

El Colegio de México, A.C.

Center of Demographic,
Urban and Environmental
Studies

Rental Housing: A Public Policy Option in Mexico

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Rental Housing

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City Designer Strategists
HELP US CHANGE
THE URBAN FUTURE
WORLD URBAN FORUM



Main objective

- To show that need housing in Mexico is related with an inappropriate housing policy
- To illustrate that in Mexico we need a rental housing policy and there are conditions for it.

1

**How has the government
responded to housing needs?**

1940

- **Housing programs**
- **Rental control and small rent housing programs-**

1970-1980

- **Housing institutions**
- **Regularization program.**
- **Rental housing subsidies went to the end.**

Since the 1990's

- **Housing policy was became in central tool for the expansion of financial markets**

Where are we heading?

2

**Results: The good news...
or... the bad news?**

Results of housing policies

12.8 millions of home loans were given (2001 y 2011)

73 % for home purchases (SHCP y SEDESOL, 2011)

65% for new dwellings

But.... There is

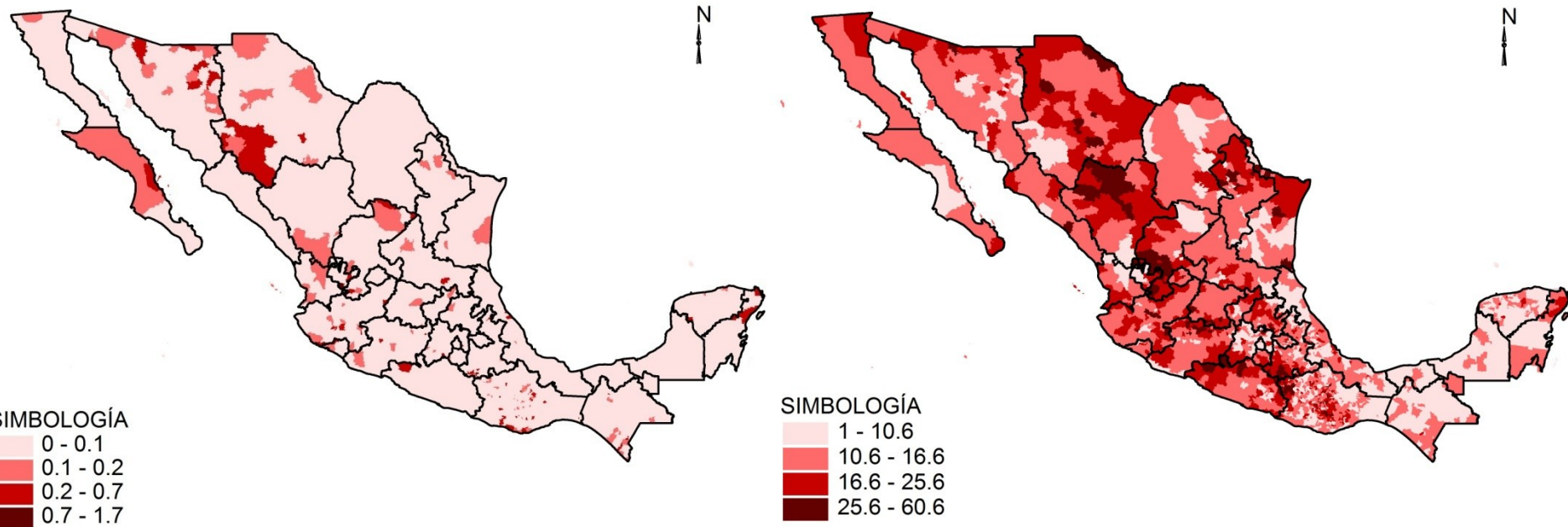
35.7 million housing

5 million empty dwellings

2 million dwelling for temporary use (Census 2010)



Unoccupied housing percentage 2005-2010

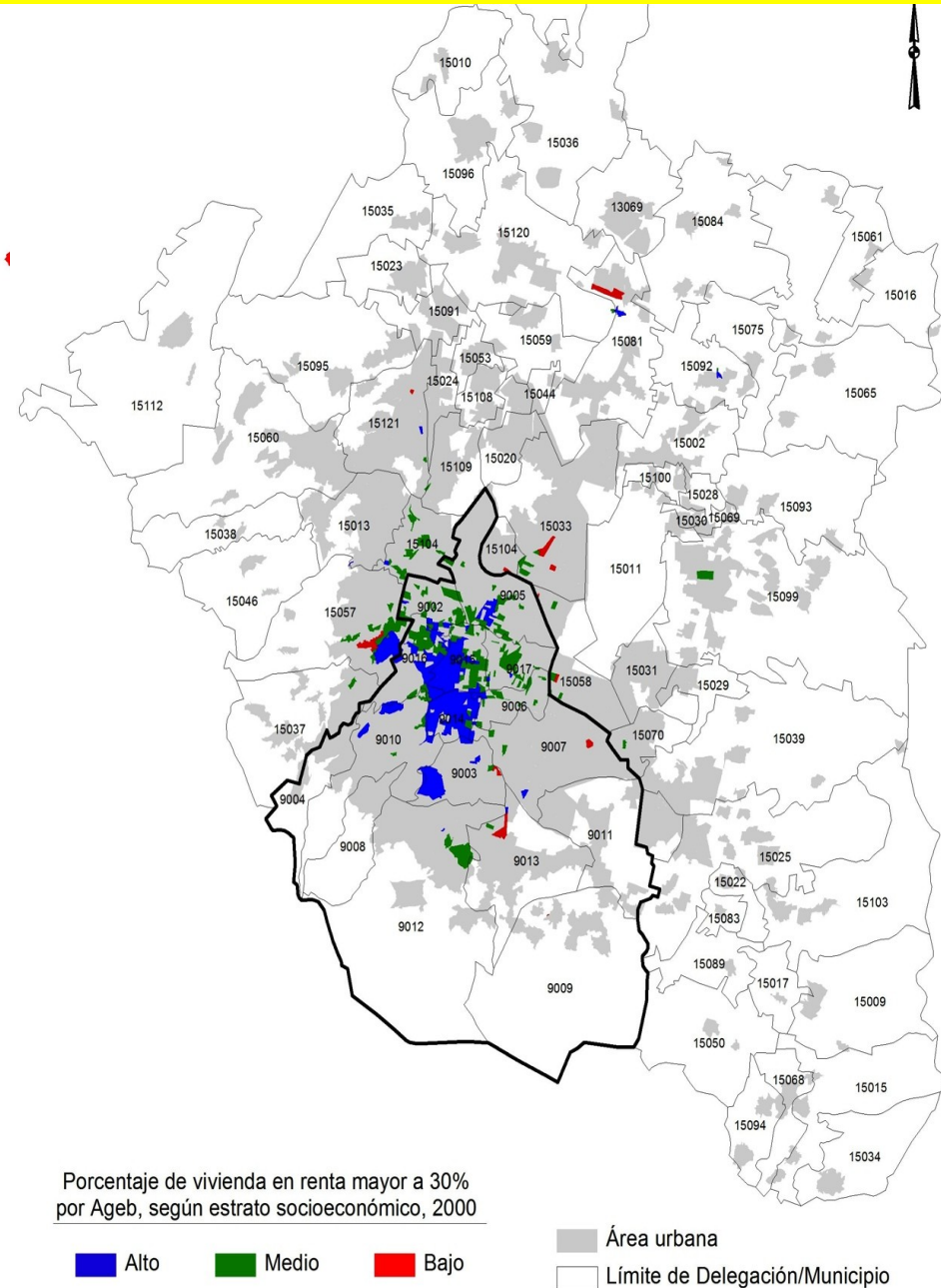
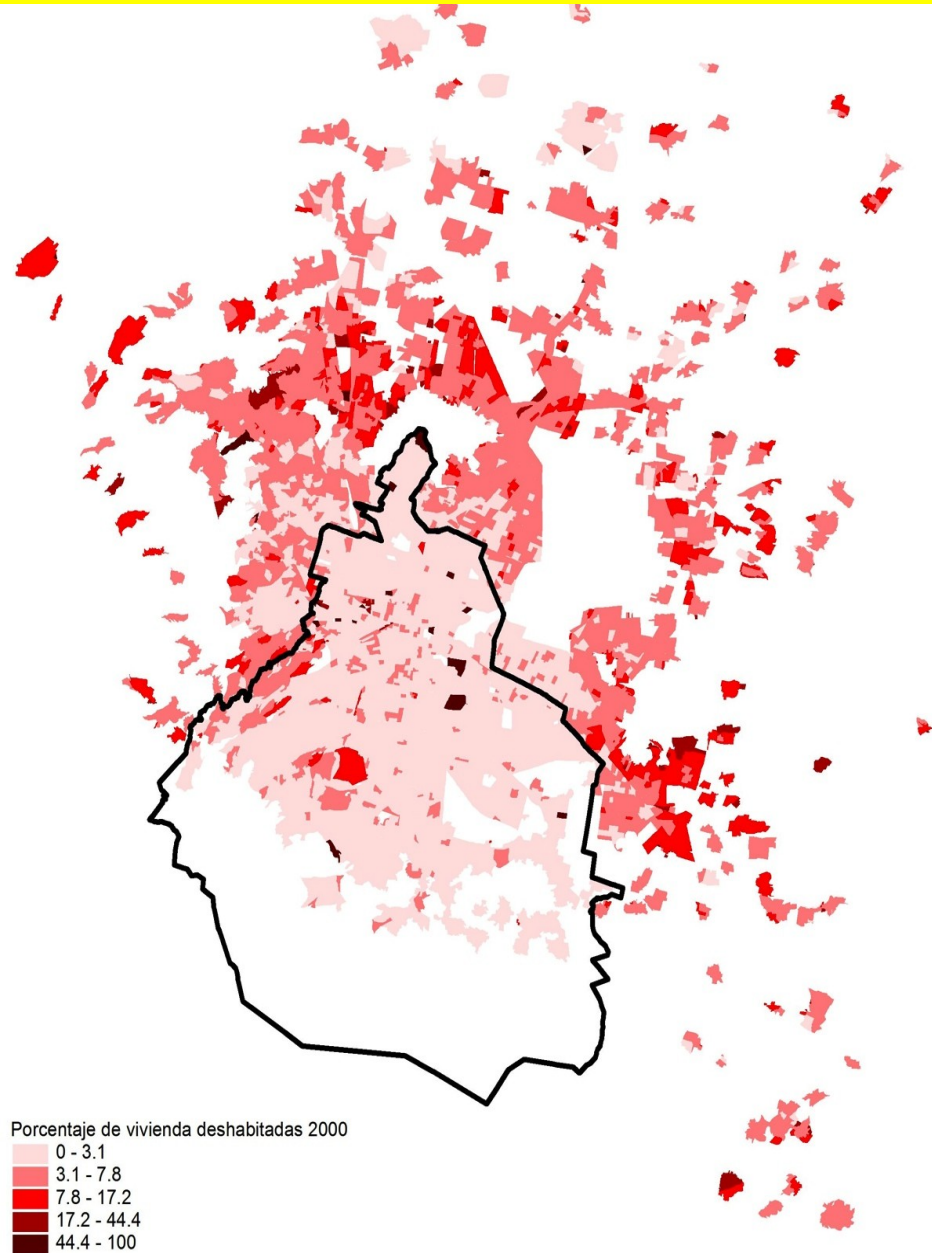


Municipalities with higher levels of unoccupied housing have 80% of the home loans granted between 2006 and 2010 (BBVA 2011).

The states with the unoccupied housing absolute change between 2005 and 2010 received 18% of total home loans in the period 2007-2009 (Sanchez and Salazar, 2011)

24.5% of empty dwellings acquired through Sofoles, Banks, and Infonavit FOVISSTE, are empty (Residential Satisfaction Survey, SHF)

Unoccupied housing is not good to be rented

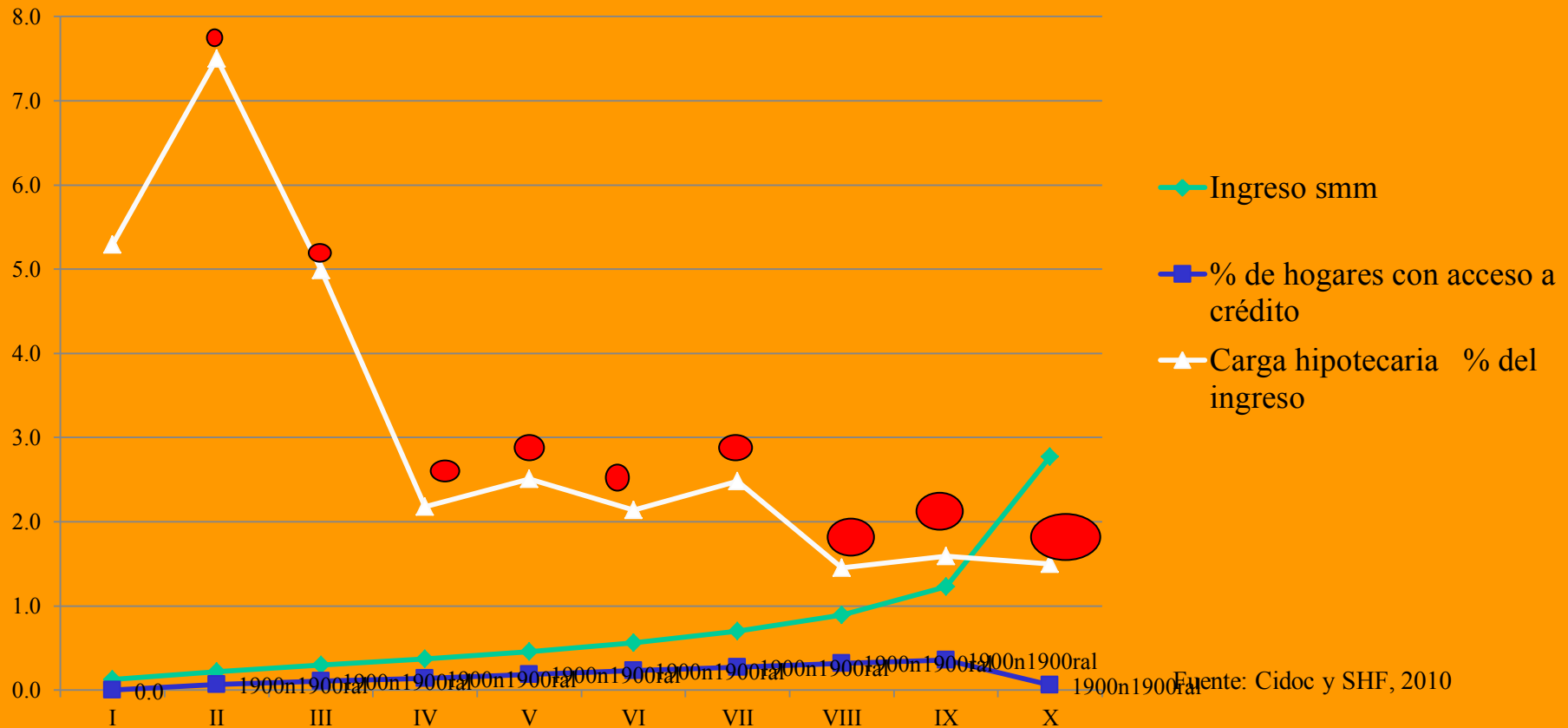


Do we need to built more home for sale?

3

**Does Mexico needs to diversify his housing
policy?**

Access to mortgage credit according to decile

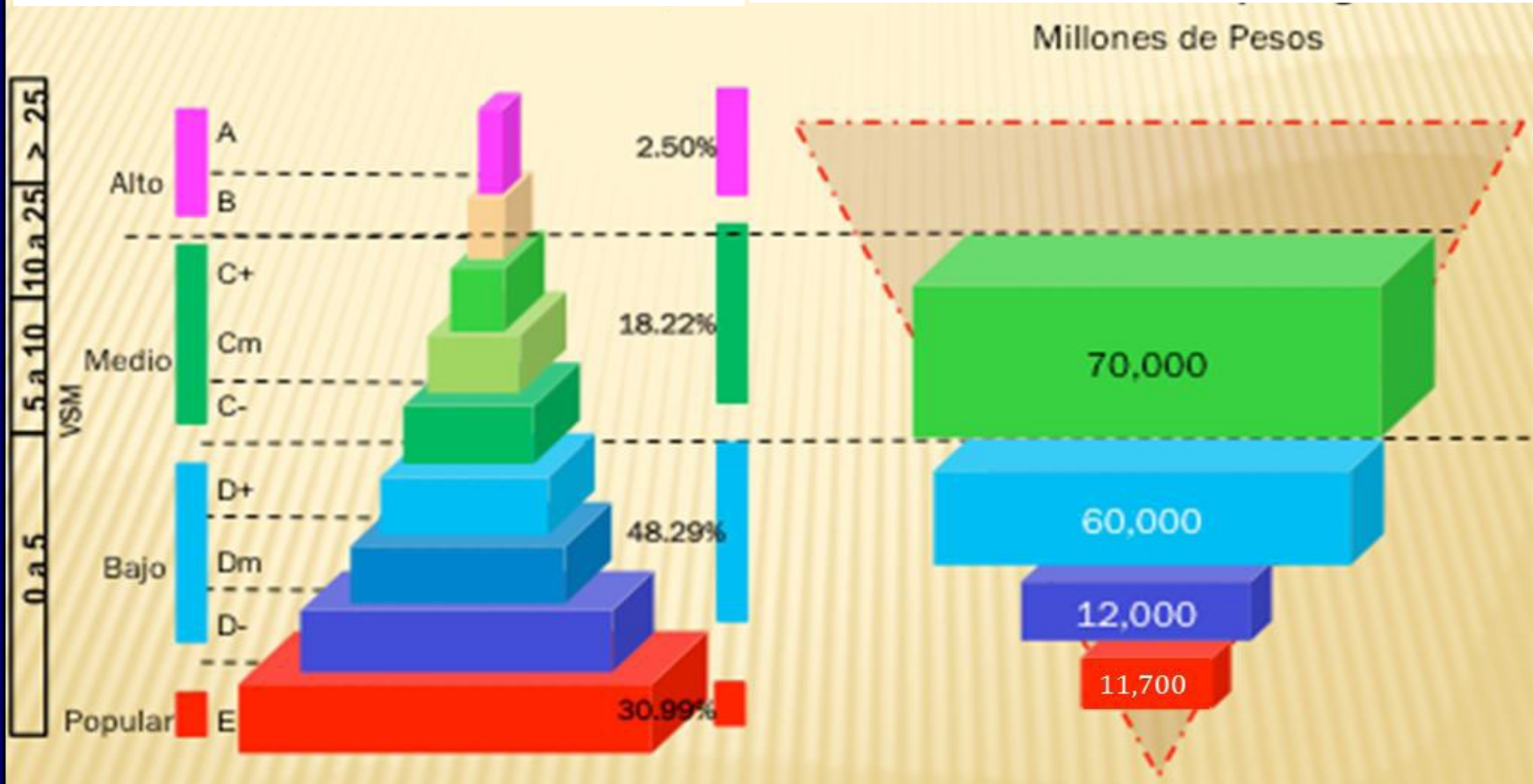


- **2011: Economically Active Population (EAP, 46.3 million)** (ENESS, 2do trimestre 2011)
- **45% earns 1-2 times** the minimum monthly salary (mms)
- **21% earns 3 times** the mms
- **64.3% (29.8 million) is not enrolled in any social security system**

Population sectors benefited

Population by sector

Inversion (million pesos)



In 2010, **8.95 million households** are living in precarious dwellings (Cidoc y SHF, 2010)

Requisites for access to credit:

- Maintain current employment
 - Be registered in social security
 - Income greater than 2 times the mms
 - Savings
 - Have a positive rating with a credit bureau
- In the period 2009-2011, home prices had increased 11% with respect to 2006-2008 (BBVA, 2011)

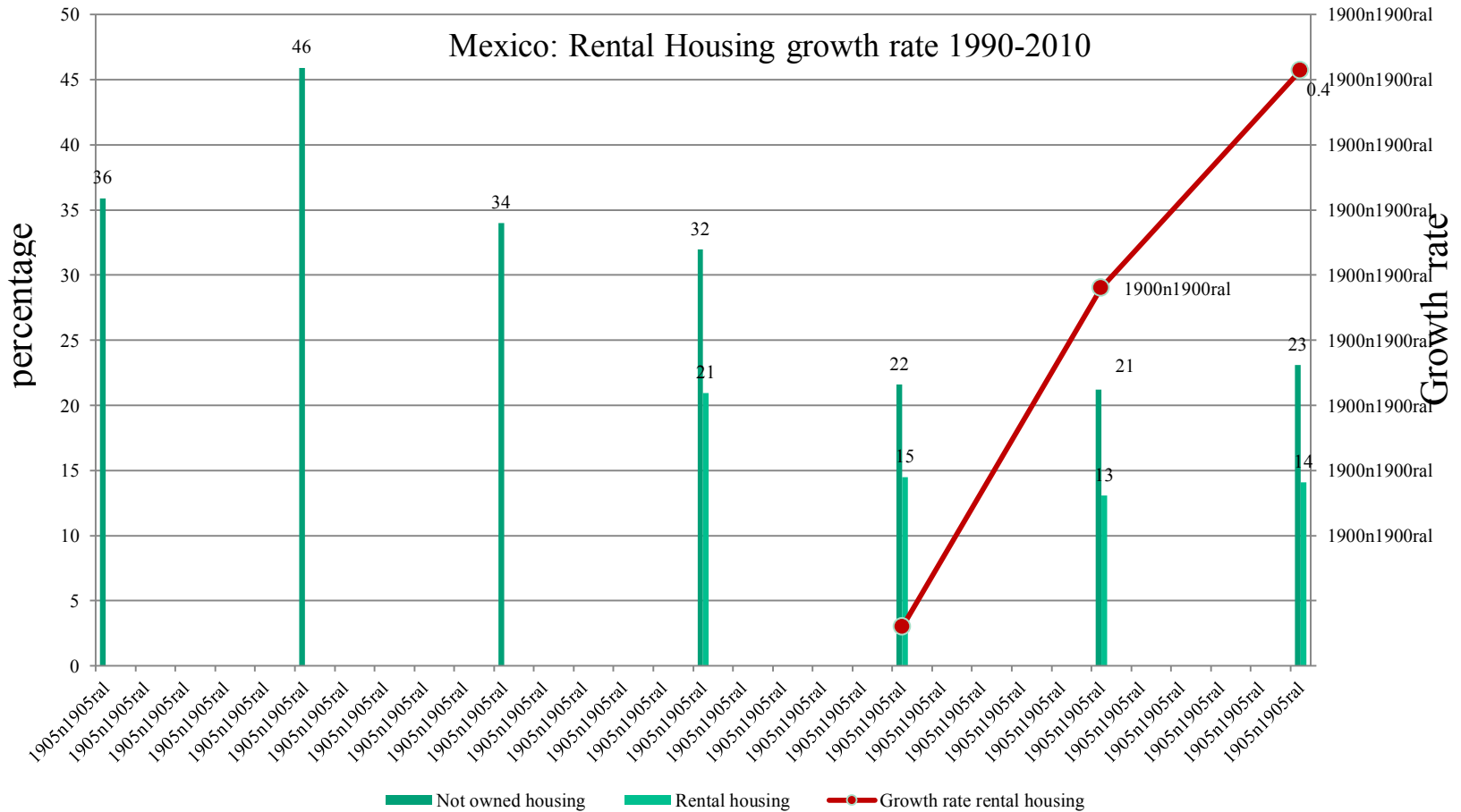
Only 17.3% of the PEA accomplishment with this requirements

(Sidoc, SHF, 2010)

4

It is rented housing policy an option?

Rental housing is increasing



Own dwellings is more precarious than rented housing

México: Percentage of dwellings by tenure characteristics by type (2000-2010)

Features	Owned housing		Rental housing	
	2000	2010	2000	2010
Good quality walls	78.2	85.5	90.3	93.9
Good quality roof	63.6	70.7	75.7	82.4
Good quality floor	85.6	94.1	97.4	98.5
Kitchen	93.1	89.7	91.1	85.8
Gas Cooking	80.2	82.4	95.9	94.0
Electricity cooking	0.2	0.3	1.5	2.0
electricity	95.1	97.6	99.1	99.2
Medidor de luz	n/d	88.5	n/d	91.5
Piped water inside the dwelling	59.0	69.8	73.1	82.9
Day water supply	78.8	72.1	85.1	79.1
WC with direct water discharge	60.8	67.7	71.3	78.3
Drain connected to public network	61.1	68.5	86.9	89.9
Garbage disposal.	66.5	76.8	89.5	90.8
Without overcrowding	64.1	67.8	60.9	63.3

Fuente: Cálculos propios a partir de INEGI, Censos Generales de Población y Vivienda, 2000 y 2010. Calculado a partir de las muestras censales del 10 por ciento.

Housing deficit is not related to the status of the property

México: Total housing and people affected by housing shortages, 2010

Housing shortages	People affected (million)	Affected tenants (million)	Affected tenants (percentage)
Precarious or not built for dwelling	1.0	0.14	14.11
Dwelling without piped water	9.3	2.41	26.06
Undrained	12.6	0.45	3.72
Bad quality roof	23.8	1.68	7.25
Precarious walls	1.2	0.84	7.02
Earth floor	6.9	0.21	3.06
One bedroom housing	8.1	1.66	20.56

4.1 million (14%) of households live in rented dwellings (census, 2010).

There is more proportion of women Head household that men Head household are tenants.

- 16.1 % Women head household are tenants.
- 13.5% Men head household are tenants.
- There is more proportion of young head household (15-19 years old) who are tenants.

There is a significant supply of rental housing in Mexico Megacity even though no government support

2,664 housing for lease/sell.

Property for lease: 1741 (65%)

Central area:	45.0%
Midle Area	45.0%
Periphery	10.0%

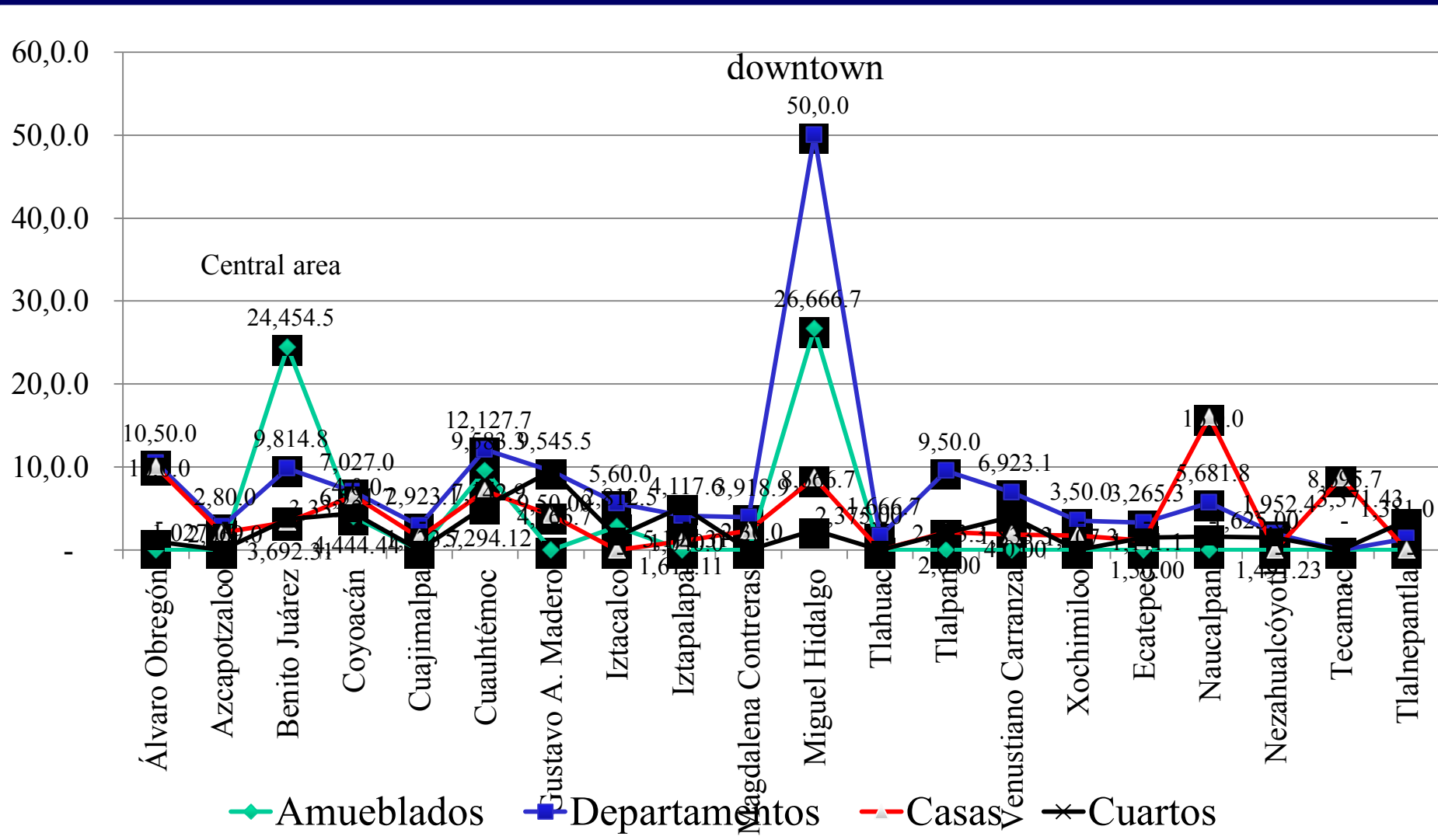
Housing for sell : 923 (45%)

Central area:	28.3%
Middle area	55.9%
Periphery	15.82%

Types of property for lease

- Family houses
- Suits
- Apartment in house
- Apartments
- Room in private home
- Room & board (homestay)
- Shared/ Roommate.

Rental housing prices are more heterogenous in central areas.



Challenges

- To face unsolved structural problems as the exclusion of poorest in the current housing policy.
- To think and to operate the housing policy with a social impact and not just in financial terms
- To diversify housing programs including improving housing and rental housing.