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**HOUSING PRODUCTION, CITY FINANCIARISATION
AND SPATIAL RUPTURES IN LATIN AMERICA.
THE CASE OF BOGOTA**

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The Case of Bogota

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ABSTRACT

The article aims to identify how investments operate in real estate sector in Bogota, in particular housing production, so advertise their impact on the urban morphology in terms of residential density. In one hand, we test the disparities in population densities and consequently housing demand, supporting the hypothesis of existence of a heterogeneous and segregated structure. In the other hand, about the city capacity to integrate people, it denotes the inclusion via housing production for low income and low purchase power families, which it has a different logic front of the market to the rest of city population, then they have allocation decisions and integration process to urban circuit developed in a different way. We propose measure the distances to fundamentals urban equipment to examine the constraints that spatial ruptures imposes to inclusion of these population segment. In methodological training we made a cross section exploration using the Multidimensional City Survey for 2014 and official city information to develop a spatial analysis. Ultimately, we expose some final considerations.

KEYWORDS: city financiarisation, urban morphology, Bogota

1. INTRODUCTION

The city production as actual feature of globalization world is consolidated by a specific form to construct the urban space and claim the capacity of reproduce certain structures. The real estate activity is based in urban context essentially by his capacity to transform some invest resources in part of an urban context under a precise functionality. In the present work we explore housing production inside the real estate and financial market operation in a city which economy goes to different speed and should respond to the spontaneous city creation for diversified population. These kind of interaction produces also an urban form that must integrate population while provide public services and urban equipment, spatially we attend a city configuration filled of ruptures in forms, functions and social mobility.

In this context, it is necessary to study Bogota in both its urban form and its ability to integrate the population living there. The work presented aims to identify how investments operate in real estate sector in Bogota, in particular housing production, so advertise their impact on the urban morphology in terms of residential density. In one hand, we test the disparities in population density and consequently housing demand, supporting the hypothesis of existence of a heterogeneous and segregated structure. In the other hand, about the city capacity to integrate people, it denotes the inclusion via housing production for low income and low purchase power families, which it has a different logic front of the market to the rest of city population, then they have allocation decisions and integration process to urban circuit developed in a different way. We propose measure the distances to fundamentals urban equipment to examine the constraints that spatial ruptures imposes to inclusion of these population segment. In methodological training we made a cross section exploration using the Multidimensional City Survey for 2014 and official city information to develop a spatial analysis. Ultimately, we expose some final considerations.

2. FINANCIARISATION AND HOUSING PRODUCTION

According with neoclassical approach, the financial industry is a vehicle of real economics. Financial resources are given, but positively affect the operation of the production. According to the institutional approach, the financial industry is autonomous and has its own operating logic, as well as its internal weaknesses and the ability to extend across markets and territories. Meanwhile, the liquidity of capital, which is at the heart of finance, is the product of a territorial construction (Corpataux et al, 2009). *"Studying the financialisation of the city is to understand how the financial industry is rooted in the city and transforms; So this approach draws attention to the character set and the actors interacting in the process of interaction."*(David, 2013, 70)

The financial markets role in economy has been more complex by the time. Preferences of location of households and possibility of mortgage loans reveal the capacity of financial markets to validate those choices and confirm or modified the urban order. The phenomena taken by institutionalism who proposes deconstruct the connection between real estate markets and alternative modes for financing taken into account territorial approach (Teurillat et. ál, 2014).

The regimen of financialized accumulation detaches from the real economy in both the temporal and the spatial manner (David & Halbert, 2013). The geography of finances appears as a construction which overpasses the vision of an autonomous and heterogenic financial system, of vertiginous virtual markets disconnected of real economy, putting attention in it active character in production of urbans forms, often dictated by large-scale real estate projects, both cities in industrialized countries where are financial decisions are made for the global context, and regional or continental metropolis which articulate territorial dynamics connected with domestic economy. This approach is clearly multiscale, in measure the

territories would be inserting to investment flows of a financialized order, a spatial reconfiguration according to the rules of an extremely volatile market, and therefore the sectors who prefer liquidity create “transcultural territorial networks” (Theurillat, et ál, 2013; 2014).

The State ability to impose certain order is limited (Theurillat & Crevoisier, 2012). Regulation must to face the liquidity which risk the households savings in a financialised industry that does not assume its territorial obligations. As we see in the case of Bogota, political mutations consists in reform subsidies to demand via interest rate in lower segments of income, recently in the middle one, that clash with the logic of financial industry, who goes further than a simply intermediary.

3. URBAN MORPHOLOGY IN BOGOTA

Housing production in Bogota is due to several facts that have been consolidated in the last four decades as her primacy in the Colombian urban system, an evolution on prices characterized by award formal new housing leveraged by financial system, a differences in densities by housing and population which are crucial for understanding the entire city and a state intervention in the scale of local and national that explains the actual urban morphology.

3.1 In a Colombian context

A strong demographic pressure, because the city is attractive and concentrates biggest economic activity in the country while internal migration has been quite dynamic. The armed conflict and the lack of opportunities in cities of medium size make Bogota the largest recipient of population. This process has been very accelerated since 1970s, its evidence is found in high product concentration in Bogota and her metropolitan region. Today it explains around of 25% of national GDP, at the same time that exist a consolidation of Bogota’s urban primacy in demographic terms, which differentiate the city in front of Colombian urban system.

The concentrator capacity Bogotá is a fact that has been consolidating markedly since the last decade of the last century (Alfonso, 2014; Meisel & Galvis, 2010). For some scholars (Revéz, 2013) it is clear that due to the centralist political order that has rewarded the capital to the detriment of other cities and regions. On the other hand, there are arguments that, with certain economic determinism, found in the concentration of productive activities, especially the manufacturing site, the explanation for the increase in population (Loteró, Posada & Valderrama, 2009; Galvis, 2013).

Population dynamics and the flow of migrants has been a valid criterion for consolidation Metropolitan Areas (Alfonso, 2014, Carmona & Alvarez, 2011). Thus the rate of migration considers "lifelong migration" to identify the municipalities of the metropolitan area of Bogota, along with 8 other metropolitan areas in Colombia (Alfonso, 2014, 141). These studies point in the same direction of analysis and Alfonso Jaramillo (1998), obeying the criterion of permanent mobility, ie permanent change of residence from one jurisdiction to another (SDP, 2014, 199).

Clearly, if we talk about population growth in short periods of time, in the absence of extraordinary birth rates, it is because it is coming from elsewhere. The evolution of these population movements in Latin America in general has given support to the principles of decentralized concentration, which exposes a tendency to concentrate in large cities. Increasing urban life against the occupation of rural land, brings deconcentration in urban areas, and associated with this dispersion phenomena and suburbanization, where the actual urban centers are not compact (Cuervo & Gonzalez, 1997). Under the evidence of this

phenomenon, also in the case of Colombia emergence and importance of urban centers like Bogota and its region (Vincent, 1998) it is relieved. In particular for the case of Colombia, as well as economic reasons, to concentrate economic activities and employment, the context of the conflict has generated pressures to Bogota more than other capital (Alfonso, 2014; Meisel, 2007).

Migration is particularly relevant not only as a criterion for the formalization of a metropolitan or regional entity but by the challenge it means for the local planner. From the change of residence or workplace, provision and maintenance of equipment and infrastructure for mobility and supply become the foundation of management. (Alfonso, 2014, 199).

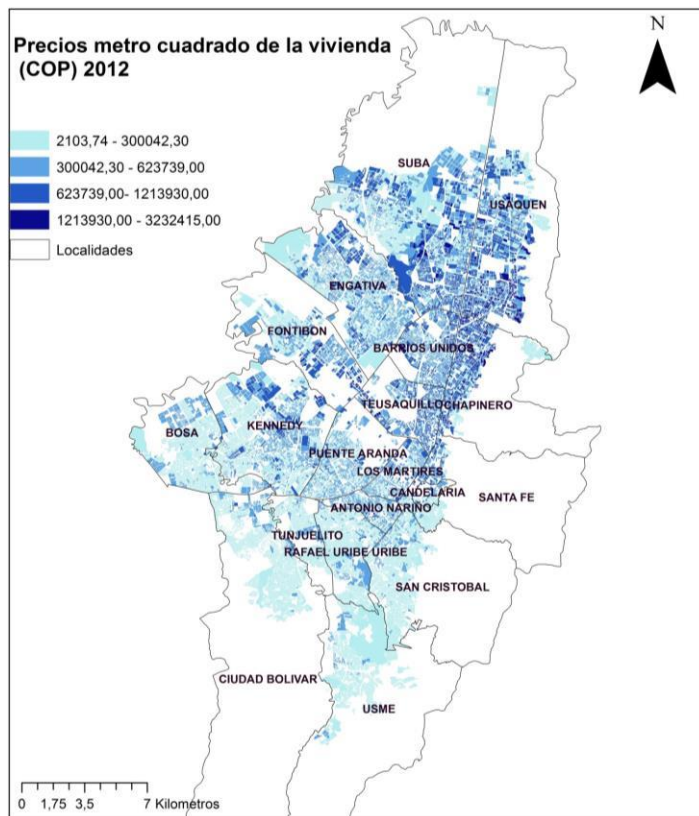
3.2 Population and densities

Value formation in the city, also urban land transformation and built space, which they choose some places and exclude other, shaping urban morphology in terms of density and allocation of equipment in the city. The presence of a spatial order is done by building allocation and the advantages of urban equipment. We evidence relevant differences between residential destinations of the edifications and commercial, institutional and others destination, which explain the consolidation of some neighborhoods and centralities where economic activity occupation is stronger. They respond to allocation logic in function to profits thanks to proximity and access to fixed urban form. Even though, housing allocation do not respond to proximity to employment centralities but also other criteria proposed by promoters specially, as low densities, closeness to equipment already supplied by the city, land value, parking places supplied, guaranty of private security service, among other features. In this way, just dwellings that pay could have access to better housing allocations while who cannot are left behind and are obligated to stay in peripheral areas or localities of low valuation.

The distribution of the population of Bogota and its regional environment shown in Map 1 reveals that Bogotá and Soacha make up the urban area most populous country. The population size of Soacha (. 497 908 inhabitants) is similar to places like Usaquen and Bosa; lower than Kennedy, Engativá, Suba and Ciudad Bolívar, but higher than other Bogota localities. As for the regional level is Chia (97,550 hab.), Facatativá (117,737 hab.), Zipaquirá (106,031 hab.), Fusagasugá (106,678 hab.) And Girardot (101,199 hab.) Are other important nodes of population concentration in the regional level. The twenty municipalities Savannah together have a population of 1,314,632 people, with the municipalities of Subachoque (5,981 hab.) And Soacha (497,908 hab.) The lowest and highest population respectively. Meanwhile, the urban population of the header provincial municipalities together total 224,264 people, with the municipalities of San Juan de Rioseco (2,911 hab.) And Girardot (101,199 hab.) The lowest and highest population respectively.

Bolívar, Bosa, Antonio Nariño and some blocks of Suba, the average price per square meter of the block is between \$ 2,100 and \$ 250,000. For 2012 the average value per square meter for housing was \$ 795,070 COP and garages intended for \$ 734,187. The average value per square meter dedicated to deposits and mixed-use was lower, \$ 544,895 and \$ 371,857, respectively. 70% of the land belonged to horizontal property and were located in 18% of apples. It also found that in 16,065 blocks more than 50% of the farms belong to the Preferential Payment System (PPS) (Amézquita et al, 2015: 145).. Finally, in 4128 it found that apples (11.33%) more than 50% of square meters housing have a different use. Observing the structure of the city, this percentage is small, this could explain why there is a tendency of not to testify before public instruments new uses that are given to the premises.

Map 2. Housing prices 2012



Source: Amézquita et al, 2015, p 145

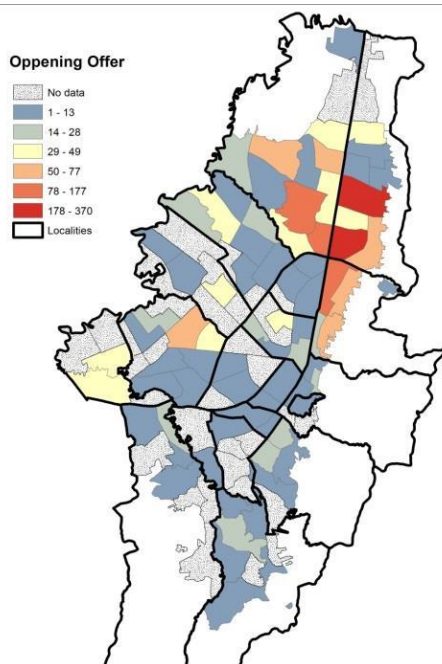
For 2015 formal housing market is not omnipresent in the metropolitan geographic space. During the decade studied has produced new housing in 76 of the 112 UPZ city, so that almost a third of the metropolitan core has not been present -see Map 3. However, in either case must be qualified potential bias with the fact that it is a periodic review that compiles information from a decade and therefore have to formulate other hypotheses about the unattractiveness of these neighborhoods for real estate capital.

That disinterest so marked in the south and northwest of the city, in contrast to the considerable intensity of the residential production in Santa Barbara where the neighborhoods of the same name near Santa Paula, Rincon del Chico and, more recently, Multicenter, are badges production for the higher segments plethoric of differentiations. The second surgical site is Los Cedros where residents of the neighborhoods of the same name but different surname have seen the emergence of others of the same architectural spirit high end as Montearroyo, New Country and especially Cedritos, neighborhoods that complement the urban landscape eclectic and ostentatious. The Chico Lake once epicenter of the self-

segregation of wealthy households has been relegated to third place, with intensities of such real estate intervention to Nice or La Alhambra

These latest releases in Suba and Guaymaral that in practice it faces certain spatial competition to El Refugio by wealthier households in the metropolis, has occurred largely because of the inflexibility of prices in the latter UPZ and its neighbors as Chicó lake and Santa Barbara -see Map 4, while in the two UPZs initially alluded unit prices per square meter are considerably lower. Such spatial adjustment that can reach 50% of the unit price promotes access of creditworthy households more loose housing in the form of home in Suba and Guaymaral.

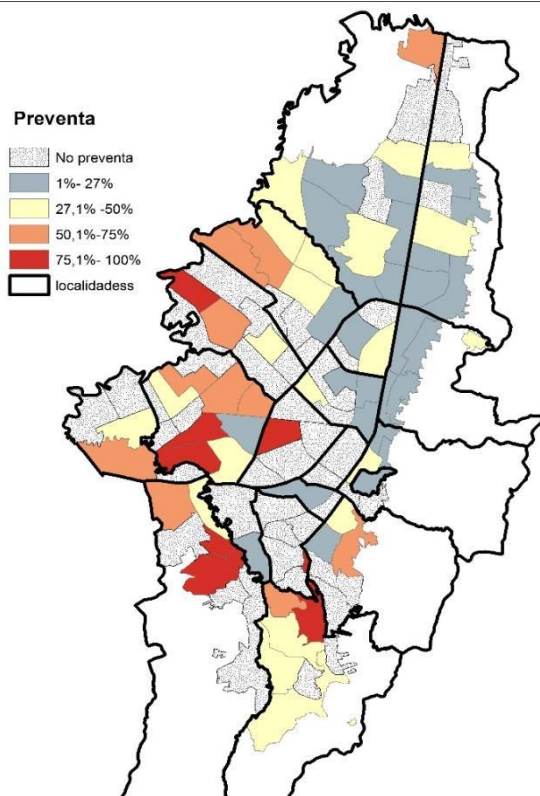
Map 3. Oppening Offers



Source: Alfonso et Amézquita, 2016

The 33.0% of the considered residential launches were offered under the presale form or “Sale Off Plan”, this manner of sale that is not sighted in the market regulations. This strategy is the most employed kind of residential financialization in Bogotá and, as it is shown in Map 5, works in almost every metropolitan ZPU where new households’ projects are developed. However, this particular mechanism is been employed with more intensity in projects sited in the zones with high population growth of the city, where San Rafael, Tímiza, Fontibón, Kennedy Central, San Francisco, Lucero y Parque Entrenubes are remarkable –Map 4. In these Neighborhoods, that financial innovation is promoted as a new way to access an alternative house, renting and housing leasing, while the home owner becomes faster and, also, can participate of the valuation of a nonexistent asset at the time of purchase.

Map 4. Presales by ZPU, Bogotá 2005-2015



Source: Alfonso et Amézquita

3.4 State intervention

The State response front of housing deficit for low income families, which cannot access a certain value setup process and urban rent determined by real estate market and financial market, response based on demand subsidies, indeed subsidies to householder, not to construction promoters or financial intermediaries according with their purchase power. The State intervention mechanism has been done through mortgage, where State brings a lever in interest rate for low income segments. Only in recent times the State has also leveraged middle income segments and decided to be a housing promoter for low income segments with no-cost housing scheme.

By the end of the twentieth century the Colombian state as a producer housing stops operating, moving soil regulation which deals with design rules of the game, following the liberal wave and recommendations of international organizations (Gilbert, 2005). Since 1990, they appear legal mechanisms head of the municipal order involved directly on soil management, providing a principle of territoriality; is from this year that the soil is contextualized within a public policy, it is incorporated social and environmental role and seeks to eliminate the use of immobility for uses that benefit the city as a whole (UN-HABITAT, MAVDT, DNP, 2006).

Since the seventies, the construction sector is redefined from state policies, allowing a permanent change in the housing market. Decrees 677 and 678 of 1972 changed the funding system, creating the Constant Purchasing Power Unit (UPAC) and create specialized financial institutions for such purposes, the Savings and Housing Corporations (CAV). The Central Mortgage Bank (BCH) was therefore one of the most important actors and the Territorial Credit Institute (ICT) as a state agency for housing production. It came to an expansion of public investment in infrastructure services, access roads, public spaces, etc.

Law 9 in 1989, called urban reform law creates mechanisms for access to land and the start of regional planning processes. With this law the objective of direct demand subsidies (Ceballos, Saldarriaga and Tarchópolus, 2008) population segment.

During the reforms of the nineties entities like ICT become the National Institute of Social Housing and Urban Reform (INURBE), to transform the state's action in the field of urban housing; by 2000 the liquidation process starts. Additionally at this time, more power to intervene was granted to the compensation funds for the implementation of direct demand subsidies. The currency of the construction sector: UPAC became Unit of Real Value (UVR), as a measure to rescue savers recent crisis, when the change in the formula of UPAC had affected the sector in general and housing urban particular, as was well above the relationship with other prices in the Colombian economy.

The Colombian banking system moved towards a multiservice design, so that the Savings and Housing Corporations (CAV), specialized in mortgages (Cuervo and Jaramillo, 2009) disappear. Private banks can now offer different financing plans as programmed savings. Zuleta and Jaramillo (2006) point out that the difficult banking sectors with lower income reduces the effectiveness of the policy of family housing allowance. These difficulties arise from the high administrative costs of such credit risk -sumado, which has its roots in the lack of access to collateral (high registration fees and insurance, limited access to capital markets and strict regulation of rates Of interest).

Agreements for the administration of subsidies are created and credit insurance is implemented in UVR in order to cover variations of this unit above the inflation target, the amounts covered by this insurance and housing values are also limited with this modality. En 1989 la Ley 9ª, llamada ley de reforma urbana crea mecanismos para el acceso del suelo y el inicio de procesos de ordenamiento del territorio. Con esta ley se segmentó la población objetivo de los subsidios directos a la demanda (Ceballos, Saldarriaga y Tarchópolus, 2008).

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