

The State and Potential of Rental Housing in Latin America and the Caribbean

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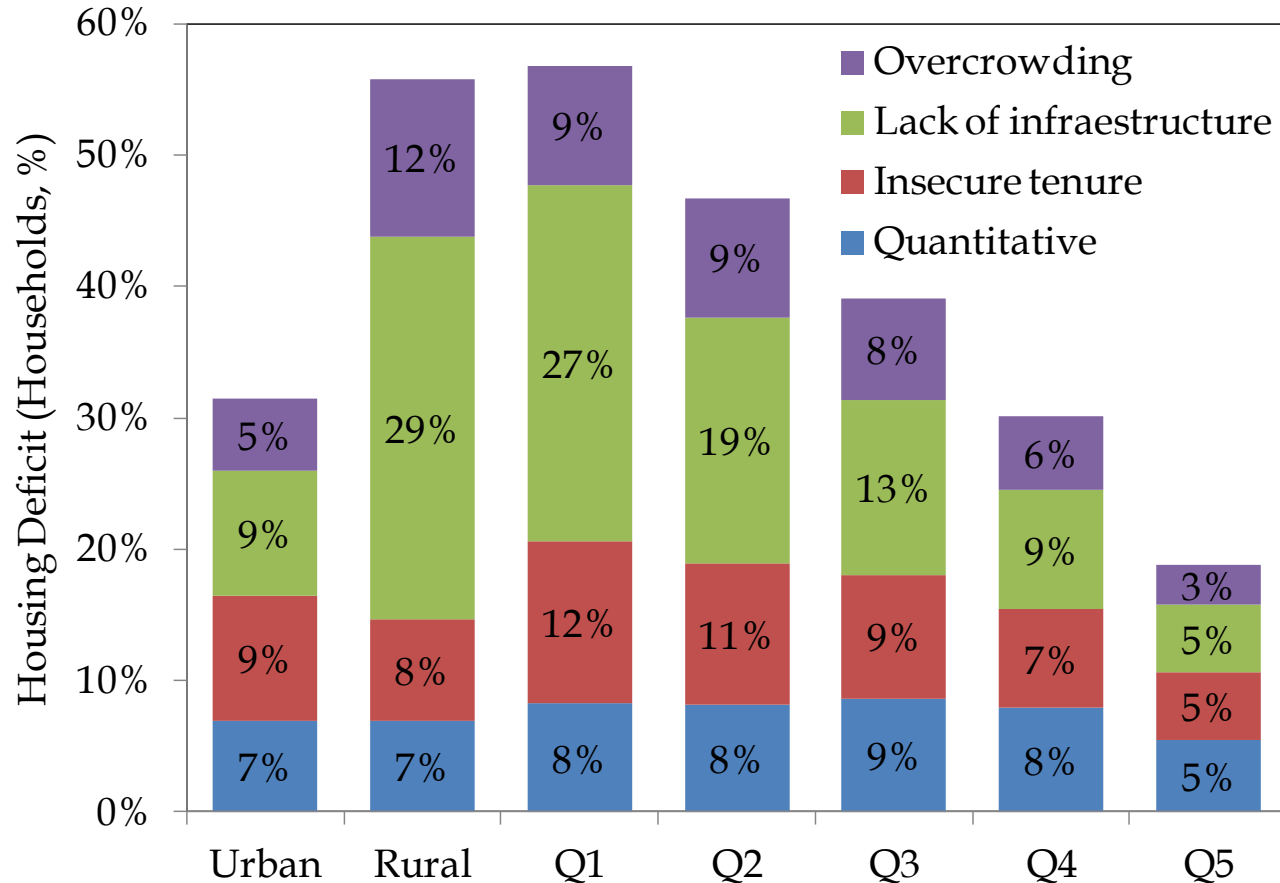
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1. The Problem

A. Deficits persist—and will persist!

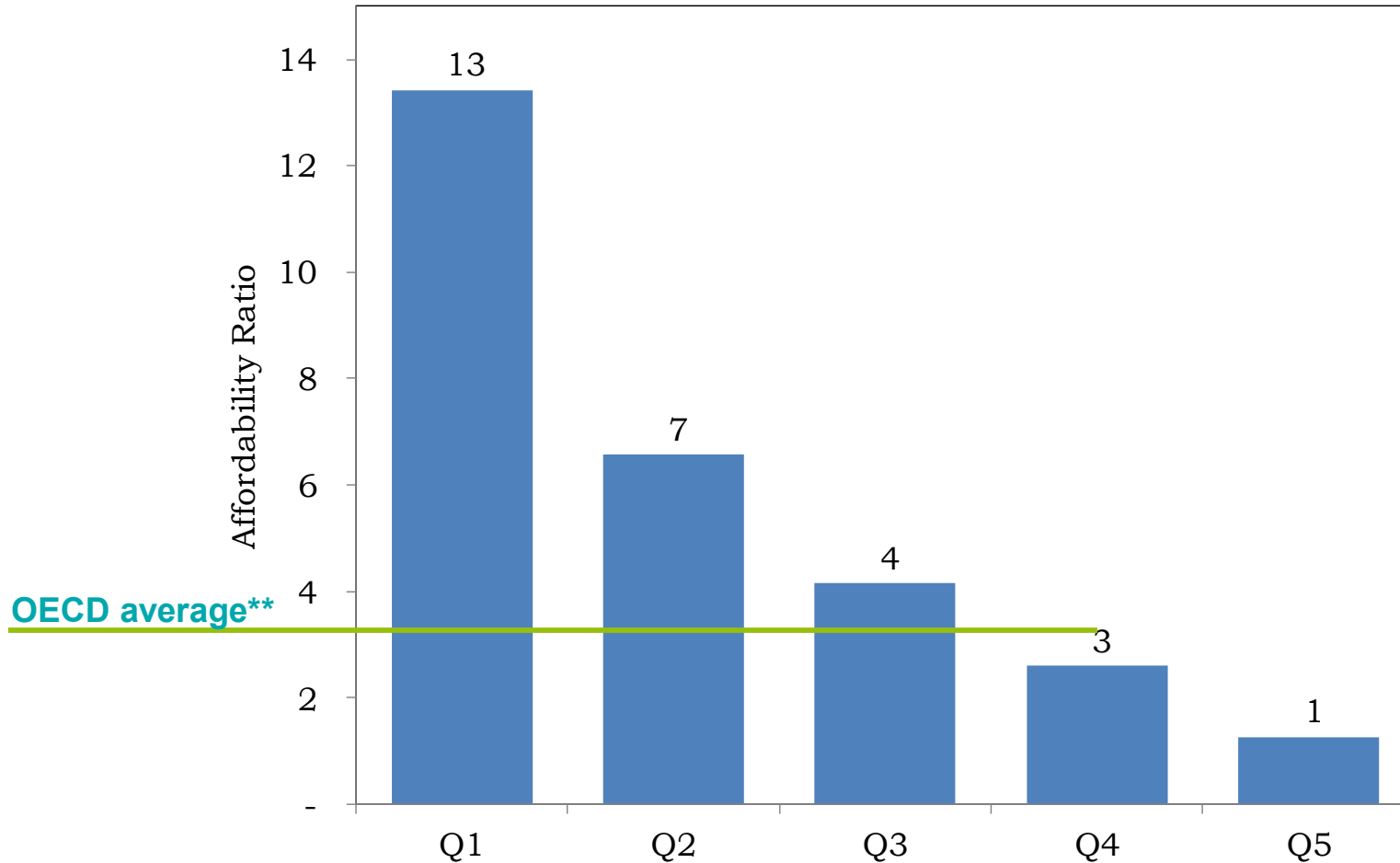
Housing deficit in LAC* (2009)—Area & income quintile



1. The Problem

B. Unaffordable

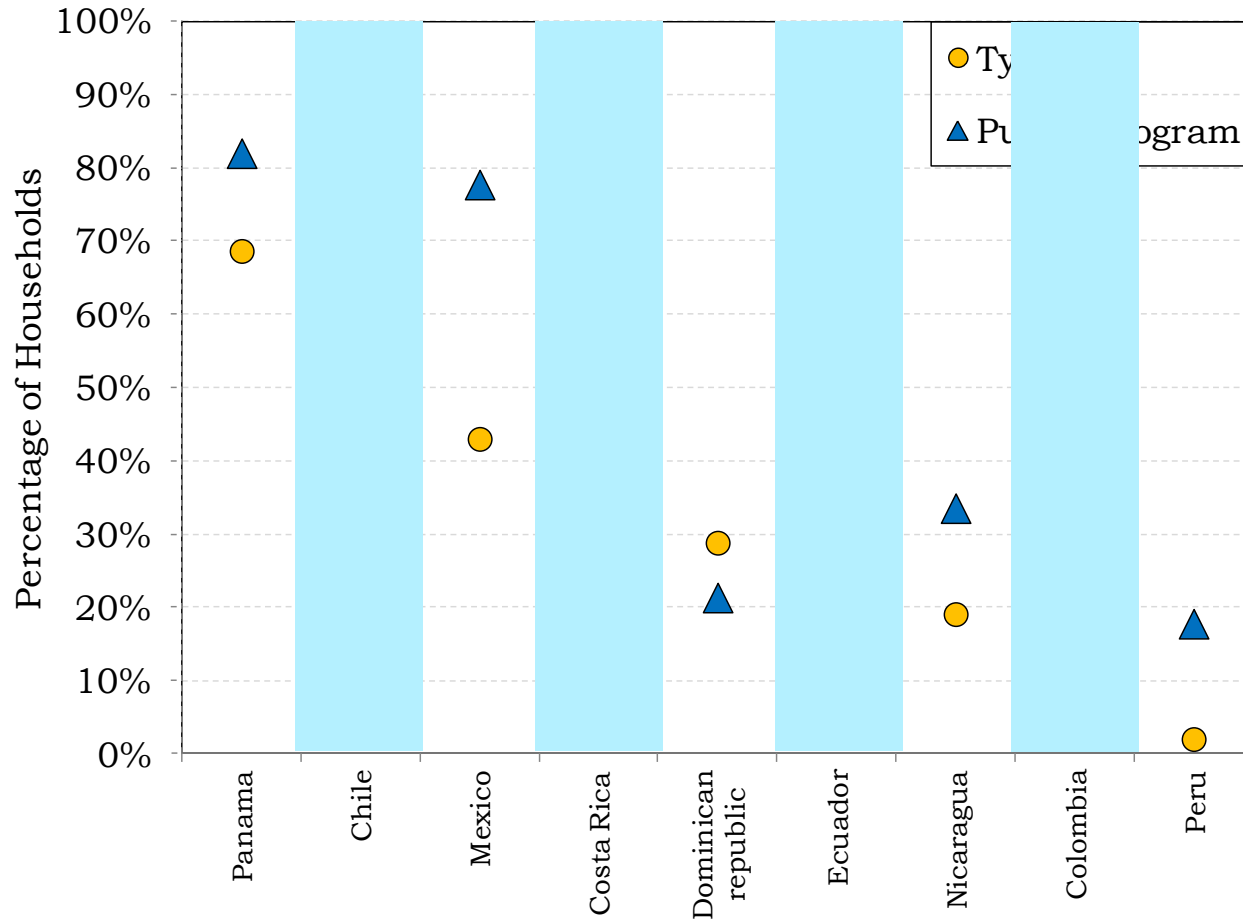
Housing Unit Price/Median Annual household Income—LAC*, 2006/9



1. The Problem

B. Unaffordable

Households that can afford mortgage payments—LAC*, 2006/9



1. The Problem

C. Inadequate

- Slums
 - High incidence—Low-income countries
 - Highly concentrated—Brazil and Mexico
- Spatial segregation
 - Poor clustering—Periphery
 - Socio-economic patterns—Education

2. Rental Housing—Solution

- Deficit
- Choices
- Segregation
- Mobility
- Financial risks

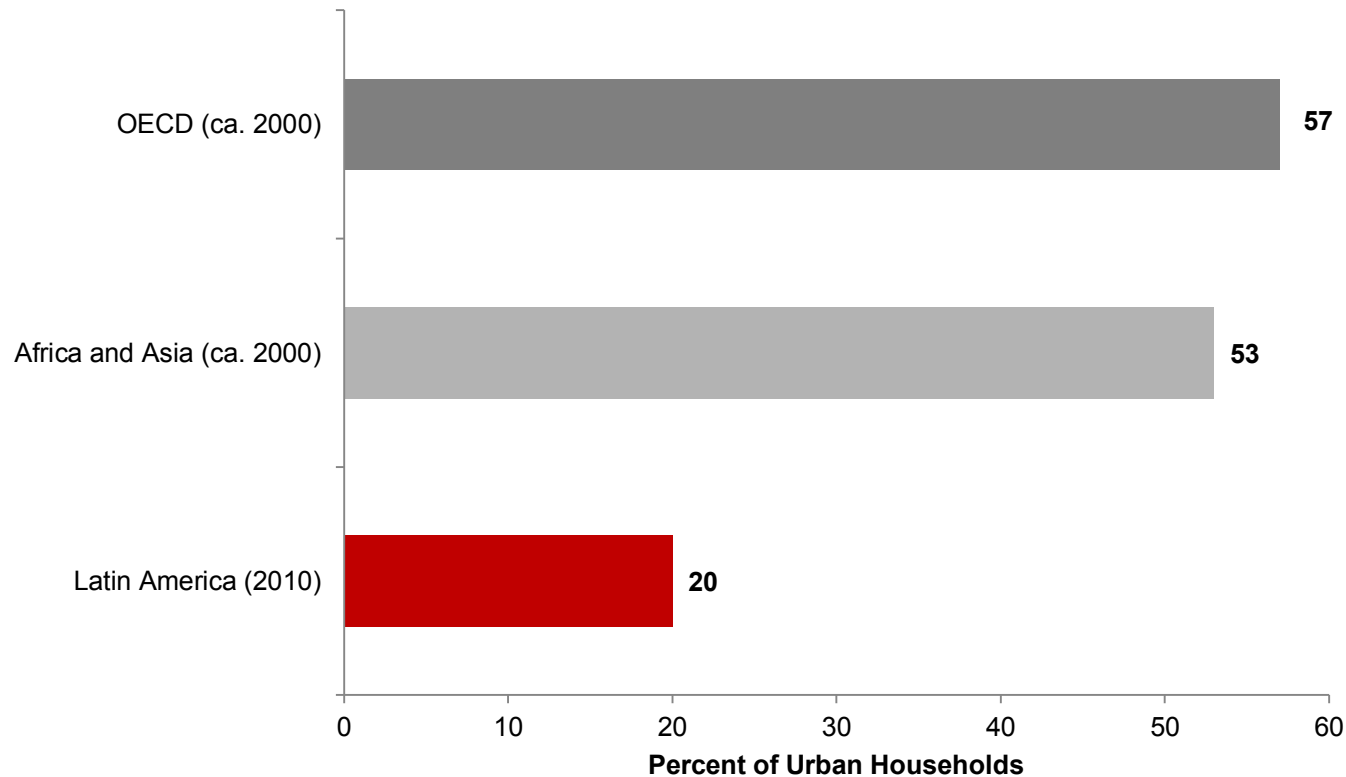
3. Untapped Potential

- Stagnant—17% (1995-2007)
- Low occurrence—24 millions households
- Generalized—Ranges 11%-20% (2007)

3. Untapped Potential

- Rental Tenure

% of urban households that rent their dwelling



LAC: Bogota, Guadalajara, Sao Paulo, Santiago, Mexico City, Rio de Janeiro, Belo Horizonte, Caracas, Buenos Aires and Lima

OECD : Berlin, Hamburg, Amsterdam, New York, Montreal, Los Angeles, Rotterdam, Toronto, London, Oslo

Africa and Asia: Kisumu, Cairo, Alexandria, Kunasi, Lagos, Cape Town, Johannesburg, Bangkok and Tripoli

Source: Authors' calculations for Latin America. UN-HABITAT (2003b) for Africa, Asia and OECD cities.

3. Untapped Potential

- Renter versus owner—Superior or similar
 - Overcrowding and poor materials—11% vs. 9%
 - Lack of basic services—9% vs. 14%
 - Qualitative shortage—30% vs. 51%

3. Untapped Potential

- Less household income dependent
 - High-income—More likely (Argentina, Chile, Guatemala and Venezuela)
 - Middle-income—More likely and evenly distributed (8 countries including Bolivia, Mexico and Uruguay)
 - Low-income—More likely (6 countries including Brazil, Colombia, Honduras and Peru)

4. Constraints

- Policy bias toward home ownership
 - Government subsidies
 - Public housing
 - Upgrading programs
 - Mortgage finance
 - Low financing costs
 - Tax advantages
 - Illegal subdivision and land invasion

4. Constraints

- Inappropriate regulatory framework
 - Unbalanced legislation
 - Rent controls
 - Repossession process
- Limited access to long-term
 - Short amortization period
 - High interest rate
 - Inconsistent financing schemes

4. Constraints

- Limited availability of urban serviced land
 - Missing land value capture mechanisms
 - Elitist planning regulations
 - Speculation with vacant land

5. Lessons Learned

- Tenure-neutral approach to housing policy
- Balance tenants and landlords rights
- Rethink rent controls
- Flexible and pragmatic approach
- Component of housing and land policy

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