



Progressive housing approaches in the current Peruvian policies

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Since 1961, Peruvian governments promoted progressive housing construction as a way to cope with the huge housing deficits resulting from accelerated urbanization, a process which inspired John Turner for a pragmatic approach for progressive housing in poor countries: the self-help approach. The Peruvian political reforms of the 1990s, however, eliminated the support to progressive housing. The housing sector was reformed to promote access by: (a) facilitating mortgage credit as the way to overcome the large housing deficits, and (b) providing land titles in informal neighbourhoods to incorporate the properties to the formal housing market. Programmes for affordable housing were initiated in 2003, which coupled with the uplift of the economy have produced a construction boom and delivered affordable housing. On the other hand, COFOPRI, the programme to regularize land in informal neighbourhoods – considered the world's largest of its type and a model to other countries – has granted more than 1.8 million land titles. Since the main benefits seemed confined to certain groups during the first years, the government of García – installed in July 2006 – reoriented the housing policies towards lower-income groups. In this context, this study explores the role of progressive housing approaches in the new policies and their effects on the housing situation of the poor.

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Introduction

Progressive housing approaches have been a characteristic of the Peruvian housing policies since 1961. Driven by rapid urbanization, progressive home building by poor residents had already become an important element of urban growth in Lima by the end of the 1950s. A demographic transition process, began in the 1940s, was forcing people to move away from the rural areas towards the largest Peruvian cities. Rural–urban migration changed Peru from an eminently rural into an eminently urban country in few decades, from 1940 to 1970. However, post-war industrialisation by import substitution was more modest and arrived later compared to other Latin American countries (Dietz & Tanaka, 2002), what resulted in widespread urban poverty.

Consequently, the housing situation became extremely challenging: rapid urbanization produced extensive informal settlements (called in Peru, *barriadas*). Most dwellings produced in such way, however, have low quality levels. According to the 2003–2007 National Housing Plan (PNV):

The total number of private dwellings according to the 1993 Census reached the figure of 5,099,592 housing units. Compared with the 1981 Census, this figure represents an average annual growth of (actually-occupied) 121,249 housing units. From these, the absolute majority was produced outside the formal rules and lacking minimal conditions of habitability (Ministerio de Vivienda, 2003: 2).

Due to the massiveness of *barriadas*, the housing deficit has become a qualitative rather than a quantitative issue. The Ministry of Housing estimated for 2000 a quantitative deficit of 326,000 dwellings, and a qualitative deficit of 907,000 dwellings. 40.9% of the whole housing deficit would be concentrated in Lima (Ministerio de Vivienda, 2003: 2). Nevertheless, the housing sector has been growing fast during the last years in Peru. State-sponsored programmes with private sector participation were initiated in 2003, aimed at building affordable housing, something new in the Peruvian housing sector, in which formal housing accessibility has been traditionally exclusively in the hands of the private sector.

The improved economic situation and the recently implemented programmes have promoted the dynamism of the construction sector. Thousands of new homes have been built in recent years, although not exclusively through public programmes. *The Economist* described Lima's construction boom:

Blocks of flats or offices are under construction on nearly every street. New hotels and restaurants sprout on every corner, while

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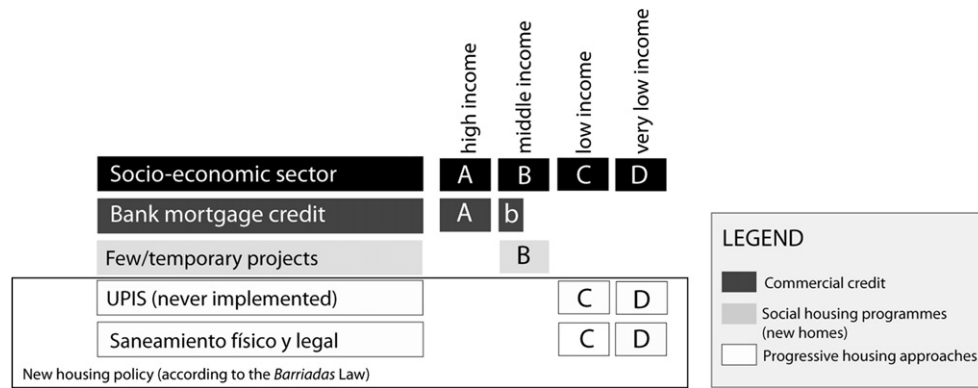


Fig. 1. Main way of access to housing according to the household's socio-economic levels during the 1960s.

shopping centres multiply in what were once shantytowns. ... Lima, Peru's capital of 8 million people is shedding its former air of provincial lassitude and turning into a bustling metropolis. The city is the visible face of a boom that has made Peru South America's fastest-growing economy. (The Economist, 2008: 56).

This process has made Lima denser, changing the face of many central districts. There are some auspicious trends: land consumption is not excessive; construction firms are building smaller and more affordable dwellings, and 98% of the new homes are apartments (Vera, 2007); while the average mortgage credit has decreased from US\$ 27,000 in 1994 to US\$ 20,000 in 2007 (El Comercio, 2007). Similar trends are observed in other large Peruvian cities.

Nevertheless, annual figures of new home building, counting both free-market and social housing sectors, is not even half of the 92,000 new-formed households annually (Davelouis, 2008). Consequently, the accumulated deficit keeps on growing, while a large percentage of households still get access to land and housing through self-supply.

Most part of the housing deficit – estimated as 1.5 million dwellings – is then qualitative, product of the substandard level of construction in informal settlements. In such cases, helping households in the different stages of their home building activities has a more significant effect in quality of life than the delivery of new homes, which tends to be assigned to those with easy access to credit. 'The progressive housing process has one central virtue. It offers the low/moderate-income majority a means for affording homeownership unavailable otherwise.' (Ferguson & Navarrete, 2003: 309).

In this context, this article explores the role of progressive housing approaches in the current housing policies and programmes offered by the Peruvian state. Although it refers to national policies and programmes, it has a special emphasis on the situation in Lima. The next section provides an overview of progressive housing approaches in Peru since the 1950s. Section 3 presents the recent changes in the housing policy and the establishment of the current social housing sector. Section 4 analyses the implementation of the policies and programmes. The results and conclusions are discussed in the last section, reflecting upon the achievements and pending challenges of the new housing policies and programmes.

Progressive housing approaches in Peru

The origins

Since the mid-1950s, Lima was affected by massive invasions of peripheral land – widely available at that time – by rural migrants

coming from the Andes. In February, 1961, the government passed a progressive policy, the Law for Marginal Settlements and Popular Social Housing Estates (the so-called *Barriadas* Law), which recognized the legal status of existing informal settlements; a radical shift at that time. Its aim was integrating *barriadas* into the city with a progressive approach, by coupling the physical improvement and the legalization of the existing *barriadas* in a process called "physical and legal improvement/regularization" (*saneamiento físico y legal*). The process began by the legalization of the whole settlement, crucial to provide tenure security for the investment in home building. The physical part included the delivery of basic services, while the legal part included property titles of the individual homes (in the final stage).

To avoid the formation of new *barriadas* the government would build 'Popular Social Housing Estates' (UPIS) with low-cost serviced lots and basic service units that would develop with progressive development² (Riofrío, 1991). Fig. 1 shows a scheme of the different ways to access housing according to the household's socio-economic levels (NSEs) after the approval of the *Barriadas* Law. To understand the socio-economic levels (or sectors) in Peru, see Box 1.

The 1970s: progressive housing propagates worldwide

During the 1950s and 1960s, conventional academic wisdom considered that the growing informal settlements in developing cities were by definition slums, places of delinquency and social breakdown (Hall, 2002). But John Turner's writings on *barriadas* gradually convinced the academic community of the positive aspects of progressive processes, and the importance to support them, as Peruvians did after the *Barriadas* Law.

In the 1970s, the progressive housing approach advocated by Turner – later called self-help – was recognized and recommended by international funding agencies. The World Bank proposed stopping slum clearance and supporting housing and land policies for low-income groups (Zanetta, 2001). After the First Habitat Conference in 1976, Turner's ideas were adopted by most international agencies involved with urban issues in developing countries. National governments built fewer housing projects but improved support for neighbourhood upgrading.

In Peru, the government promoted participation at neighbourhood level and improved the *barriadas*, providing connection to basic services and roads. In 1971, the establishment of Villa El

² The UPIS were never implemented, while the Law produced unintended effects, encouraging poor people to invade new land, in the hope of the future regularization of their settlements.

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