The housing problem in Argentina is a complex phenomenon. It manifests itself in diverse ways and responds to diverse causes. Standing out among them are: the difficulty of access to housing for the most neglected sectors of the population and a large portion of the middle class, the serious problems of lot access, the expulsion of working class and poor people from the cities, the lack of basic infrastructure in neighborhoods, squats, and shantytowns, and the need for improvements in housing. Reflecting this situation is the fact that in the last few years in the midst of intense economic growth, improvements in social indicators, and even a boost in state programs, the conflict around access to urban land and housing has worsened. Specialists in the subject agree that there is one factor that in general is not covered and that explains an important part of this problem: the deregulation of urban land markets.

“The occupations of land and housing in recent history have represented the most common form of access to land and housing for working class and poor people,” Raquel Rolnik, Special Rapporteur for the United Nations on housing, stressed in her last visit to the country in April of this year. Raúl Fernández Wagner, of the organization “Habitar Argentina” (House Argentina), told Cash that “for every 10 people in the Metropolitan Region [of Buenos Aires] that obtain housing, 60 percent buy a lot or rent a room in the informal market. This translates to a boom in land grabs and in the expansion of rooms in shantytowns.”

According to official figures, in the province of Buenos Aires there are around 850,000 families that suffer from problems related to housing and access to land title. The NGO, “Un Techo para mi País” (A Roof for my Country), published a report which indicated that in Greater Buenos Aires there are 864 shantytowns and squats, which are home to 508,144 families. 24.3 percent of these are between 6 and 14 years old and during the last decade squats grew 16.7 percent, an important increase in historical terms. The cases of land grabs in different parts of the country are manifestations of these difficulties. The Institute of Higher Studies of the Administration of Caracas (IESA) performed a study that indicates that to overcome the housing deficit in Argentina 65 houses are needed for every thousand people, above Chile (35 for every 1000), Colombia (41 for every 1000), and Mexico (60 for every thousand). This panorama takes place in a period of improvements in social indicators. In the last few years, the state has shown dynamism in housing policy. According to the latest data of the undersecretary of Urban Development and Housing, the housing solutions built since 2003 exceed 622,000, impacting 2.8 million people. There are 221,000 solutions in progress, evidence of strong state participation in housing construction.

Land

The undersecretary of planning in the City of Buenos Aires recently performed a study on urban land prices in the Metropolitan Region. Without taking into account gated communities and land inside of the city limits, the price of land today is 2.7 times what it was in July 2004. In the western sections, land prices have risen 235 percent; 360.3 percent in the southern sections; and 78.8 percent in the northern sections. In the City of Buenos Aires, since 2004, land prices have risen 271 percent, and 34.5 percent only in the last year.

Strong economic growth encourages the demand for land, and with fixed supply, the price increases. It happens that this demand, in many cases, does not come from those who intend to live on that property. “The price of land generates a phenomenon of speculation. Speculators buy land and hope that it increases in value. And fundamentally, value increases because of state action, which provides public services, improves connectivity through transport, roads, and makes schools and hospitals. In any aerial photograph of Greater Buenos Aires, even in the City of Buenos Aires, one can find great expanses of empty land. This land has owner that enrich themselves through speculation,” stressed Eduardo Reese, assistant administrator at the Institute of Housing of the Province of Buenos Aires.

The net rate of appreciation (not including the effects of inflation) of a vacant lot in the province of Buenos Aires hovers around 3 to 4 percent per year, while the real estate tax is 1.2 percent above the appraisal price, which is below the market value. Speculation is good business but also restrains the supply of land and causes the price increases. According to the calculations of Miguel Pato, regional director of EY Real Estate for Latin
America, the strong price increases on urban land increased their incidence in the costs of construction, from 10 to 40 percent since the introduction of convertibility.

Besides these severe increase in land values, there is a notable disparity between prices in the most accessible areas with the best basic services, and the more neglected areas. “The City of Buenos Aires sets the prices of the entire Metropolitan Region. Elevated prices correlate with a shorter distances to downtown, and with the proximity to trains and highways,” explained Fernando Alvarez de Celis, Director General of City Planning.

This situation describes a peculiar means of social exclusion. “The price of land continually displaces working class people and public housing to more remote areas. The city—understood as a place with adequate transportation and infrastructure, cultural activity, schools, and hospitals, among other services—presents the possibility of accessing job opportunities and the most specialized education, health, and recreation resources; together with complex and indivisible attributes which cannot be bought or sold, even though they are reflected in the price of urban residential properties,” explained Andrea Catenazzi and Eduardo Reese in their recent work “Derecho a la ciudad (Right to the City), realized by the Institute of the Suburbs of the University of General Sarmiento.

The current deregulatory legislation reflects urban land policy. In the City of Buenos Aires, it closely follows the Urban Code sanctioned in 1971, under the de facto government, and in the province of Buenos Aires, the Urban Code of 1977.

Speculation

“It is necessary to transform the speculative logic of the market. Property is seen only for its exchange value. Reform is fundamental so that urban planning can promote the democratization of the processes of access to land and housing,” Edesio Fernández, professor of the Planning for Development unit of University College of London, pointed out in “La ley y la producción de la ilegalidad urbana (The Law and the Production of Urban Illegality).

The draft of the law for the “Promotion of Popular Habitat,” elaborated by the Ministry of Infrastructure of the province of Buenos Aires, suggests alternatives to regulating the production of urban land through the broadening of supply. It proposes, among many other things, to punish empty real estate through fines, in such a way to discourage speculation. According to the latest official data, there are 2.5 million units of uninhabited housing in the country. In the city of Buenos Aires, the unoccupied units reach 341,000 units, equivalent to 25 percent of the total specialist Miguel Pato pointed out.

The law also proposes that private developments, like country clubs, gated communities, private cemeteries, and commercial centers of more than 5,000 square meters, turn over to the municipality at no cost, land equivalent to 10 percent of the net surface of the premises. According to an analysis of the portfolio of provincial infrastructure, the cost to the buyers of the lots in gates communities would be only one percent of the lot price. “In Great Britain, every private development must apportion 30 percent of the surface of the land for low income people; in France, they apportion 20 percent. In Manhattan, almost half of the rents are regulated. Spain and the Netherlands also have land management laws,” explained Raquel Rolnik.

The regulation provides for the recuperation of the bonus value generated by public works above the property price. “The great investment in infrastructure being realized is what values land, the state should recuperate that value. Also the expropriation tool should be used adequately, so that [land] is not used late and poorly as happened in Ledesma, Jujuy. Fernández Wagner stressed.” Definitely, the problem will not be solved only by building more houses without controlling the land market, but by controlling the market so that working class people can return to building on their lots, and making streets, transportation, sewage facilities, schools, gendarmerie, in short, everything that is the city. Two thirds of the housing deficit are explained not by the need for a new house, but are connected to additions and repairs to the house wherea family already lives, and the urbanization of neighborhoods, added Reese.