planning.
- <sup>44</sup> Contador C. C., Subdirector Housing and Services Department, Metropolitan SERVIU, Santiago. Interview held at SERVIU on 29 July 1999.

- <sup>45</sup> Although, in the last year, the economic crisis has made access to formal housing solutions more difficult and as an evidence of this, some land invasions took place. For example on 5 July in the Municipality of Peñalolén, a group of 700 families occupied a plot of empty land. After two weeks, approx. 2.000 families were already squatting in provisional shelters (El Mercurio, 18 July 1999).
- <sup>46</sup> Basauri V., architect, former director of Taller Norte (NGO), Santiago. Interview held on 27 July 1999.
- <sup>47</sup> It must be said that in the last two years the system of allocation of unit permits applicants to chose, or at least to express a preference with respect to location.
- <sup>48</sup> See for example the already cited Etchegaray, 1993.
- <sup>49</sup> G. Carrasco, L. Silva, "Complejidad y Conflicto en la Gestión Urbana Habitacional", seminar held on 28 July 1999 at the Faculty of Architecture and Urbanism, Chile University, Santiago.