

**A STRATEGIC VISION FOR LOW-INCOME HOUSING, SERVICE  
PROVISION AND LAND MARKETS: LESSONS FROM URBAN  
PRACTITIONERS**

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This paper summarizes some of the urban practices in Colombia and is intended to analyze the participation of informal sector, the formal solutions and the local institutional approach to provide land, housing and utilities. Main effects on urban development and land markets are hereby laid down, even though it is indeed necessary to deepen in the study, lessons and conclusions of these experiences as strategies to promote development and improve the quality of life of poor urban communities.

Informal development, sale of property land rights through the “Asociación La Tierra Prometida” (“Promised Land Association”), and the Bogotá mayor's office program on Settlement Legalization and Upgrading (1998-2000), become effective strategies to solve the need for housing, to overcome urban poverty and to improve the living conditions of low-income families.

### ***Introduction***

During the seventies and the eighties, Bogotá maintained high population growth rates, becoming the highest national rate for the last 30 years<sup>1</sup>. Back in 1964, the population of Bogotá represented less than 10.00% of the total added four main cities all over the country. In 1993, whilst Cali and Medellín increased their participation by a little more than 4.00%, Bogotá exceeded 14.5%. Growth rate of 2.35% as calculated by the DAPD (Departamento Administrativo de Planeación Distrital / Bogotá Planning Agency) for 2000, could still broaden the gap during the next decade.

Many key governance institutions have come into stage trying to satisfy housing needs of a continuously growing population. On the one hand, national housing policy mainly implemented by national and local agencies. On the other, private land subdividers, – both formal and informal-

Despite the formulation of national and local strategies to deal with the increasing demand for neither housing, nor government plans neither private initiatives have been enough to build as required, nor the shortage keeps growing. Supply by Informal private land subdividers far exceeded the demand of lower income population for land available for development and for social housing.

As from the seventies, a massive migration to large urban areas took place along with the implementation of original housing finance instruments<sup>2</sup>, an aggressive social

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<sup>1</sup> POT documents. Housing. Bogotá, 2001. Source: DANE, DAPD, Population census and projections.

<sup>2</sup> Constant Value System “UPAC”

housing and employment program<sup>3</sup>, and a lengthy urban legislation<sup>4</sup>. In the case of Bogotá, the new families of workers and needy people established on the eastern city edge, giving rise to informal illegal settlements and urban slums out of the “urban utility boundaries”. Lacking even the most basic of services, and spreading, years later, to the western bank of the Bogotá River<sup>5</sup>.

As per DAPD calculations, more than 23% of the current urban land (6.600 hectares approximately and more than 1.400 settlements) have been illegally urbanized. The high demand for housing, the lack of planning<sup>6</sup> and the operating inability of public service providers exceeded the availability of land to be developed. The imposition of utility boundaries, the scarce technological innovation, and the limited management of big social housing programs gave rise to an area poorly developed, lining the service boundaries and mostly inhabited by families from *estratos*<sup>7</sup> one and two.

Facing the reality of informal development, in 1996 “H.G. Construcciones S.A.” undertook the task to conceive a system to allow the largest number of poor urban families to gain access to land property and decent housing, complying with urban regulations and sustainable development possibilities. HG launched a low-cost solution, as part of an orderly housing development to benefit communities as well as the city.

In 1998, the program “Por la Bogotá que Queremos” (“the city we dream of”) set as priorities the urban sociospatial integration and the legalization of more than 450 settlements around the city. For more than 20 years these settlements survived the marginality they were subjected to due to its illegal origin. No public services were available to its population. Occasionally the community was benefited from public or private investment in infrastructure and from government housing, education and health programs.

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<sup>3</sup> President Betancur No down payment and housing programs (1982-1986) for the construction of 400.000 housing units. During the four years Betancur held office, the Savings and Housing Corporations (UPAC System) funded social housing. In order to serve a scarce income market, mass housing was built, technology was imported and costs were cut, thus reducing the quality of town planning and social housing. Big construction companies were consolidated.

<sup>4</sup> The lengthy legislation was included in various local regulations: Agreement 22 of 1963; Agreement 21 of 1972; Agreement 7 of 1979 and its reglamentary decree 2489 of 1980; and finally Agreement 6 of 1990.

<sup>5</sup> During the period 1918 to 1942 the concept of popular proletarian housing is stressed and several projects are developed mainly in Bogotá, funded through agencies established toward that end, which grant subsidy interest rates and convenient payment terms. During the 70's a brand new credit system for housing appears in Latin America. The UPAC privatized the housing credit lines, encoring saving and increasing the possibilities of becoming homeowners for Colombian families.

<sup>6</sup> It is indeed paradoxical that many of the professionals and technicians whom rendered services to the planning and control agencies during the disorganized and expensive development period, have become, as of today, the leaders of the solution to the problems of the chaotic development of Bogota city.

<sup>7</sup> Estratos (estrata), this statistical analysis, measures location and urbanization as a direct relationship of per capita income and quality of urban infrastructure. The law (142 of 1994) defines six estratos; being 5 and 6 those best located and best served.

The purpose of this paper is to deepen into the knowledge on how the city has been constructed, based on the following three strategic initiatives to provide land available for development, housing and utilities: First, the strategy of “illegal” land subdividers and land creation as a micro-finance strategy. Second, the new practice by legal land subdividers aiming to serve the poorest population, who provide housing that complies with standard regulations and requirements set in the development plans of planning and public service agencies. Finally, the legalization and upgrading program as a planned strategy to improve the quality of life, overcome the shortage and promote the development of poor urban communities.

It is suggested that the housing shortage in Colombia (and in big cities in the region) is qualitative, that is, the marginality and poor quality of the housing stock. Urban practices, on the other hand, evidence that the best way to satisfy the housing needs of low income families is through the supply of land available for development and limited credit lines where total credit amount and payment terms are tied to the beneficiary's income.

Land property and access to basic utilities create the conditions to attract public and private investment to community involvement activities, thus contributing to turn development and improved quality of life into a shared effort. It is not the intervention of a benefactor government, but the development of policies to promote self-confidence and encouragement poorest settlements and communities. Also to own secure land (against the impact of natural disasters) where utilities are available, is a condition that cannot be postponed as part of policies and national and local programs to satisfy the demand for housing, to overcome the poverty condition, to improve the quality of life and to promote the development of individuals and their communities.

### ***The process of illegal development at Usme, to the Southwest of Bogotá.***

Total area of Bogotá is 173,200 hectares, of which 34,113 are available for development, 14,086 are suburban<sup>8</sup> and 125,000 hectares are rural areas. Urban and suburban areas amount to 48,198 hectares located between the eastern hills and the Bogotá River. Having its center at the city's historical zone, land available for development describes a 16-kilometer radius half-circle.

According to the Administrative Department of Local Planning (DAPD), in 1975 the urban population reached 5,917,430 and a density of 140.51 inhabitants per hectare. In other words, a relatively compact city, with few environmental and recreational spaces. During the 60's, demographic growth takes place mainly in Usme and Bosa, to the South of

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<sup>8</sup> Agreement 6 of 1990 defines suburban areas as those that fall into the transition limit around urban areas, as well as urban centers in small counties and those along roads coming into the city. The integration and development of suburban lands was ruled in 1990 in the form of a process agreed upon, wherein the approval by providers of public services, especially the Water and Sewerage Company (Empresa de Acueducto y Alcantarillado), was necessary. Therefore, the integration reacted more to private interests than to an efficient urban management to integrate lands and expand services. As of today, Decree 1505 of 1998 establishes that expansion areas be integrated through partial plans.

Bogotá. Years later, the urban growth and illegal developments phenomena extends to the towns of Usaquén, Ciudad Bolívar, Kennedy and Suba.

Illegal development produces between 30 and 40 percent of the housing in Bogotá. The result of this informal activity has been a segregated and marginal city. Despite that in general terms the quality of life has improved during the period between 1970 and the early 90's, an important number of people in Bogotá continue living in poverty. Per Alan Gilbert, quoting Londoño de la Cuesta, more than 800,000 people still have not solved their basic needs, and 200,000 live in abject poverty.

Regarding income, 80% of families in Bogotá earn less than four Minimum Legal Salaries (SML) per month, and 36% fall in the range of less than 2 SML (Roda, 1992). According to Gilbert, most of the workers in Bogotá have higher income than 20 years ago, but earn salaries lower than 10 years ago. Families on this range of income are the natural markets for illegal settlements.

Per researcher Samuel Jaramillo, the greater participation of illegal housing took place between 1938 and 1951, period during which legal building represented only 43.73 per cent. During the same period, an average of 2,000 illegal units was built per year. During the following 13 years, the annual number of illegal units doubled. As from 1964 and until 1985, the development of illegal settlements exceeded 9,500 units. In 1985, more than 288,000 unlawful units were developed in Bogotá.

According to the calculations of the Bogotá mayor's office, upto 1999, house building by legal developers who comply with regulations, reaches an average of 32,000 units per year. Out of this total, only 11,000 units are social housing at a price that exceeds the creditworthiness of *estratos* 1, 2 and 3. During the last five years, the formal construction industry built only 9,963 units, of which 74% were social housing. Not only the number of units dropped dramatically serving only 18% of the city requirements, but areas also decreased, from 32 to 28 square meters. Despite the smaller size, prices of social housing ranged between 25 and 30 millions of Colombian Pesos<sup>9</sup>.

Families in these *Estratos* 1, 2 and 3 grow at a rate of 40,000 homes per year (83 per cent of the total). Ranges 1 and 2 represent 43% of the city total and earn less than 3 SML<sup>10</sup>. During the period 1995-1999, housing shortage becomes evident, and more than 200 hectares were unlawfully developed each year. By 2000, Bogotá had more than 6,600 hectares of illegal settlements, and 1,400 developments were occupied by the poorest. Also in Bogotá, large plots of land were developed without the possibility of access to public services, at the localities of Kennedy, Engativá and Suba to the Western, and Ciudad Bolívar and Usme to the South.

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<sup>9</sup> Official exchange rate on Nov 8, 2001, Col\$2,306.57 to US\$1.00

<sup>10</sup> For 2001, Minimum Legal Monthly Salary has been set at Col\$286,000.

**Table 1**  
**Unlawful settlements in Bogotá upto 2000**

<b>Locality</b>	<b>Number of Settlements</b>	<b>Surface in Hectares</b>	<b>Number of plots</b>	<b>Estimated Population *</b>
<b>Usaquén</b>	92	360	12,997	48,401
<b>Chapinero</b>	18	188	4,300	16,013
<b>Santa Fe</b>	22	144	6,572	24,474
<b>San Cristóbal</b>	111	670	25,760	95,930
<b>Usme</b>	166	749	44,739	166,608
<b>Tunjuelito</b>	6	115	6,817	25,387
<b>Bosa</b>	249	811	50,721	188,885
<b>Kennedy</b>	127	697	47,956	178,588
<b>Fontibón</b>	48	165	9,219	34,332
<b>Engativa</b>	90	368	24,237	90,259
<b>Suba</b>	167	809	46,169	171,933
<b>Barrios Unidos</b>	2	1	77	287
<b>Teusaquillo</b>	1	0	28	104
<b>Los Mártires</b>	1	0	10	37
<b>Antonio Nariño</b>	3	17	846	3,151
<b>Puente Aranda</b>	8	16	395	1,471
<b>Rafael Uribe</b>	86	298	19,547	72,793
<b>Ciudad Bolívar</b>	168	1,063	70,611	262,955
<b>Total</b>	<b>1,365</b>	<b>6,473</b>	<b>371,001</b>	<b>1,381,608</b>

Source: Administrative Department of Local Planning (DAPD)

Update: November 20, 2000

\* Population data are meaningful: Development of 70% of plots, in terms of 1.4 families per plot and 3.8 persons per family. Calculations DAPD.

San Pedro de Usme, a town located to the South on the Eastern Hills, was founded back in 1650. In 1950 it was designed a municipality, and, since then, this important rural area that used to supply the capital with part of the food it required, has been hit by violence, conflicts for land tenure, and fights among settlers, tenant and farmers.

According to the 1985 census by the Statistics National Administrative Agency (DANE), Usme population was 141,833. With an annual growth rate of 3%, population in 1993 had increased to 200,000. As per data gathered by the DAPD upto 2000, in Usme there were 166 unlawful settlements, the fourth higher figure in Bogotá (see Table 1). Projections by DAPD anticipate 300,000 inhabitants in Usme for 2005.

Direction and destination of urban migration are determined, on the one hand by violence as a constant feature in the history of Colombia, and on the other hand, by the attraction of urban development (Singer, 1977). Population growth during the 70's, availability of appropriate lands for mining and intensive use of non-qualified labor, as well

as the accelerated subdivision of plots as a result of fights for the tenure of lands, were all breeding grounds to develop the town of Usme.

Another element that weighted in the unlawful development of Usme and other towns –the first experience of attachment to the city<sup>11</sup>- was the poor ability of the administration to establish controls and rules on urban growth. In 1954 Usme, as well as its important water resources, was attached to the Bogotá Special District<sup>12</sup>. Once the illegal settlements were established, they went on developing on the administrative inability of Usme and the poor management of the Bogotá public services agencies. Following its attachment to the Capital District, the ruling, urbanistic control and utilities administrations were centralized. However, all efforts were helpless. By 2000, approximately 23 per cent of the city urban area had settlements that originated in illegality.

Most of the territory of Usme is mountainous and its climate goes from cold to bleak uplands on the high part of the southeastern hills. Tunjuelito River runs to the West and flows into the Bogotá River. Tunjuelito River, which has its source in the uplands of Sumapaz, at Los Tunjos Lake, is the main resource to fill the La Regadera and Chisacá dams, on which the water supply for Bogotá depends.

### ***Informal Private Land Subdivider***

Colombian society has always been exclusive and, in the main city, Bogotá, the social element has clear physical evidence. More than half the city and its inhabitants live aside urbanization advantages. For decades, low-income population was excluded from development and the benefit of urbanization. Facing the government inefficiency to appropriately satisfy their housing needs, the poorest families looked aside the markets in search of a solution to their housing problem.

Literally, the formal city developed inwards the urban utility boundary. Those who stayed outside became the natural targets of land subdividers. The scarce offer of land available for development within the first stage of urban sprawl, and the limited ability to extend public services, increased the land value within the area. Demand exceeded formal supply, and the limited credit capacity of poor families limited the access to formal housing.

Property owners and holders originated some of the illegal, informal or unlawful settlements in the sale of lands. Some others resulted from community organization to force the occupation of third party lands.

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<sup>11</sup> Under independent administrations, the municipalities of La Calera, Cajicá, Chía, Cota, Funza, Mosquera, Madrid and Sibate are part of the first stage of urban sprawl. The municipalities of Bojacá, Cogua, Facatativá, Gachancipá, Tocancipá, Nemocón, Sopó, Subachoque, Suesca, Tabio, Tenjo and Zipaquirá make up the second stage.

<sup>12</sup> By means of Decree-Law 3640 of 1954, Usme is attached to the Capital District. The local mayor's office is created in 1972. Agreement 2 of 1992 grants Usme the category of a locality part of the Capital District, and by Agreement 15 of 1993, its boundaries were re-defined.

Low cost of land, high slopes, cold and rainy weather, unsteady soils and the difficulty to distribute public services, turned lands located between Bogotá urban perimeter and Usme into an “adequate” location to develop many *estratos* 1 and 2 settlements<sup>13</sup>. Plots of land without public services, failing to comply with development regulations, settlements with no prior government authorization<sup>14</sup>. Luis Alfredo Guerrero Estrada, a successful trader and political leader, made of these good-for-nothing plots of land the answer to the housing needs of the poorest urban community.

Guerrero Estrada is an important figure, known as the biggest informal private land subdivider in the South of Bogotá. It was due to his action and support that settlements like Diana Turbay at San Cristóbal (7,400 units), Juan José Rondón at Ciudad Bolívar (3,600), more than 15,000 illegal homes in the Community Alfonso López, and other six developments at Usme (La Fortaleza, 600 units) were possible.

Back in 1979, in his capacity as local mayor and head authority of the locality of San Cristóbal, Mr. Alfredo Guerrero peacefully negotiated the eviction of more than 3,500 families that had unlawfully occupied the houses built by the Caja Popular (CPV) at the Guacamayas sector. Nine days after the eviction, Mr. Guerrero legally organized the “Cooperativa Popular de Vivienda del Suroriente” (Southwest People's Housing Cooperative), with the support of the Bogotá's mayor that held office at the time, and the participation of homeless families. Once Mr. Guerrero presented the solution to a very serious social problem, he was recognized by central and local government administrations as the leader of a community of thousands of “poor farmers” of *estratos* “zero and lower”, as he himself mentions. The same year Mr. Guerrero resigns his public position and entirely devotes to the cooperative.

On its part, the institutional sector, the politicians, the building industry and the society of Bogotá, identified social climbers with the mark of infamy. The newcomers were called illegal immigrants (as if moving from the countryside to the city or from one city to another in search of job and opportunities was a crime) that came to mess the city up. It was necessary for the new city neighbors to join together in a common political party and to establish citizen pressure groups to be integrated (be included) into the society and benefit from urbanization advantages and development works. Exploiters of this market for the poor became the well-known illegal land subdividers.

More than 25,000 low-income families from the cooperative, purchased plots of land on the Southeast of the city. Payment was completed six months later. Those men and women of working age work and live on the grounds of the old brickwork San José. This settlement was granted development resolution number 075 of 1980, issued by the

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<sup>13</sup> Flat lands on the savanna of Bogotá, more adequate for an orderly and efficient urbanization process, only began its development by the 50's; however the process was accelerated in 1961 by government plans. Self-help housing was built to the South and West of Usme, most of it being illegal.

<sup>14</sup> Only by 1990 the incorporation to develop suburban city areas was ruled. The process was until 1999 boring and slow. To obtain the construction license, it is necessary to prove the availability of public services.

Mayor's office. Diana Turbay neighborhood, named after the daughter of President Julio César Turbay Ayala, consolidated as a popular settlement that extended over 300 hectares.

With a captive electorate, Mr. Guerrero was elected a City Council member representing “Pan y Techo” (“Bread and Lodging”) a popular political party. There he was the driving force behind the legalization of his own developments. Later, he was elected to the House of Representatives. With resources from the National Budget, he invested in infrastructure, access roads and public services. No doubt, Mr. Guerrero, who calls himself a “Revolutionary”, not an “illegal land divider”, took full advantage of the lack of planning and management of the local administration, obtaining votes in exchange for land. Illegal developers encouraged popular groups and made themselves their natural leaders. They took up the standard of social programs and exchanged votes for intentions and the promise to solve the marginality problem of these poor communities.

The process to develop an illegal settlement is therefore very simple: Land is divided into plots in a number equal to that of beneficiaries. No license or sales permit. Some roads are drawn, but neither common nor recreational areas are designed. During almost thirty years of informal development, the residential area of the city grew, producing big urban conglomerates without an adequate provision for services, schools and parks. Per Mr. Guerrero's testimony, soil and risk studies were carried on; specially to anticipate floods, landslides and earthquakes, to prevent the loss of money invested by developers. Mr. Guerrero says that even though these development programs did not produce important profits, they produced political rewards.

Guerrero Estrada purchased lands from aristocrats and politicians of Bogotá. He also purchased from small bankrupt owners, or from those who were afraid of losing their lands. Some of them, facing the demand pressure, applied the “commander” (as Mr. Guerrero is known locally) experience to develop their properties. Enrichment of landowners was remarkable during that time. Those at the interior of the service boundaries were benefited from important government investments in infrastructure and public services, which rose the land value. A social effort produced enormous private benefits. Owners outside the service boundaries also benefited from developing their lands to satisfy the housing needs of the deprived sectors of the population, thus turning an unproductive asset into a net equity value.

Mr. Guerrero sold only plots of land. There were no consumables added to the cost of land. There were no charges for studies or preliminary designs. Nor there were direct costs for materials, labor or equipment. Despite the requirements regarding payment terms, there were no interest charges or indirect costs, and of course, there were no charges for advertising, sales or document registration.

According to Mr. Guerrero, land property was notary registered but many of the purchasers have not paid in full as of today. However, during this time, families invested in their own homes by acquiring building materials out of Mr. Guerrero's stores on a credit basis. The plot owner spent his/her savings, and Mr. Guerrero granted credit lines for the

same amount. Building materials were financed according to people's purchasing power. Purchasing capacity was checked each time the "owner" applied for more building material. It was necessary to fully pay the outstanding balance in order to obtain approval of the new credit requested. For each payment, a receipt was issued, to separately register the building materials and the proportion of the land value.

Financing policies were simple, an example of micro-credit in popular housing organizations. Each plot of land has a fixed value, and no down payment is required. Purchaser must pay a fixed monthly installment, calculated according to the term. Owners and their families get into small debt including the land value and a rotary credit line for the purchase of building materials. Total value of the debt never reaches the market value of a finished house.

As an example and based on actual market prices and the formal offer of social housing, an individual purchases a solution with a cost between 50 and 70 Minimum Legal Monthly Salaries (LMS), which consists of a basic unit with extension possibilities. Thirty per cent down payment (15 LMS) and total credit 35 SML, 15 to 20 years payment term, interest rate not higher than 11%, variable monthly installment calculated in Real Value Units (Unidades de Valor Real UVR) estimated at Col\$234,058 (82% of the LMS). Payment terms may vary should planned savings and National Housing Allowance be included<sup>15</sup>.

Sale price of plots in informal developments is estimated at 13.98 LMS. No down payment and payment period over 5 years, interest rate and fixed installments denominated in pesos. Should planned savings and Housing Allowance be applied to the purchase, it would be possible for families to mortgage this asset (the plot of land) for upto 2,5 LMS, in order to properly satisfy their housing needs and possibly obtain additional income. This way poor families will be granted additional payment sources and purchase a higher quality product.

Plot areas in informal developments have between 5 and 6 meter by 10 to 12 meters dept. These generous areas constituted an "unfair" competition to the formal building industry which, by the time and due to cut costs, offered smaller bi- family (two units in a single plot) houses (individual plots 3 and 3.5 meters front) and apartments. Formal developers pressed on the other hand, for "easier" standard regulations, and requested an increase in the government family allowance. The foregoing only to sell a product each time less attractive and more expensive. Progressive development was also ruled, which allowed traditional developers to offer projects complying with minimum urban specifications and requirements. More and more, people's settlements and social housing offered by legal developers looked like those in unlawful settlements.

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<sup>15</sup> Calculations are based on information and figures by Administrative Department of Local Planning (DAPD). Planned savings and the amount of the Housing Allowance are set by Decrees 824 and 1538 of 1999

Community leaders and politicians, mainly during election periods, had some of the streets paved. Candidates brought water-tanks and arranged for the cleaning, security and appearance of facades. But it was only in 1998 that the Mayor of Bogotá and his team's urbanistic vision offered true permanent solutions to these poor communities of the capital.

Central government's excluding politics charged a high price on the poor communities of the capital. With no legal possibilities, having no property titles, with no access to cheap credit lines, far from formal job sources, from education, from health and recreation, and excluded from the basic public services; they had very few opportunities to overcome poverty and low quality of life. However, people was not in a position to wait for a centralized government with an increasing fiscal deficit, limited social investment programs and in a process of structural adjustment, to solve their housing and public service needs. They choose the cheaper available solution in the market. That was the origin of marginal/illegal settlements.

### ***“The Promised Land” Housing Association***

Established in Bucaramanga, to the Northeast of the country, Constructora HG is perhaps the building company, which produces the highest number of social housing in Colombia. In 1995, its share of the local market was 8.61%, with income of over 17,000 million Colombian pesos. According to data from the Colombian Chamber of Building, by year 2000 and despite the fall in the building industry, the company's gross income was 7,000 million and its share of the market was 38.89%. These figures do not include sales in community-involvement building activities, but indeed show how strong the crisis in the Colombian building industry is. The company reduced its employees from 144 in 1995 to only 15 in 2000. It moved from the building business to the financing business (Plan 100) and to the sale of land rights.

Rodolfo Hernández Gómez, Managing Director and President of the Entrepreneurial Group, has been for years a researcher on the housing situation. A man that strictly complies with the law, who has a deep social sensitivity and that is a true believer in the need to provide a fair and decent solution to the demand for housing in the lower-income groups, establishes, by 1999, the “Tierra Prometida” (Promised Land) Housing Association. The corporate purpose of this non-profit organization is to promote and develop social-interest housing on a self-help building and community participation basis.

Colombian housing associations appear as an answer to the exclusion of lower-income groups and the impossibility for them to have access to the formal housing market. In many cases, associations have proven to be a political force and a group of citizen pressure. Developers have used the Constitutional right to a decent housing as their political platform. Even though the right is established by Constitution, abusive actions have been taken: seizure of lands, sale of flooding plots or lands not available for development, poor quality of housing and theft of associate's savings. Poor people are permanently defrauded in Colombia.

In view of the mismanagement of down payments and family savings, Decree 824 of 1999 restricted the raising of Programmed Savings through the formal financial system (Housing and Loan Banks). That same year, a popular housing association, born from leftist political parties, unduly pressed the DAPD to develop flooding lands on the east bank of the Bogotá river, at the locality of Suba.

The experience and responsibility of a building company support the Promised Land Association with more than 30 years in the market. Following the experience of informal developers, land rights are sold at reasonable prices, credit lines and fixed monthly installments are offered, and minimum requirements are set to join the system.

The first step any buyer should follow is to register with the association (Col\$60,000) and to reserve the land right by paying down between Col\$500,000 and Col\$1,000,000 and the balance over 60 months. Once land rights have been fully paid, the Association presents the individual or his/her family as a candidate to receive the housing allowance granted by the national government through the Instituto Nacional de Vivienda Social y Reforma Urbana – INURBE (National Institute for Social Housing and Urban Reform), and through Family Welfare Private Agencies.

The Association during the execution period also finances development works. Those registered to the program continue paying not more than 12% of the value of their individual plots, again in monthly installments. After several months, the settlement is orderly developed and connected to individual public service distribution lines. This system is the winner bet for the future of the poor. This type of products in the market allow low-income families the possibility of going into the market enjoying the full advantages of an orderly-developed land and adding value to their investment.

Latest step is to enter into a building agreement with HG Construcciones S.A., which, complying with quality and safety housing requirements, delivers a decent product, along with development works and community services. Credit granted to build the house is payable in 100 fixed monthly installments (Plan 100). Mortgages out of this program can be placed in the secondary market, thus returning liquidity to the building company.

At present, Promised Land develops 9 projects: 7 in Santander to the Northeast of Colombia, one in the Atlantic Coast region and another in the Department of Meta in the central region. Total development surface is 2,343,285 square meters (234 hectares), a little less than the annual developments by illegal subdividers in Bogotá. 11,272 land rights are out for sale, each corresponding to a plot of land of between 45 and 72 square meters.

Limited offer of lands with availability for utilities increases the product value. However, the quality of development and housing is worth the family savings and sacrifice. Monthly installments do not exceed 30% of the family income, making it easier to sell to families earning between 1 and 2 LMS. The system is based upon confidence more than upon the collateral guarantees, same it happens with informal developers. On each peso

contributed by the family, the association lends another one. Up to this year, 700 land rights have been sold only in Bucaramanga and nearby municipalities.

### ***Legalization and Upgrading – A strategy for development***

Weak decentralization and the development model promoted by central government and multilateral authorities, had as a result that efforts (economic as well as regulatory) were concentrated on formal and legal economy sectors. Credit lines in foreign currency to promote development fed the increasing bureaucracy of government agencies in the big cities, and investment was limited to the extension and improving of service provision within urban utility boundaries.

According to the calculations by the Mayor's office of Bogotá, the city grows at a rate of 50,000 homes per year (see Table 2). In the early seventies, 300,000 people lived in *estratos* 1 and 2; by 1998, the figures increased to 2,500,000 people, most of whom settled in illegal developments on the suburbs<sup>16</sup>. During year 2000, the supply of solutions illegally developed generated approximately 375,000 plots of land, occupied for more than 1,400,000 people.

**Table 2**  
**Population in Bogotá, D.C.**

<b>Year</b>	<b>Population</b>	<b>Average annual growth rate</b>	<b>% Country population</b>
<b>1951 a</b>	715,250	-	6.00%
<b>1964 a</b>	1,677,311	6.87%	10.00%
<b>1973 a</b>	2,855,065	5.95%	13.00%
<b>1978 a</b>	3,518,100	4.27%	14.00%
<b>1985 a</b>	4,200,226 (c)	2.56%	14.00%
<b>1993 a</b>	5,484,224 (c)	3.39%	14.25%
<b>1995 b</b>	5,708,013	2.02%	16.00%

a – Source: Departamento Administrativo Nacional de Estadística – DANE (National Statistics Administration Agency)

b – Source: DANE, based on 1993 census

c – adjusted data by DANE.

Despite the fact that during the last three decades important resources from the national budget and private savings were devoted to “quality” social housing, the demand and requirements of *estratos* 1 and 2 far exceeded the limited formal supply -institutional

<sup>16</sup> By the end of Mayor Enrique Peñalosa Londoño period (1998-2000), local government published its management memories, in a document called “Bogotá sin Fronteras”. Historia de una Revolución Urbana” (“Bogotá without Boundaries”). The History of an Urban Revolution”, thus complying with article 315 of the Constitution of Colombia and article 91 of Law 134 of 1994, by means of which citizen participation mechanisms were established by lawmakers.

and private-. That is how illegal settlements started up, and continue fast growing, giving rise to a city on the fringes of law, regulations and utilities.

**Table 3**  
**Bogotá, D.C. – Population Projections**

<b>Year</b>	<b>Total country population</b>	<b>Total Bogotá population</b>	<b>Colombia annual growth rate</b>	<b>Bogotá annual growth rate</b>
<b>1995</b>	35,098,737	5,995,000	-	-
<b>2000</b>	37,811,308	6,820,440	1.50%	2.61%
<b>2005</b>	40,433,419	7,545,558	1.35%	2.04%
<b>2010</b>	42,982,033	8,070,588	1.23%	1.35%
<b>2015</b>	45,443,519	8,404,851	1.12%	0.81%
<b>2020</b>	47,761,595	8,646,212	1.00%	0.57%

Source: Agencia Internacional de Cooperación Japonesa – JICA (Japanese International Cooperation Agency), 1996

The above figures set a limitation on the possibilities of development and improvement of living conditions. The years spent by Poor City inhabitants fighting for survival and trying to solve its basic needs, as well as the substantial investment they had to do to adequate their homes, reduced their purchasing power and tested their surviving ability. Low savings and low purchasing power in Bogotá, are partly explained by the limited resources of poor families and the priority to satisfy their basic needs.

For twenty years, people living in the settlements to the Southeast of the Capital requested from politicians and city authorities that their settlements and communities were legalized/incorporated into the city Development Plan. The illegal settlements (non-compliance with development regulations) prevent public resources from being invested therein. Low-income downtown communities, informal settlements and rural adjacent areas are the less adequate locations to invest and do business. There, the payment of quotas, corruption and unlawful provision of public services spread. Taxes, savings, profits, sales and payments flow outside the community but never return in the form of jobs, investment, infrastructure or basic services. Service network extensions do exclude illegal settlements. The unlawful source of settlements turned into the perfect excuse to explain the inefficient and poor urban management by local administration authorities and public service providers.

Size of illegal settlements, as well as the defense of community interests, resulted in important election plunder. Support given to urban incorporation of informal developments converted into political speech. Local authorities were indifferent to communities that year after year begged politicians holding office for their help to legalize the settlements in order to receive water, sewerage, power and telephone services, adequate roads, recreation, health, education and transportation.

In 1999, in development of the “Por la Bogotá que Queremos” Plans, Mayor of Bogotá Mr. Enrique Peñalosa Londoño, instructed the DAPD’s Regional Expansion and Organization Directory (SEOR) to implement the settlement legalization program as an essential requirement towards the compliance of the upgrading program.

Dynamics and strength of poor communities made that a reinvestment program was not only possible, but also necessary. Those years marked by marginality, poverty and disadvantage gave way to an economic opportunity for community improvement and development. Upgrading became a strategy to redirect investment to illegal settlements, which main objectives are: increase the demand for goods and services in poor communities, overcome poverty, promote development, suitably handle environmental issues and bring confidence and governance.

### ***Legalization***

According to the law, it is not possible to invest public resources in illegal developments, without a previous legalization process. Feasibility of the upgrading program was subject to urban "inclusion" of unlawful settlements. This is a situation often overseen in many of the improvement and renewal programs promoted by national and local authorities, cooperation agencies and multilateral organizations. Many NGOs implement projects without taking urban regulations into consideration.

However, what is mandatory for government agencies is not for public service companies (specially the telephone companies). Reasons preventing government agencies from rendering adequate and efficient services, were market opportunities for private companies. Open competition and the ability of private investors highly contributed to settlement legalization.

The procedure to officially incorporate, acknowledge and establish regulations for developments or settlements located outside the urban boundaries is set forth in Decree 688 of 1996. This decree foresees several steps: topographic drawings (topography), consultation on availability of services from providing companies, amendment to land inventory (tax list), risk assessment, feasibility studies and reserve areas, encumbrances, and issuance of development regulations. While some time ago the legalization of a settlement would take upto 7 years and some 20 were legalized each year. In 1999, more than 360 settlements were legalized by the SEOR in only 6 months of efficient urban management, that is, 81.8% of the 450 settlements goal set in the development plan.

The legalization process starts with the request by the community and the filing of drawings and topographic studies before the DAPD. By means of the request, the will of the citizenship is expressed to take part in the city development and benefit from local investment and programs. Topography produced by suitable professionals is retained and paid for by the interested community. Passing the legalization responsibility on a third

party in no few cases resulted in abusive additional charges and endless procedures on the interested illegal settlement.

In the event it has not been clear so far, it is necessary to stress that the legalization referred to by Decree 688 of 1996 does not relate to legal tenure and ownership of the land. Nor it intends to give legitimacy to property rights on lands located in protected areas and riversides or those subject to encumbrance or non-controllable risks or menace. Urban inclusion does not confer property rights. Neither does it automatically transfer the property of common areas to local authorities. Urban legalization does not foresee procedures to obtain compensation.

Legalization is the incorporation of the settlement into city regulations and services. Feasibility qualification to legalize unlawful settlements is the responsibility of the Legalization Committee, chaired by the Local Planning Agency and made up of representatives of Land Registry, Disaster Management and Prevention Office, and local public and private service providers. This committee concentrates the coordination effort of plans and action of District agencies and companies to incorporate and upgrade illegal developments<sup>17</sup>.

In order to accelerate the legalization process, partial legalization was undertaken. Legalization was authorized on a case by case basis, to avoid that the full community process was delayed due to some particular situation. Individual authorizations were granted by individual resolutions.

The legalization process helps to accelerate the registry of lands, increasing the city taxation basis. The process also contributed to: (i) define the city risk and natural menace assessment as well as the profile for prevention and mitigation works; (ii) increase the investment possibilities and the expansion of service networks for public and private providers; (iii) provide for a legal setting to invest in improving the Upgrading program; and (iv) make it clear how the Assets Attorney Office, the Administrative Department for Community Action (DAAC) and the Secretary of Education, among others, should participate.

The legalization resolution becomes an instrument by means of which local authorities and service providers recognize the new participation stage, and describe the more urgent community needs. Drawings indicating legalized and not legalized properties are delivered by the SEOR, wherein encumbrances and regulations affecting the development to be taken into consideration are pointed out. Proposed roads, infrastructure and community building are included.

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<sup>17</sup> The Bogotá Territorial Organization Policy (POT) defined the city project over the next 10 years. Our community's desires and predictions to build a fair and egalitarian city are summarized in this Policy. The city purpose coordinates government action, public investment and individual practice towards the achievement of medium and long-term goals. POT becomes the chart for not one, but at least three local administrations.

Legalization is a process to recognize a *fait accompli*. It does not mean forgiveness to illegal developments. Legalization was assumed as part of the administrative responsibility and as the first step towards an efficient urban management including the administration of subnormal and marginal city areas<sup>18</sup>. Never before were activities in the legalization process a part of a development strategy. As from 1997 more than 300 communities and their right to participate in the city development were incorporated. Also, obligations to be fulfilled by the community were recognized as well as their contribution of the city development. In the short term, social investment out of the “Por la Bogotá que Queremos” program created massive non-qualified labor employment. Quality in the provision of services in more than 300 communities was improved. Bogotá is an important example of how serious economics, together with a sensitive macro-economic policy, trickle-down the effects of economic growth, creating employment and contributing to reduce poverty (Gilbert, 1999).

In the long term, the result is a more fair and egalitarian society. The assets of hundreds of poor families increase, and the way opens to private investment. It is anticipated that payment for public services becomes regular, and that quality in the provision of services improves. It is also anticipated that peaceful coexistence of individuals is valued and that quality of life improves for a number of illegal communities.

### ***Upgrading***

Upgrading was one of the priority programs during the Peñalosa administration. Under the management of Mr. Luis Alfonso Hoyos A., large scale efforts of public service companies and the Instituto de Desarrollo Urbano – IDU (Urban Development Agency) were coordinated with the purpose to improve the physical environment of more than 300 communities, to benefit around 650,000 poor people.

This program became the main strategy of the development plan to improve the quality of life of people in *estratos* 1 and 2, building up community sense and making community an active party in its own development process.

The development plan devoted more than 1,2 billion Colombian pesos, i.e. 13.5% of the investment resources, to the Upgrading program, by means of a planned and coordinated participation. *“The implementation of the program has been precise, massive, integrated, coordinated and co-financed. Precise, for investment concentrated on the twelve localities on the periphery of Bogotá –Usaquén, Chapinero, Santa Fe, San Cristóbal, Usme, Bosa, Kennedy, Fontibón, Engativá, Suba, Rafael Uribe and Ciudad Bolívar- wherein there are estratos one and two communities. Massive, for activities were*

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<sup>18</sup> Legalization, upgrading and settlement improvement, along with the planning of new development areas, allows for a balanced and coherent management by the administration of Bogotá. Paying attention to marginality and preparing the grounds for an orderly growth and a rational and efficient expansion of public services, must become a purpose for the forthcoming administrations. The outcome of these tasks should be considered as valid elements to evaluate urban management.

*performed in areas between 20 and 50 hectares. Integrated, for the program was implemented as a whole to include the construction of water pipes, sewerage systems, roads, parks, green spaces, schools, social gardens and in general all infrastructure works required by zones left behind, without neglecting the community role and contribution. Coordinated, for almost all District agencies participated in a jointly effort. Co-financed, for the program was developed with resources from the District, the respective locality, the benefited communities and some NGOs<sup>19</sup>. In other words, city was built as a development strategy, through a transparent and efficient mechanism.*

During the three years program (a short time for the size of investment and goals set), the executive director coordinated the action of eleven district agencies, through a central committee wherein all administration entities had chair. Three operating units: the technical committee, the social committee and the development workshop, integrating in a sole purpose resources from each institution and participant: resources from Bogota Telephone Company ETB, from localities, from government agencies and community contributions.

Having a clear social content, the Upgrading program is the more substantial development plan, with the greatest impact on poor communities undertaken in the last years. Building works involved completed and improved the environment where more than 2,500,000 inhabitants of Bogotá perform. Works like the following, carried out as part of the Upgrading program, dramatically changed the face of Bogotá: Local paved roads and sidewalks in Usme's Moneblanco sector; access to settlements on the West hillsides in Tunjuelito; El Volador water pipes and storage in Ciudad Bolívar; investment of over 200 million pesos in preschool El Paraíso at Ciudad Bolívar; Parks at La Marichuela third sector in Usme and Escocia Paraíso in Bosa; Bellavista school at Kennedy; access to Guacamayas settlement in San Cristóbal and to Los Laches in Santa Fe; more than 83,559 kilometers of aqueduct pipes and 204,286 kilometers of sewerage placed in Ciudad Bolívar; improvement of house facades at Hunza settlement in Suba; one billion pesos invested in paved roads, construction of sidewalks and facade improvement at Tenerife settlement in Usme; investment by the IDU of more than 56,000 million pesos and paving of more than 200,000 square meters; construction of 52 parks in settlements, handed over to communities and the investment of 4,300 millions of pesos by the Instituto Distrital de Recreación y Deporte –IDRD (Recreation and Sports District Agency); 800 million pesos in trees; and 20,000 million pesos from the Fondo de Prevención y Atención de Emergencias – FOPAE (Fund for the Prevention and Attention of Emergencies), invested in the zoning, studies, design, construction, relocation and handling of premises.

Together with the program of massive transportation (TRANSMILENIO), the Upgrading transformed the image of Bogotá and the way its inhabitants live their city. An effective urban management proved that it is possible to modify negative tendencies. In the

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<sup>19</sup>Bogotá Mayor's Office Management Report: Bogotá without Boundaries. Bogotá in the Third Millenium. History of an Urban Revolution. Bogotá, 2000. Pages 53 and 54.

Latin American context, Bogotá is a city like many others. Its size and problems are alike many cities in the region.

The Upgrading program by the Peñalosa administration is perhaps the more important and effective social program of its kind developed in Latin America during the past years. It is a great success, not only for the amounts invested and the results obtained, but it is an example of massive investment in urban centers in the region. No doubt, this is only the first step towards a bigger and more significant participation, in Bogotá as well as in other municipalities all over the country.

Poverty, generally associated to rural areas, has recently become a growing urban problem. The priorities and purpose of central governments, local authorities, international organizations, private industries and people's associations should include to get our urban communities out of the backward state, to overcome the situations that keep them in poverty, to encourage community participation and appropriation in the creation of its own destiny and to create the mechanisms to encourage development and improve the quality of life.

It is the responsibility of governments to serve the urban poor. Upgrading has proven that it is worth investing in them<sup>20</sup>. This strategic approximation calls for the “inclusion” of urban poor people and settlements so they generate their own development process, taking into consideration the human and physical resources of these communities to encourage production and generation of income, to increase labor sources and rise the well-being level. For years, the social policy of central government and local authorities has concentrated in helping the poor, but not in transforming the poverty conditions. The upgrading program reviewed the concept of development, not looking at poverty with sorrow but as part of the solution<sup>21</sup>.

Scarce resources devoted to social programs are directed to maintain the bureaucracy of government social agencies, and to promote allowance programs, which are in the end more sensitive to corruption and inefficiency. These intentions not only have failed, but also have contributed to deteriorate the situation during the last 30 years. Generation after generation of poor have not seen their situation changed, no matter if the economy goes upwards or downwards. Urban management priority should be to solve the true origins of poverty.

The second lesson learnt from the Upgrading program experience refers to the coordinated action and participation of companies and agencies related to the city. An executive directorship for the program was created, in charge of budgeting, programming

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<sup>20</sup> Myron Magnet says that political philosophy of the Compassionate Conservatism (“Compassionismo Conservador”) had an important development through Republican mayor's offices during the early and middle nineties. Poorest people were priority in big urban centers however there is a general believe that state bureaucracies perform poorly when providing social services for the poor.

<sup>21</sup> Dr. Marc A. Weiss suggests that it is necessary to take a new comprehensive approach to cities development.

and supervising the works. A small administration department coordinated the biggest social investment of the last years in Bogotá. Program Management was successful in calling several district agencies to jointly undertake the noble task of modifying the physical environment where poverty performs.

General interest prevailed over particular interest. Contrary to what many institutional and international cooperation programs do to invest in the individuals and their families, the Upgrading program invested in the physical environment around communities. Funds were invested in public property, multiplying the number of families that were benefited. Data show that the upgrading program, together with disarmament programs, has had an important effect in the reduction of criminal rates in the city.<sup>22</sup>

Public space organization, lightning and appropriation by community did improve security. In Bogotá, urban chaos is constantly present in these settlements, where theft, robbery and rape are the daily news. In some sectors, the situation started to change following the Upgrading program. According to Myron Magnet, one of the factors that most contributes to improve the quality of life of the poorest is the existence of safe settlements. However, there still is much to be done.

The program resulted in a strategic investment of the capital's physical and human resources. The value of the assets of many of the poor families in Bogotá increased. Their settlement, their block, their street, turned into an attractive place to live in, to lease, to sell or to produce. The program contributed to have people invest resources in their own homes, thus increasing their market possibilities or creating additional sources of income. Quality of life improved. It is expected that savings originate in family economies, health and transportation, bringing prosperity and improving the quality of life of poor urban communities. To invest in the community is an essential requirement for individuals and settlements to succeed and develop. Local revenue should increase through the expanding property tax base associated with urban/public surrounding and housing improvements.

Inability of service provider companies to serve poor communities was overcome. For years, these companies used the illegality of settlements as an excuse not to expand the service network; not to satisfy the increasing demand and to justify the huge economic losses originated in the unlawful appropriation of public services. Service coverage was always generous to the “legal” city, but management, administration and service quality set aside the “illegal” city for decades. Poor people now must pay for the service that is expected to be better in continuity and quality.

Governance has also been a positive result from the program. Community interest coincided with local government plans to promote the economic growth, by developing a common vision and drawing up a collective strategy. Settlement improvement must be incorporated as a permanent task by local administration, and allow for the design of

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<sup>22</sup> In a document on criminality in Bogotá, the author suggests that the lack of a shaped, orderly and lightened public areas makes an appropriate space to commit criminal acts.

participatory instruments to link community and public sector in order to establish and implement strategic investment programs on people and places. The big challenge of local government is to involve and coordinate the efforts of public authorities, private investment and community interests. In order to implement strategic development programs it is necessary that national and local government take a look at poor communities, not to extend the hand, but to give the first step and set the conditions to guide private investment, create new job possibilities, increase income and welfare, and improve the quality of life (Weiss, 2001).

Despite the important resources assigned to the program, additional revenues are necessary are required to guarantee sustainability. The study and implementation of fiscal enclaves and the structuring of tax self-regulation mechanisms to be applied to some communities, as well as the creation of funds for improvement and community financing programs might be feasible initiatives to reach significant levels of planned permanent investment. The Upgrading program incorporated more than 500,000 hectares and more than 100,000 housing units in the market. Its effects over land value and housing shortage, previously a part of the informal real estate market, are still to be studied but no doubt there was a significant valorization of property and an increase in the value of assets. Benefited settlements are the right places to invest, and it is necessary that the local administration design tax and regulation policies whereby economic incentives are granted to private investors in order to reach and increase the desired levels of development.

It is important that local authorities look at communities and take geographic aspects into consideration to establish tax regulations and that taxpayers obtain advantage from development and urbanization activities. It is important to promote and increase self-sufficiency local revenues. To contribute to economic development, it is necessary to redefine marginal communities and illegal settlements (as well as “informal” activities carried on therein). It is necessary to incorporate them into development and urbanization, and attract investment to informal settlements and localities.

It is necessary to promote actual and potential possibilities of urban communities. Coordinate economic incentives and resources from public and private sectors. Concentrate efforts in the creation of additional job opportunities, commercial and service activities. Improving surroundings for a better and safer public space, educated population, more tolerant society, support small companies activities, best housing and quality of life, and other elements and advantages to attract not only corporations and entrepreneurial groups, but also new inhabitants, dynamic and perhaps with higher purchasing power.

Once environmental conditions around poor communities have been improved, it is necessary to recognize the economical potential of many of the informal activities there carried on. National government's housing policies as defined in Decree 824 of 1999, examine and make it easier the granting of allowances for housing improvement community-based programs. This is an activity that produces authentic wealth and welfare to families, and becomes a productive capital of relevant importance. However, it is necessary that national and local government plans promote the creation of cooperation

financial institutions or encourage the formal financial sector to reinvest in poor urban communities, through micro-financing activities and products, and supporting local micro-businessmen.

Environment obtained great benefit from the program. Upgrading activities resulted in the balance between improvement in living conditions and environment. Both the improvement of urban physical structure and conservation, and improvement of natural environment, are essential conditions to ensure the success of development strategies. Improvement in the supply of drinkable water, sanitation, paving and appearance improvement of paths and minor roads, trees and land handling are results of special importance to poor communities that have traditionally been hit by the poor quality of air and water, as well as by exposure to unhealthy conditions originated in the poor quality of natural environment.

The upgrading process helped to go further into risk assessment activities. Through a serious evaluation of reduce risks, uninhabitable city zones were identified, as well as those requiring improvement works. It is necessary to continue implementing relocation programs and civil works to prevent damage to human and physical resources in the city. No further investment in human and physical resource would be possible, without a previous study on its vulnerability to natural disaster.

### ***Conclusion***

Bogota has paid a high price in reason of its development policy and the poor urban management of local authorities. The planned process of social exclusion imposed for more than three decades has turned back bringing a costly invoice. Inefficiency and mediocrity of government public systems result in the fact that today the incorporation of informal settlements is twice or three times as expensive as what the cost would have been of decriminalizing the urban growth. It is unfair that the city had to pay for the consequences of an unclear and indifferent social policy.

During the last three years, the government of Bogotá has been trying to organize a housing plan to compete with illegal land dividers. Institutional sector, through Metrovivienda, provides housing for *estratos* 3 and 4, and, despite all efforts, the offer of housing solutions is far from the purchasing power of *estratos* 1 and 2. Incorporation of land available for development still is an expensive process. In big cities around the country, and especially in Bogotá, the limited supply of new urban land with possibilities of receiving basic services does affect the cost of land, turning informal development into an attractive business.

The city needs a program that allows for the easy incorporation of lands within the expansion area as foreseen by the POT. This effort should not rest on one only city though.

It is necessary to increase the supply of urbanized (with basic services) land, all over the country. Colombia should take advantage of having more than 30 important municipalities. In the case of Bogotá, a strategy to accomplish a large-scale incorporation of developed plots and to offer a variety of products to satisfy different income possibilities, should be agreed upon with the savanna municipalities. Availability of public services must be guaranteed in all municipalities, and the only element to determine the price of land should be the distance from Bogotá. From the view point of a development policy, the orderly incorporation of less than 10 hectares per year per municipality is easier to manage and has lower social cost than the disorganized incorporation of more than 200 hectares into a city of the size of Bogotá. Each city and municipality within the region should contribute its fair share to increase the development capacity of land.

Any development proposal must be framed into regional population, housing, public services and communications policies. Feasibility of all of them depends on the clarity of the communications strategy. The possibility of scattering the demand for land that is available for development, depends on weather located there should be ease accessibility to job opportunities and services from Bogotá. This is the only way to stop the urban expansion phenomenon, the physical increase of poverty, marginality, urban chaos and inequality in the Capital.

Fifty-six years ago the city absorbed 9 close municipalities. Our lack of awareness of actual migration and the omission to plan the land occupancy all over the region, is taking us to repeat informality and increase poor quality of life that characterizes Bogotá in municipalities like Soacha and some parts of Tenjo, Tabio, La Calera, Chía and Cajicá.

Investment in infrastructure, network and transportation may open an important number of job opportunities for non-qualified labor, and makes a direct housing allowance. Informal developments have proven that people solve their housing needs with their own effort. An adequate investment strategy may become an important stimulus for poor communities. It is the responsibility of government to reduce the poverty factors (availability of public services and quality of life) in poor communities. Clear and efficient policies (access to credit) are required to encourage these communities so each individual satisfies the housing problem, with his/her own means, and according to his/her desires and limitations. This effort cannot be limited to a small group of cities. Connectivity to public services must be part of a decentralized program that allows for the planned expansion of networks and the progressive development of town planning works.

Bogotá as well as close municipalities would benefit from a regional population and housing strategy. Uncontrolled growth of the city urban sprawl would be avoided and a proposal would be presented towards the controlled growth of urban centers in the region. A region connected through an efficient telecommunications and transportation system, supported by a series of infrastructure works and the provision of decentralized services which respects environmental structures to support the quality of life in the Savanna of Bogotá and its surrounding hills.

Upgrading program for Bogotá is a successful activity to promote development and improve the quality of life of urban communities. A strategic investment was made to provide public services and basic infrastructure to transform illegal developments into organized neighborhoods. Neighborhoods where community is ready to invest in their housing, family and business under principles of decency, security and opportunity. It is necessary to obtain the cooperation of central government and local administration, as well as the support of international community<sup>23</sup> to promote and implement programs like this upgrading or neighborhood improvement. As Dr. Weiss suggests, this kind of projects can make a great difference in poor urban communities, at relatively low public costs to be self-repaid through private investment and the increase in the value of residents contributions.

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<sup>23</sup> Programs like Cities Alliance through UNCHS – Habitat and the World Bank, and the Program Cities Without Slums; World Bank Sectorial programs; Municipal Programs of Inter-American Development Bank – IDB; Cities Program of the U.S, Agency for International Development – USAID; Canadian Authority for International Development; Japanese Agency for International Development; The program for Municipal Development of the Inter-American Agency for Cooperation and Development; and other activities of NGOs.

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