



HOUSING
& **SDGs**
IN MEXICO

EXECUTIVE SUMMARY

Housing and SDGs in Mexico

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This publication is a strategic tool addressed to all actors of the Mexican housing sector to contribute to progressively impulse the realization of the right to adequate housing and strengthen its central role for the fulfillment of the 2030 Agenda for Sustainable Development in Mexico.

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Housing and SDGs in Mexico

The right to adequate housing stands as a fundamental part of the right to an adequate standard of living, according to the Universal Declaration of Human Rights of 1948 and the International Covenant on Economic, Social and Cultural Rights of 1966.

The concept of adequate housing as a right and its link to sustainable urban development has evolved substantially over the last four decades. Between 1976 and 2016, there has been a significant progress in the way in which governments have addressed housing as a central component of inclusive urbanization processes and as a driving force for sustainable development.

The Vancouver Declaration on Human Settlements (Habitat I) of 1976 recognized the need for action to improve human settlements' basic conditions and services; in Habitat II (1996), governments committed to achieving the full enjoyment of the right to adequate housing identifying it as a key element to meet the growing needs of urbanization. Habitat III (2016) and the New Urban Agenda (NUA) position adequate housing at the center of sustainable development; as an instrument to achieve inclusive, planned and sustainable urbanization and as a transformative force to overcome challenges such as climate change, poverty, exclusion and inequality.

The 2030 Agenda for Sustainable Development – a global agreement among United Nations' member States that seeks to tackle the structural causes of poverty, combat inequalities and generate opportunities to improve people's lives – recognizes the right to adequate housing and the enhancement of living conditions in slums as fundamental elements for an inclusive and sustainable urbanization. Through target 11.1, countries commit to: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums".

The 2030 Agenda establishes that human settlements and housing have a key role in fulfilling most goals and targets as well as in guaranteeing the compliance with other human rights. In this context, adequate housing is conceived, beyond the physical space delimited by four walls and a roof, as part of a holistic framework in which it becomes a central element of sustainable development.

"Housing at the Center", a global approach set out by UN-Habitat in 2015, places people and human rights at the foreground of sustainable urban development policies in order to leave no one nor any place behind. At the national level, the approach aims to integrate housing into National Urban Policies and into the global strategic thinking on planned urbanization. At the local level, it seeks to reinforce the interlinkages between housing and urban planning and, consequently, the conditions for the development of cities and people.

This approach recognizes that housing contributes, directly or indirectly, to the fulfilment of all 17 Sustainable Development Goals (SDGs) and many of its 169 targets. In turn, many SDG targets contribute to the realization of the right to adequate housing: not only those focused on domestic space, its facilities, its immediate environment or the way of inhabiting it, but also through the reduction of poverty rates, access to health and education, gender equality, and reduction of social and economic inequalities, among many others.

In addition, housing is a central component for the fulfilment of other global agendas such as the Sendai Framework for Disaster Risk Reduction 2015-2030, the Addis Ababa Action Agenda on mobilizing financial and technical resources for development, the Paris Agreement on Climate Change and the New Urban Agenda.

Housing policy in Mexico: a general framework

During the past 60 years, Mexican housing policy has gone through different stages that correspond, in general terms, to the evolution of perspectives on the role of governments in housing provision, as well as the conceptualization of housing in global agendas.

In its first stage, between the beginning of the 1960s and the early 1990s, the Mexican State based its actions on an interventionist model characterized by public land regulation and the definition of location criteria for the housing supply. In the second stage, the State provided

financial support to housing actions carried out by the private sector; a situation that, although it allowed to consolidate the financial viability of National Housing Organisms (ONAVIS by its acronym in Spanish), had significant negative effects on the management of urban growth, the provision of public services and the quality of the housing stock, due to the relaxation of regulatory criteria on land use planning, urban development and public housing promotion.

From 2006 to present, although in general the liberal approach to land and housing prevails, the third stage can be characterized by an increasing coordination between housing and urban development policies, under a new normative and institutional framework and the principles indicated in the global agendas on adequate housing and sustainable cities.

Significant challenges remain in Mexico's housing sector, related to social exclusion, economic inequality and environmental deterioration:

- The persistence of high levels of inadequate housing that particularly impact on the most vulnerable groups.
- A model of formal housing construction based on financing and subsidy schemes for the acquisition of finished housing units located in disconnected and poorly consolidated peripheral areas. This model favors the process of accelerated low density urban sprawl of Mexican cities during the last decades.

- Environmental imbalances generated by the massive construction of housing on agricultural or environmentally sensitive land, as well as an inefficient management of human settlements in the face of natural and climatic hazards.

Housing at the Center of the SDGs in Mexico: six strategic guidelines

The present document proposes six strategic guidelines to address the identified challenges, considering housing as a crucial sector to achieve the 2030 Agenda:

1. Promote intraurban social housing (developed in chapter 6)
2. Facilitate the access of vulnerable groups to adequate housing (chapter 7)
3. Foster social rental housing (chapter 8)
4. Improve deficient urban fabrics (chapter 9)
5. Reduce the environmental impact of housing and increase its resilience (chapter 10)
6. Optimize housing's life cycle (chapter 11)

Promote intraurban social housing

The liberalization of the housing sector has contributed to an inadequate location of housing supply. Of the total of more than 2.2 million housing units built between 2014 and 2017 with funding from ONAVIS, only 8 % are located in fully consolidated urban areas. In terms of low-cost housing, below USD 16 835 (MXN 311 450) per unit in 2017, only 2.9 % of the supply was built in consolidated areas, while 73 % was located in peri-urban areas, disconnected from

sources of employment, urban services and transport networks.

The current subsidy allocation scheme does not reward adequate location of housing. Incentives offered by CONAVI are insufficient: the differential amount of the subsidy for a unit located in consolidated areas of a city and another of similar characteristics located in peripheral areas is only USD 397 (MXN 7350), which does not compensate the higher land cost in areas with access to sources of employment, urban equipment and infrastructure.

The disconnection between urban, territorial and housing policies has favored the accelerated expansion of Mexican cities. UN-Habitat estimates that between 1980 and 2017 the urban population grew at an annual rate of 2.4 %, while the urban built-up area grew at 5.4 %. At the same time, the intraurban land is used inefficiently, since it is estimated that, in the major cities of the country, there are 85 000 hectares of underused intraurban land that could accommodate 3.3 million new dwellings; that is 46 % of the housing that would be needed between 2017 and 2030 to meet the demand of new households.

If building intensity were doubled in underused intraurban areas, the urban sprawl process that afflicts Mexican cities could be curbed almost completely, at least until 2030. This could be achieved, for example, by increasing density from lots with one-story homes to two or three-story multi-family buildings. In order to promo-

te social housing in these areas, it is necessary to facilitate the supply of intraurban land by strengthening the local regulatory framework, urban planning instruments that activate the sale of suitable land for housing, and fostering funding sources that include financial and timely payment guarantees for social housing projects in consolidated areas.

Facilitate the access of vulnerable groups to adequate housing

UN-Habitat estimates that in 2016 there were 12.6 million inadequate housing units (38.4 % of private inhabited housings in Mexico). This deficit affects mainly the most vulnerable groups of the population: low-income households, informal workers, women, indigenous people, young people and those displaced by violence for whom, in addition, access to adequate housing occurs in the most difficult conditions.

The current housing finance policy focuses on population with formal employment and enough income to obtain a mortgage loan. It also favors regions with high economic dynamism inducing a significant north-south territorial imbalance at the national level; more than 50 % of the housings units built in the last two decades are located in only 8 of the 32 states: Nuevo León, State of Mexico, Jalisco, Mexico City, Chihuahua, Baja California, Guanajuato and Tamaulipas. The south-southeast states, with high prevalence of poverty rates, indigenous population and housing deficit have been underserved by current housing programs.

The model encourages the construction of new finished housing units, which does not correspond to the population needs. It is estimated that only 10.5 % of dwellings in inadequate conditions need to be replaced by new units, while 89.5 % of the deficit can be addressed through actions for improvement, expansion, construction on their own land or infrastructure provision.

It is necessary to place the most vulnerable groups at the center of adequate housing actions. This requires adapting the housing programs to the specific characteristics of the territory and the sociocultural conditions of each vulnerable group.

Promoting access for vulnerable groups to adequate housing requires strengthening the articulation of housing, territorial planning and other sectoral policies; to diversify housing solutions to respond to the eminently qualitative characteristics of the housing deficit; to reorient housing subsidies towards these groups, and to adjust the normative and institutional framework to allow concrete actions from the local governments to attend their housing needs as a priority.

Foster social rental housing

Public social renting programs are scarcely developed. Social rental housing — provided at submarket prices and allocated to vulnerable groups — is not a common instrument of housing policy in Mexico, unlike most members

of the Organization for Economic Co-operation and Development (OECD) and other Latin American countries. Except for a few programs with very limited scope promoted by the ONAVIS in recent years, rental social housing remains an under-explored area of opportunity. This is partly due to a complex fiscal and legal framework that discourages supply, to the shortage of public incentives and to a bias in the housing policy towards financing and subsidizing housing acquisition rather than rental.

In 2016 the average monthly rent accounted for 23 % of the household income and 132 % of the poorest decile households; proving that rent at market prices is not accessible for them. In fact, only 9 % of the poorest households, with monthly incomes under one general minimum wage (USD 118 or MXN 2190) rent the housing they live in. Furthermore, 61.7 % of tenant households, almost 3 million families, need to allocate at least 30 % of their monthly income to pay their rent, compromising therefore the enjoyment of other rights.

Developing a formal rental market for vulnerable groups is an alternative to achieve the access to adequate housing. On the one hand, the development of a housing supply with affordable rents for low-income households requires to guarantee timely-payment guarantees for landlords as well as constitute a public heritage of land or intraurban housing for social rental. On the other hand, on the demand's side, it is necessary to provide specific financial support for vulnerable groups, for example mon-

thly subsidies for rent payment, for a specific period. Given the complex legal, fiscal and administrative regulatory structure, housing rental initiatives will be more likely to succeed if they are integrated under a joint programmatic approach that enables a critical mass of necessary reforms.

Improve deficient urban fabrics

The current housing development model has led to the emergence of different types of deficient urban fabrics. This study identifies four types of mainly residential urban fabrics that, due to their urban-morphological characteristics, are considered a priority for improvement so that their inhabitants can enjoy equal rights and access to the benefits and opportunities of the city. These are precarious settlements, large peripheral housing developments, degraded intraurban areas and enclosed residential spaces.

The absence of public measures to allow vulnerable populations to access well-located urbanized land and adequate housing is directly related to the emergence and growth of precarious settlements. Typically, this fabric lacks access to basic urban services such as water and sanitation; its inhabitants reside in overcrowded houses made of precarious materials and without secure tenure or located in risk areas.

The remoteness of large peripheral housing developments from fully consolidated urban areas does not allow the adequate provision

of equipment, infrastructure and urban services, as well as an adequate access to formal jobs. These conditions are a factor of the abandonment of housing and the deterioration of its urban surroundings,¹ phenomena that are reinforced by the predominance of monofunctional land use and uniform housing typologies, which hamper the social and economic activities diversity.

Degraded intraurban areas are characterized by a close location to consolidated areas of the city but, at the same time, by a significant physical, urban and social deterioration. This fabric type can be characterized by abandoned or ruinous buildings and public spaces and vacant or underutilized plots. The provision and management of some urban services is deficient, and the resident population faces conditions of socioeconomic polarization, poor social cohesion and territorial stigmatization.

Enclosed urban or peri-urban residential areas favour spatial social segregation and the privatization of public space. Although they do not necessarily contain urban deficit conditions themselves, physical barriers limit connectivity with the rest of the city, prevent the free movement of people and break the continuity of urban space, which hinders the management of public services.

¹ A survey carried out by the National Housing Commission (Conavi) in 2015 reveals that 37.5 % of the housings produced between 2011 and 2014 and registered in the Unique Housing Register (RUV in Spanish) to receive funding from ONAVIS were uninhabited (Conavi, 2015b)

Urban and housing policies need to formulate and implement joint and specific actions for each fabric type. Actions common to all fabric types should be the basis of specific interventions. Deficient urban fabrics require the improvement of the supply of services, equipment, public spaces, transport and the availability of sources of employment, as well as institutional arrangements and comprehensive programmatic developments promoted and supported by dependencies of the three government levels (federal, state and municipal), private actors and civil society.

In precarious settlements that can be consolidated it is necessary to upgrade urban services and housings conditions, while a relocation process, based on a human rights approach, must be implemented in those located in risk areas.

Areas that concentrate large peripheral housing developments require urbanistic interventions that promote a mixed land use to foster the development of new sociocultural facilities, social and housing diversity, as well as local sources of employment, in order to counteract conditions of physical deterioration and abandonment.

Many degraded intraurban areas, both residential and of mixed-use, can be intervened through a better land use, the improvement of the housing stock and a greater supply of adequate housing for different groups of the population.

Regulatory measures and design actions are needed to intervene enclosed residential areas. Additionally, to favor the permeability of enclosed residential spaces and the use of public and private equipment, a system of compensations for their residents should be considered.

Reduce the environmental impact of housing and increase its resilience

It is estimated that more than 87.7 million Mexicans live in areas of high natural and climatic disaster risks. Disasters related to these events between 2000 and 2016, including the 2017 earthquakes, caused substantial damage to more than 1.4 million housing units. Climate change-related disasters caused 82.6 % of these damages, while natural disasters accounted for 17.4 %. In total, damages were valued at USD 20.6 billion (MXN 380.6 billion).

The significant expansion of urban areas causes the degradation of ecosystems, affecting the services they provide, such as protection against climatic disasters. In addition, the location of settlements in risk areas, the insufficient provision of public services and the precariousness of housing materials favor the exposure and vulnerability of the population to natural and climatic disasters. The lack of articulations between urban and environmental planning instruments and between the institutions responsible for their management difficult the implementation of a comprehensive solution to the challenges faced by Mexico in relation to the reduction of these risks.

To reduce the impact of natural and climatic phenomena, it is necessary to stop the urban expansion of Mexican cities. Coordinated actions from the three government levels should be complemented with programs to increase the resilience and adaptation of human settlements to climate change, to improve the physical conditions of the existing housing stock and its immediate surroundings, as well as to relocate housing units located in risk areas.

Optimize housing's life cycle

The life cycle of housing in Mexico responds to a linear production and consumption model based on the paradigm of “take, make, consume, throw away”. This model has significant negative impacts in environmental terms due to the excessive use of energy, water and raw materials, the amount of waste resulting from their production processes and the generation of contaminating pollutants released into the air, water and soil.

The greenhouse gas (GHG) emissions released into the atmosphere by the production and consumption of housing jeopardize the fulfillment of the commitments on climate change acquired by Mexico in the Paris Agreement. A longer permanence of construction materials and products in the housing life-cycle would contribute to minimize the creation of non-reusable waste and to a sustainable, efficient and low-carbon economy.

Optimizing the life cycle of housing requires a transition towards a circular model of production and consumption in which resources are used more efficiently. This effort involves strengthening the inter-institutional collaboration between the different public administration bodies and the formulation of a normative framework that coordinates actors, laws, norms, standards and building codes related to all the different phases of the life cycle of housing. Likewise, fiscal and financial stimuli are needed to support the transition of the productive processes of the housing industry to more sustainable schemes which optimize the use of materials and reduce the waste of natural and economic resources. It is necessary that the entire construction sector adopt technologies, processes, practices and constructive systems that are appropriate to each bioclimatic region of the country to improve energy efficiency and reduce water consumption, as well as the polluting emissions in both new and existing housing.

Proposed action lines by intervention scope

To assist the implementation of the six strategic guidelines identified in this study, UN-Habitat frames a set of 16 proposals and 49 action lines. These action lines can be grouped in the following seven major intervention scopes to facilitate stakeholders awareness and involvement.



Intervention scope 1: national normative framework

- Adapt the General Law on Human Settlements, Land Planning and Urban Development to restrict the construction of large housing developments in inadequate locations where municipalities are unable to provide public services, equipment or other infrastructure with sufficient coverage and quality (**chapter 9, proposal 9B, action line 9B1**).
- Strengthen state and municipal urban development programs to facilitate the construction of social housing and the densification of the consolidated urban fabric (**6B1**), as well as discourage the privatization of public space (**9D1**).
- Adapt construction standards in municipal and state building codes and regulations to increase energy efficiency and optimize the use of materials for new housing (**11B1**).
- Standardize the state regulatory framework for rental housing, to expedite the resolution of civil trials related to leasing and implement legal conciliation instruments between tenants and owners to increase the supply of rental housing, especially those targeted at vulnerable groups (**8B2**).

Intervention scope 2: interinstitutional governance

- Align policies and instruments of territorial and environmental management, land use, housing and climate change and strengthen the coordination between federal entities in charge of these areas, in order to limit urban sprawl and the consequent environmental degradation **(10A1)**.
- Establish a national strategy and inter-institutional agreements, between state secretariats (ministries) and between different government levels, to intervene precarious settlements **(9A1)** and large peripheral housing developments **(9B2)**, and to carry out urban regeneration operations in historical centers and neighborhoods **(9C1)**.
- Promote the development of a property management sector for rental housing in order to improve their maintenance and conservation conditions **(8B4)**.
- Develop a programmatic framework to promote the transition of the construction and housing industry towards a model based on the principles of circular economy **(11A1)**.

Intervention scope 3: urban development, rural development and housing policies and programs

- Adapt housing solutions to the sociocultural characteristics of the population **(7C2)** and strengthen assisted social production of housing programs **(7C3)** and housing improvement and extension programs **(7C4)**.
- Incorporate a multisectoral approach in housing interventions **(7A1)** and include social management and economic development components in the housing improvement and housing access programs **(7B3)**.
- Link the actions that address inadequate housing and infrastructure in rural and indigenous areas to integral rural development programs **(7B2)**.
- Implement programs of integral improvement of precarious settlements **(9A2)**.
- Generate a normative and programmatic framework for operations to implement strategic local development projects in territories with deficient large peripheral housing developments **(9B3)**, specific regeneration and repopulation projects of historical centers **(9C2)** and integrated urban operations to intervene degraded intraurban areas **(9C3)**.
- Promote programs and projects to preserve, restore and increase biodiversity and ecosystems **(10A2)** and reduce the physical vulnerability of the housing stock facing natural and climatic hazards **(10B2)**.
- Strengthen the improvement and enlargement of the existing housing stock based on the incorporation of sustainability criteria **(11B3)**.

Intervention scope 4: federal and ONAVIS financing lines

- Diversify the financing of housing solutions based on the specific needs of the population **(7C1)** and adapt the financial efforts of the public sector to the existing housing needs in every different territory **(7B1)**.
- Reorient subsidies to groups that have a more difficult access to adequate housing **(7D1)** and generate a national housing fund for informal workers and vulnerable groups **(7D3)**.
- Grant greater amounts of financing and/or mortgage credits with preferential rates to favor the acquisition of intraurban social housing **(6A1)** and increase the capacity of the low-income population to pay rent for adequate housing through direct subsidies **(8A2)**.
- Create lines of financing to encourage the improvement of the housing stock which is deteriorated, structurally unsafe or at risk in the face of natural and climatic disasters **(9C5)**.

Intervention scope 5: financial and fiscal incentives and instruments

- Grant greater financial guarantees to housing developers **(6A2)**, as well as administrative, regulatory and fiscal facilities to encourage the construction of intraurban social housing **(6B3)**.
- Create guarantees for the payment of the rent of social housing inhabitants through rent payment insurance schemes for the owners, in coordination with the national housing organisms (ONAVIS) **(8A3)**, as well as administrative facilities and fiscal incentives at the local level, to reduce the costs of rental housing projects and thus encourage their construction **(8B1)**.
- Establish tax deduction schemes for rental housing landlords and administrative registry facilities to increase the formalization of lease agreements **(8B3)**.
- Create fiscal schemes for vacant plots of land and urban management tools to reduce speculation on the intra-urban land for social housing **(6A3)**.
- Identify vacant plots and underused blocks inserted in the consolidated urban fabric which are suitable for social housing **(6B2)**, intensify the use of land and promote a mix of uses, through urban planning **(9C4)**.
- Create financial instruments to encourage the transition to a circular economy of the industrial sectors involved in the life cycle of housing **(11A2)**.
- Develop financial mechanisms and incentives to both, housing supply and demand to promote an efficient consumption of energy and water **(11B2)**.

Intervention scope 6: strengthening of municipal governments' capacities

- Align land use and environmental management, climate change, urban planning and housing policies at the local level and update regulations accordingly (10A1).
- Develop the capacities of the municipal administrations to assist the generation, management and maintenance of public land and public intraurban housing to lease to vulnerable groups (7D2 and 8A1).
- Train local authorities to strengthen their technical capacities to plan and manage social housing (7A2) and to adapt urban and architectural design to prevent the formation of enclosed residential spaces (9D2).
- Strengthen local regulations and generate urban interventions to protect or relocate housings in order to prevent their exposure to multiple disasters (10B1).

Intervention scope 7: citizen empowerment and participation

- Develop and promote participatory local development strategies to tackle the integration of vulnerable populations (7A3).
- Involve the population in the decision-making regarding the modification of the urban surrounding in which they live in, whether in precarious settlements (9A2), large peripheral housing developments (9B3), historical centers and neighborhoods (9C2) or in the context of integral urban operations in intraurban areas (9C3).
- Carry out workshops on the perception of insecurity in public and residential spaces with the inhabitants of enclosed residential areas (9D3).
- Inform, sensitize and train the population to promote an efficient consumption of resources in housing (11B4) and to prevent risks (10B2).



