LATIN AMERICA
TO THE YEAR 2000

Reactivating Growth,
Improving Equity,
Sustaining Democracy

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Contents

CHAPTER NINE

Changing Informal Settlements in Latin American Cities

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Informal urban settlements, which have long characterized the urbanization process in Latin America, expanded dramatically during the 1950s and 1960s. By the 1970s, large South American cities housed from 25 percent to over 50 percent of their inhabitants in informal settlements (Portes and Walton, 1981).

Simply defined, urban informal settlements are low-income residential areas that are built incrementally by their owner-occupants and are initially illegal due to either land invasion or private subdivision in contravention of official planning regulations. Unless eradicated, they tend to become accepted and legalized by government, evolve in appearance and land use, and, in many cases, are increasingly difficult to distinguish from other low-class residential areas. Given the eventual heterogeneity of (initially) informal settlements, distinction from other housing types for statistical purposes has been less common and less relevant during the 1980s.

Government attitudes toward informal settlements changed substantially over time. Until the 1960s, informal settlements were mainly regarded as a temporary aberration subject to eradication. By the early 1970s they were recognized as a permanent feature of the Latin American urban landscape and increasingly regarded as an appropriate contribution toward the resolution of the low-income housing crisis. "Self-help" housing was now seen as adaptable to the changing needs and means of low-income populations (Moser and Peake, 1987). Furthermore, it offered the prospect of political stabilization through

broad-based home ownership, scope for cooptation by government, and re-
duced pressure on scarce public resources.

Consequently, government policy shifted from conventionally top-down,
high-standard public housing schemes toward the upgrading of informal settle-
ment and toward development of sites-and-services housing schemes. Self-
help became the principal strategy to tackle the low-income housing problem.

This chapter reviews the changing character and role of urban informal set-
tlements in Latin America during the 1980s. After briefly placing informal set-
tlements within the context of the urbanization process, it focuses on two
central issues: informal "self-help" housing and the political and social organi-
zation of informal settlement residents. A final section explores prospects and
needs in the 1990s.

Generalizations for the whole of Latin America are necessarily precarious,
as the urbanization process and the role of informal settlements have varied
from country to country. Equally, the severity of the 1980s economic crisis
varied as did government economic and housing policies to face it. Differences
in political regime, sociocultural characteristics, and geographical conditions
will also leave their imprint. Nevertheless, certain similarities emerge, which
will be highlighted in this chapter.

Although Latin America was predominantly urban by 1980, urban popula-
tion growth continued at a rapid pace in most countries. In the face of the eco-
nomic crisis, open unemployment as well as informal employment increased,
which resulted in the impoverishment of the urban working class. However,
the impact of the crisis varied depending on national policies. Generally, public
resources for social housing were constrained and self-help remained the prin-
cipal housing solution for the poor.

Meanwhile, growth rates of intermediate cities increased and primacy gen-
erally decreased in the larger countries. This expansion of informal settle-
ments in secondary cities is partly attributable to increased diseconomies faced
by the poor in metropolitan areas.

Within larger cities, the location pattern of informal settlements dating from
various periods has become increasingly complex, as has the spatial pattern
of other land uses. This has led to the gradual erosion of strong spatial segrega-
tion of socioeconomic groups in some cities, such as Bogotá, Santiago, and
Montevideo (Portes, 1989; Gilbert and Ward, 1988). Generally, the stereotype
of informal settlements as "misery belts" constituting the urban periphery has
lost some of its validity. Finally, the major expansion of informal activities in
the secondary and tertiary economic sectors of Latin American cities during
the 1980s has turned many informal settlements into key centers of informal
employment.

Economic and housing pressure in informal settlements has promoted the
recent resurgence of urban social movements. Traditional organizations such
as trade unions have weakened, while "new social movements," church-
sponsored grass roots communities, womens' residential associations, and the

like have proliferated (Portes, 1989). Such organizations are now mainly based in the informal settlements of Latin American cities.

HOUSING IN INFORMAL SETTLEMENTS

The spread of house ownership among the urban poor, thanks to the proliferation of informal settlements, has been a striking feature of Latin American urbanization in recent decades. By the 1970s, government recognition of the advantages of broadly based house ownership led to increased tolerance, even facilitation, of the informal housing solution. In the 1980s, however, the informal housing solution has been subject to three major challenges: economic downturn, rising costs, and deteriorating relative location.

Though self-built housing is a response to poverty, it is no easy solution for the very poor. In fact, informal house ownership requires substantial initial capital, not only for construction, but in many cases also for the compensation of previous landowners, for community infrastructure, and for legalization. Such investment capital is mainly available to low-income populations during periods of relative national and regional prosperity.

Furthermore, the cost of self-built housing has increased in many cases, due to greater scarcity of suitable land in large metropolitan areas, inflation of the cost of construction materials in relation to wages, and the reduced ability of governments to provide material support. Finally, the increasingly remote, peripheral location of new settlements in large centers has reduced their attractiveness.

As a consequence, the spread of new informal settlements may have slowed and the trend toward increased home ownership among the urban poor, which characterized the preceding decades, may even have been reversed (Gilbert, 1989). In the case of countries under dictatorial regimes, the importance of informal housing has been reduced substantially as land invasions have been repressed and the construction of housing on unserviced land has not been permitted (Gilbert, 1989).

As the goal of house ownership encountered increasing obstacles, growing numbers of the urban poor reverted to renting. In many cases, informal settlements became the major source of rental accommodation (Gilbert, 1989). Gwyne (1988) estimates that by the latter 1980s, 50 percent of residents in informal settlements were renters.

Increased renting and reduced upward and spatial mobility of the urban poor have led to higher population densities in informal settlements with a corresponding deterioration of the living space. Often, second and third generations have been forced to remain in their parents' house (Gilbert, 1989; Volbeda, 1989; Riofrio and Driant, 1987). Informal settlement populations also were forced to lower plot and street size in order to accommodate higher densities (Volbeda, 1989).

Because the consolidation of informal housing, like its initial construction,

is a function of the general economic environment, the process has been slowed during the 1980s. While the quality of the informal housing stock has improved (Perlman, 1987), completion of structures generally took more than 15 years and often engendered costs in excess of those for comparable formally built housing (Riofrio and Driant, 1987).

Settlements that reached a high level of consolidation generally took advantage of their central geographical location within the city, where easy access to markets and service areas provides opportunities for the development of informal economic activities. The worsening location of new peripheral settlements reduces these possibilities for informal economic activities and hence delays consolidation.

Due to reduced government ability to provide services for the urban poor, service supply has increasingly become the responsibility of the private sector, a reversion to conditions that prevailed in the 1950s and 1960s. Informal private enterprises not only provide building plots and rental housing but are often the main suppliers of water in informal settlements.

As the development potential and attractiveness of informal settlements, particularly of those located in remote peripheries of large cities, eroded during the 1980s, the comparative attraction of central slum tenements has increased and their resident populations have stabilized. The organization of informal economic activities is easier from these locations, as is access to the formal job market and public infrastructure and services. Time and money saved in transport and, in some cases, savings due to former rent control legislation have proved important assets. In fact, on the basis of Mexico City research, Eckstein (1990) suggests that the 1980s have reversed the relative advantage of inner-city slums and informal settlements, turning the former into areas of hope and the latter into areas of despair.

THE POLITICAL AND SOCIAL ORGANIZATION OF INFORMAL SETTLEMENT DWELLERS

While the housing achievements in informal settlements were disappointing during the 1980s, if compared with preceding decades, significant progress was made with regard to the scope and nature of popular organization. Residents of informal settlements have organized not only with the aim to improve their immediate physical surroundings but increasingly to protest against the general problems of poverty and to influence urban policy. By the end of the 1980s, popular organization has become more consolidated and larger organizations have emerged.

Protest activities have been carried out by associations representing several informal neighborhoods or major sectors of the city. Organizations of informal settlement residents have also established ties to other urban organizations such as professional groups, public transport users, and associations of tenants and trade unions. This is illustrated by Brazil, where such links were used to

develop an urban reform proposal and to demand participation in urban plan-
ning decisions (Maricato, 1988). Protests have focused on the insufficiency and
cost of public services, the lack of food supplies, the cost of living, and official
urban development plans. Means of protest have consisted of civic strikes, oc-
cupation of public service offices, demonstrations, and blocking of roads and
public transport.

This new nature and scope of urban low-income-sector organization seems
to rest on the organizational experience accumulated by informal neighbor-
hoods in the 1970s. It also is related to the return to democracy in many coun-
tries and the aggravation of the economic crisis (Portes, 1989). A further new
characteristic is the explosive and violent nature of protests. Strikes, riots,
looting of supermarkets, and violent clashes with the police have taken place
in several cities of Brazil, Venezuela, and Argentina.

However, while the extent of protest activities against poverty has dramati-
cally increased, resident involvement in local community activities such as self-
help and petitioning seems to have declined in many cases (CEDER, 1989;
Schuurman and van Naerssen, 1989; Eckstein, 1990). Local involvement re-
quires constant expenditure of time and energy. Given the economic difficul-
ties of the 1980s, informal settlement residents had to devote most of their
time and energy to the numerous economic activities required for survival.
Also, the increased proportion of renters appears to have had a negative effect
on local community activities. By contrast, the role that women play in commu-
nity affairs has become more central than ever. Beyond their domestic and in-
come-earning activities, women have assumed tasks as community managers
and played a critical role in local-level groups that aim at accessing health and
infrastructure facilities.

In addition to political organization, the poor in informal settlements have
developed complex survival strategies to cope with the economic constraints
of the 1980s. These involve maximization of income generation and minimiza-
tion of cost and levels of consumption. Income-generating activities include
petty commodity production, small-scale trade, and subsistence activities such
as urban farming. These informal economic activities are characterized by
their illegality, small-scale operation, and heavy reliance on family labor, in-
cluding children. They not only provide a service for the specialized needs of
low-income sectors but increasingly produce goods and services for the formal
modern sector. In order to lower production costs, many large-scale compa-
nies, including exporting firms, subcontract production to the informal sector
in areas such as garment and shoe manufacture and construction (Safa, 1986).

As a consequence, houses in informal settlements are adapted also to serve
production and trade functions. Informal settlements are thus increasingly
serving the multiple functions of residence, production, and trade, and as a ter-
ritorial base for the social and political organization of the poor.

Social self-help activities that minimize the cost of consumption have also
become more prominent during the 1980s. Mutual help by members of infor-

mal social networks has included the pooling of incomes, exchange of information, goods and services, the sharing of facilities, mutual money loans, and credit facilities. Social services such as child care, provision of health and moral support, and help with house construction are also satisfied by informal social networks. Social networks are mostly built on the basis of kinship, common regional origin, and local vicinity. These practices of mutual help and reciprocity form part of a basic cultural characteristic of low-income populations that adapts to changing contexts (Altamirano, 1988).

Women in informal neighborhoods have assumed a key role in the survival of the urban poor (Chant, 1984; Volbeda, 1989). In the face of the economic crisis, women organized and participated in activities aimed at obtaining food for their families (Hardy, 1987). In Lima's informal settlements, the vital women's self-help movement that emerged during the 1980s includes 1,500 community kitchens (Durning, 1989). The informal-sector income of women has been shown to be of crucial importance for low-income households (Wood and McCracken, 1984).

PROSPECTS AND NEEDS OF THE 1990S

Economic and demographic indicators suggest that informal settlements will continue to play an important role and remain a central issue in the Latin America of the 1990s. Development prospects of informal settlements are tied to and will vary in function of the economic performance of individual countries, as well as government attitudes and policies toward land, housing, infrastructure, and urban resources in general.

Furthermore, local development prospects and opportunity structures for informal settlements will vary in relation to local circumstances. Informal settlements are now so heterogeneous that generalizations without reference to particular typologies are increasingly inappropriate. Local typologies of informal settlements are shaped by a combination of factors, such as a city's geographic location and economic activity; an informal settlement's location, age, size, and origin; local culture and history; and the residents' sociopolitical organization.

More research is needed to establish informal settlement typologies and the development opportunities and constraints they imply. Future policy must take account of the increasing diversity of informal settlements both within and among cities. Prospects for informal housing appear better in small and intermediate cities than in larger cities, since travel distances are smaller and more appropriate land is available.

Though the self-help housing concept still has an essentially positive connotation, it has increasingly come under question not only from an ideological standpoint (Burgess, 1982) but also because of the major constraints it faces during economic recession. By relying on the effort of the urban poor, governments were able to avoid their responsibilities in the provision of housing. The

urgency of urban reforms was obscured by self-help policies. Given the difficulties of the poor to house themselves in times of recession and the increasing political organization of the low-income population, governments will be under increased pressure to carry out needed urban reforms. These will have to include facilitation of access to land by low-income groups as well as institutional reforms to debureaucratize and decentralize government agencies responsible for housing and infrastructure provision.

In addition to legislation and institutional reform, a precise definition and an adequate mix will have to be found for private and public roles in service provision. The relationships and division of tasks between the formal and informal sectors and between central and local governments also require clearer definition.

Other policy areas that need to be restudied and redefined are upgrading, housing subdivision, and renting in informal settlements. Government policies to legalize informal settlements and to include them into the formal housing and land market have often made them vulnerable to upward transfers in which original low-income residents are replaced by outside higher income groups. Tenants are the first victims of increased rents as a result of neighborhood appreciation. Although the majority of urban tenants in several Latin American cities live in areas that were urbanized by informal means, renting policies have been directed to formal-sector renting (Gilbert and Varley, 1990). Equally, credit programs stimulating housing subdivision have been directed to middle- and high-income residential groups. Other policy areas that need to be reassessed are access to construction materials for low-income groups and promotion of business ventures in informal neighborhoods.

Participation in urban management by low-income groups has also become a central issue. The expanded organization of the urban poor during the 1980s is not only to be interpreted as a reaction to the economic crisis but must be seen as a larger political claim. It involves a demand for enlarged participation in decisions at the urban level that affect the poor, an effort to establish a non-clientelistic relationship with the state, and, ultimately, a challenge to the state (Castells, 1983; Santana, 1989; Schuurman and van Naerssen, 1989).

Urban management decentralization designed to include the participation of low-income groups depends on a government's willingness to truly democratize urban management. It also requires the ability of urban low-income groups to organize themselves and exercise pressure. Prospects of increased pressure on governments will depend on the ability of low-income urban groups to maintain and extend their organizational activity, and to strengthen their linkage to broader city, regional, and national levels. The integration of existing local-level organizational experiences into a coherent global alternative remains one of the great challenges.

Nongovernmental organizations and radical political parties have played a key role in promoting the organization of the urban poor in the last two decades. It is not clear, however, to what extent urban populations at the grass

roots level have gained true empowerment to organize themselves on their own terms, or whether continued external support is required for the survival and expansion of existing organizations.

A further challenge to the prospects of increased popular political involvement and broader participation in urban management relates to increased renting in informal settlements. Renters appear less politically involved than owners. Owners seem to be interested in changes at the city, as well as the community, level (e.g., changes in land taxes, regularization of land tenure). Renters are more concerned with personal problems (levels of rent, eviction problems, etc.). A falloff in communal activity and divisions is likely if renting continues to increase at the expense of home ownership.

Thus the informal settlement phenomenon needs to be reassessed in the function of the changing economic situation, its increasing heterogeneity, the greater interconnectedness between the formal and informal sectors, and the accumulated organizational experience regarding urban management that urban low-income groups have gained during the 1980s.

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