

TOWARDS ALTERNATIVE DISTRIBUTIONAL URBAN STRATEGIES
A Critical Analysis of Urban Land, Services
and Housing Policy in El Salvador

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The objectives of this study are two: first, to measure the extent of informal urban settlements in El Salvador and to contribute to an understanding of their forms and underlying processes, and to assess the impact government policy has had on them; and second, to explore and test alternative urban reform strategies and interventions conceived with the objectives of efficiency and redistribution as a means of achieving greater equality in access to urban land, urban services and urban housing.

Urban policy in El Salvador is only the sum of individual agency and private sector programs with important overlaps and omissions and questionable distribution of costs and benefits. Government approaches have centered on: conventional housing production for the upper and middle-income classes, public infrastructure and community facility programs through sectoral agencies and, to a lesser extent, urban studies and planning. These have had marginal impact on low-income families in informal settlements.

The study shows that in 1975, close to 63 per cent of the urban population was housed in three principal sets of informal settlement sub-markets: 37 per cent was housed in rental rooms in meson buildings or entrepreneurial rooming houses; 20 per cent was housed in mostly unserviced illegal subdivisions or colonia ilegal plots at the urban fringe; and only 7 per cent was housed in squatter or tugurio invasions.

Through secondary data, a household sample survey and interviews with landlords and land developers, the study shows that although the informal settlement sector has housed significant proportions of the urban population, in El Salvador this has occurred at high costs both to the low-income households and to society as a whole. It has also resulted in inefficient urban patterns, high urban development costs and few possibilities of legal tenure; and, as a result of the landlord-tenant relationship in mesones and colonias ilegales, varying degrees of social control are exerted on families and community organizations. These issues contradict prevailing theory that the informal settlements are the "solution" to housing the urban poor in Latin America under the present national development paradigms.

Two hypothetical urban strategies for distribution are outlined and tested: a substantial procedural urban reform and a more profound structural reform, identifying policy interventions in housing production, settlement consolidation and land development. An assessment of the two models and their policy interventions indicates that although substantial im-

provements can be achieved under both urban reforms, it is questionable whether these are politically viable unless the national development scheme also assigns similar priority to the objective of redistribution.

Urban land policy is identified as a key component under both hypothetical reform models, due to the serious limitations imposed on land supply and the structural limitations of demand. Direct and indirect public interventions to improve the relative access by lower-income families to urban land are identified. Under the existing constitutional goals and a national commitment to greater social equality, acquisition of development rights of the urban periphery or some form of large-scale land banking would seem to be essential to the achievement of the social objectives of the 1978-1982 Development Plan.

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CHAPTER I

SUMMARY AND CONCLUSIONS

1.1 Objectives and Methodology

The objectives of this study are twofold: firstly, to measure the extent of the informal urban settlements in El Salvador, Central America, and to contribute to an understanding of the forms and processes that underlie them; and secondly, to explore and test alternative urban strategies and policy interventions conceived with a view to distribution and efficiency, as a means of achieving greater equality in access to urban land, urban services and urban housing.

Thus, the first part of the research is positivist in approach and centers on a case study of three particular types of low-income urban settlements in El Salvador and the variables that determine their formation, structure and growth.

The second part is normative in its approach. It first defines the issues underlying differential access to urban settlement resources. It then defines the goals, objectives, strategies and policy interventions of two hypothetical models of urban policy reform, one designated procedural and the other structural urban reform. Both models, however, assume national development paradigms that place higher priority on equality of distribution than those found in El Salvador during the past three decades.

The research methodology of the first part is based principally on the analysis of primary data designed and collected specifically for this study as well as published secondary data.

The primary data base consists of one demand and two supply surveys. The demand survey is a 1975 sample survey administered to 745 households living in one of the three major informal settlement submarkets, locally called mesones, colonias ilegales and tugurios,* located in the Metropolitan Area of San Salvador, the capital city, and in two secondary cities, San Miguel and Sonsonate. The household questionnaire used is included as Appendix III. ** With regard to supply, the data analyzed are based on structured interviews with fourteen landlords of mesón buildings and twelve developers of illegal land subdivisions. The questionnaires administered to both are included as Appendices V and VI. ***

Eighteen sets of characteristics were included in the design of the household questionnaire: five sets each of social and economic variables and eight sets of housing-related variables. Social characteristics included: migration, family size and composition, age and sex, educational levels and participation in organizations. Economic characteristics included: per capita and household income, employment, occupation, family expenditures, and composite socio-economic status. The eight sets of housing-related variables included: tenure of plot and house, acquisition and financing procedures, construction process and household parti-

* The local terms will be used throughout the study for the purpose of brevity, rather than longer complex English translations.

** Some of the demand data were analyzed and published by the author and others in Vivienda Popular study of El Salvador cited below; they are identified in the source footnotes to the tables. A significant proportion of the data gathered, especially those relating to housing variables with respect to demand, have never been published, although they are derived from the same survey.

*** None of the data derived from the supply questionnaires have been published before.

icipation, cost of plot and house, monthly housing and related payments, residential mobility, past and present housing satisfaction and relationship with landlord or land developer.

The eighteen sets of characteristics in the household questionnaire gave a file of 159 different variables and 37 composite variables, which were coded for analysis using a mini-version of the statistical package for the Social Sciences, or SPSS program. According to the type of variable or research interest, the analysis included: 1) frequency distribution for continuous and for discrete variables: 2) bivariate analysis for differences between settlement types and urban areas, applying various tests of statistical significance; and 3) multivariate analysis for analyzing variance using a dummy variable and stepwise regression analysis for identifying the explanatory power of independent variables. The codebook for the 159 primary variables is included as Appendix IV.*

Although it was intended that the supply questionnaire be a statistically representative sample, in the pre-test this objective was abandoned because of the impossibility of obtaining cooperation from developers and landlords. The greatest difficulty centered, of course, on obtaining information on the pricing and profit aspects of the informal housing supply. Thus, since only twenty six successful interviews were administered, the concern then became not statistical significance but an understanding of the functioning of the previously unknown world of developers and landlords, especially some aspects of decision making and

* The procedure for sample selection, the weighting of the sub-samples, the estimation of the significance level of the variable, the construction of composite indices and the use of bivariate and multivariate regression analysis is explained in pp. 4-10 of Vol. III of Vivienda Popular, op. cit.

how these affected the low-income land and housing markets.

The areas included in the supply questionnaire were: socio-economic characteristics of landlord or developer, income derived from real estate, alternative forms of investment, past and future activities in the housing market, the production and management of units, financing arrangements for acquisition and/or construction of units, level of urban services provided, tenant selection criteria, eviction procedures, perceived legal situation, advantages and disadvantages the various types of housing offer tenants and support from government or public agencies.

In addition to the primary data gathered from households and suppliers, secondary data from published sources were used for the analysis of El Salvador's urban situation and the changes in that situation over time and for quantifying the different public and private intervention programs. As is generally the case with such data, they were incomplete, discontinuous, often not disaggregated by urban area and never by income, the disaggregation categories were too broad, or did not cover informal sector activities in the manner required by this study. They were used, however, for the purpose of describing the overall context and changes over time.

The principal secondary data used included the following five main sources: 1) national population and housing census data, beginning with the 1950 Census; 2) the four National Development Plans covering the period from 1963 to 1982; 3) the 1949 and 1971 housing diagnostic studies; 4) data from the various METROPLAN documents; and 5) the ILO-sponsored employment sample survey and study of 1975. In addition, other sources from the Ministry of Planning and the Housing Foundation's research program were used. These are all cited in the notes and in the bibliography included as Appendix VII.

1.2 Outline of Study

Chapter II includes a brief historical introduction to the development of El Salvador's coffee export economy, its relationship to changes in the rural land tenure system, and the concomitant growth of overall population and increasing national density from independence in 1821, to the beginning of the constitutional period in 1950.

The second section of Chapter II documents briefly the evolution of the urban situation since 1950, outlining three principal sets of characteristics: 1) high rates of demographic growth and increasingly high population densities with resulting intense land pressure; 2) the beginning of the process of urbanization and the concentration of growth in the Metropolitan Area of San Salvador; 3) the highly unsatisfactory overall social and economic situation of the majority of the urban population viewed in terms of relative and absolute income, employment, education, health and housing indices, and changes over time.

The process of the emergence of urban policies is summarized in the last section of Chapter II, which first examines the evolution of three different approaches to urban studies and planning and urban growth management. The role in housing production of four different agencies, their impact on overall supply and the income sectors who can afford their units are then reviewed. Chapter II also examines the policies and programs of the different infrastructure and community development agencies and their impact on the different sectors of the urban population.

Chapter III is the principal descriptive and analytical part of the study and is divided into thirteen sections. The first three sections review the basic theoretical concepts concerning the structure and nature of urban land and housing markets and identify twenty one types of settlements, eleven formal and ten informal submarkets. It describes in general terms their origin, growth, prices and location, the types of agents that intervene in their production and their reflection of the highly stratified urban income distribution in El Salvador.

Based on both secondary and primary data, Sections 5, 6 and 7 of Chapter III outline the general characteristics of the three principal sets of informal settlement submarkets (mesones, colonias ilegales and tugurios) which together house almost two thirds of the households in El Salvador's five major urban areas. The sections describing the three major informal housing submarkets include a qualitative and quantitative description of the following general characteristics: type of unit and construction, habitable space, location in urban areas, age and density of development, size of submarket, type of tenure for unit and legal situation of settlement, income levels and monthly housing payments, unit costs, financing mechanisms used, suppliers and builders who intervene in production, urban infrastructure and community facilities available and overall government policy.

The analysis of the social, economic and housing-related variables from the household survey is presented in Sections 8, 9 and 10 of Chapter III. Even though the three submarkets overlap to some extent, significant variations seem to separate one housing submarket from another, especially in terms of household composition and education, effective demand levels, housing payments and housing satisfaction and, most ob-

viously, tenure and perceived security.

Section 11 summarizes the differences between informal settlements in the urban areas studies and advances some hypotheses to explain local differential growth rates of settlement submarkets,

Finally, Section 12 is an analysis of the results of the interviews with the twenty six landlords and developers of mesones and colonias ilegales, and presents interesting data on rents, tenant selection criteria and the various subtle but important legal and social means of control over households.

The normative part of the study begins with Chapter IV, which identifies the principal issues relating to access to urban resources, specifically access by whom and at what cost to urban land, to public services and to housing construction, both in the formal and in the informal settlement submarkets. The introductory section summarizes the principal issue: inequality in the present patterns of urbanization, and brings into the discussion the more recent structural literature on development which explicitly questions past Latin American development paradigms.

The second section looks in greater detail at the question of which households have actually had access and at what cost to government supported formal housing production, the major thrust of government urban policy since 1950, and normally justified in terms of social objectives. The third section summarizes the issue of government's lack of acceptance and support of the informal housing stock and the related forms of production in the past, and shows how this policy of discrimination combined with neglect has affected the quality of life of the poorer half of the urban household.

Three issues related to negative effects of the informal settlements are presented in the fourth section of Chapter IV: the impact on

asset and income distribution of mesones and colonias ilegales; 2) the private and social costs derived from the sprawl pattern of fringe illegal subdivisions and their level of efficiency, and 3) the more subtle but important issue of social control deriving from the landlord-tenant relationship and its implications for community participation and organization.

The last two sections of Chapter IV deal with broader issues: the lack of coherent and clearly defined national urban policy which aims to achieve distribution, and the serious structural limitations of income and employment as they affect the urban population of El Salvador.

On the basis of these issues, Chapter V attempts to formulate two hypothetical urban policy reform models, assuming national development paradigms with explicit growth and distribution objectives. The general goals, criteria and specific objectives of urban policy reforms conceived within such development paradigms are defined in Section 2. One urban reform model is procedural in nature and the other structural, reflecting different degrees of commitment to redistribution of income and assets in urban areas.

Two specific policy interventions under both reform models are explored in Sections 3 and 4 of Chapter V. The first concerns the substantial reorientation of the production of all new government-backed housing units so that the majority of the low income sectors will more easily be able to afford them. The second concerns several policy interventions to support and control the existing housing stock in the informal settlements. Both sections trace the consequences of each strategy, and their relative effectiveness is evaluated in terms of the policy criteria of: impact and distribution, time horizon involved for change, technical,

political and financial viability, impact on economic growth, complementary value in terms of other policy interventions and target group and context specifically.

The key component in urban policy reform in both hypothetical models is land policy. The objective of the last chapter is to expand this discussion and assess alternative strategies and specific policy interventions in urban land designed to increase its accessibility for lower-income families. The first section shows the importance of the urban land issue in El Salvador, especially the severe supply and demand constraints involved and their effect on distribution and efficiency. The second section reviews the main objectives and criteria of an urban land policy designed to affect distribution. The third section specifies in greater detail the range of strategies and policy interventions available for increasing access to urban land, outlining first those that fall within a procedural urban reform and then those that come under a structural urban reform model. The main policy interventions include: planning and coordination of land supply, reformulation of land subdivision controls, acceleration of land servicing, a shift in the emphasis of housing finance to land development, the introduction of land taxation, and increase in advance land acquisition for projects, the acquisition of development rights, general land banking, public leasehold and the nationalization of land assets.

The viability of the various land policy interventions under both urban policy reform models is assessed in the fourth section of Chapter VI, by measuring them against the various policy criteria defined.

1.3 Summary and Conclusions

Four principal areas have formed the focus of this study: a summary description of the urban context and policies in El Salvador since 1950; an analysis of the structure and processes underlying the supply and demand for informal settlements in urban areas and their links to certain contextual limitations; a synthesis of the main policy issues, especially those related to distribution and efficiency; and the design and assessment of urban policies in housing production, settlement improvement and land conversion and allocation.

Urban Context and Policies.

El Salvador's rapid population growth of 3.2 per cent per annum and the limited size of the country (21,000 square kilometers) will increase national density to 233 persons per square kilometer by 1980 and put further economic and social pressure on the use and distribution of rural and urban land assets. Urbanization will concentrate close to one third of the national population in the Metropolitan Area of San Salvador.

Improvements have been made in the social and economic situation of El Salvador's urban population, in comparison with 1950 and the nations of the world. Income, employment, health, education and housing, however, still pose a serious challenge to national development. In 1970 it was estimated that close to six out of ten households had incomes of less than US 100 dollars per month and close to two out of ten had incomes of less than US 40 dollars a month. In 1975, close to a fifth

of the working force was without stable employment and six out of ten of the employed received incomes of less than the established minimum salary. The 1971 Census reported that in the urban population one person out of five was illiterate, three out of ten had no electricity, a third of urban households had earth floors, four out of ten had no drinking water inside the dwelling unit and six out of ten had no sanitary sewerage facilities.

Government approaches to solving these problems have centered on three principal policy areas: urban studies and planning, especially for the Metropolitan Area, which have had little impact except in terms of physical aspects; housing production strategies which, through three government supported agencies, have financed a total of 54,000 conventional units in 25 years for the middle and upper-income sectors; and public infrastructure and community facility programs through sectoral agencies or Ministries.

In spite of these efforts and the framework of four National Development Plans, urban policy is still no more than the sum of individual agency and private sector programs with extensive overlapping and omissions in the distribution of benefits. While the private Housing Foundation has been able to produce several thousand units at an average unit cost of considerably less than US 2,000 dollars, the ceilings of Social Security funded units were raised to six times that amount in 1978 and the ceiling of the Savings and Loan System to twenty five times that amount in 1977.

Government studies carried out since 1969 have proposed that urban strategies include various approaches to the upgrading of the existing housing stock; however, the only government program that has centered on introducing community improvements in terms of water supplies, sewerage systems, access roads and community facilities is national in scope and not focused on urban housing.

Characteristics and Processes of
Informal Settlements: Major Findings

The first housing study conducted in El Salvador estimated that in 1946 four out of ten households in the Metropolitan Area of San Salvador were renting crowded rooms in converted buildings, locally called mesones. Three decades later, in 1975, the proportion had diminished to a third. By then, however, in addition to mesón rooms, the informal sector housed another fifth of the population in colonias ilegales or illegal land subdivisions and close to one tenth in tugurios or squatter settlements. In other words, 62.3 per cent of the population in the Metropolitan Area of San Salvador was living in one of the three major types of informal settlements. The proportion of the population in informal settlements in the other four cities studied ranged from 56 per cent to 75 per cent.

Contrary to a widely-held belief, the overwhelming majority of the urban poor are not housed in squatter settlements. In 1975, less than 11 per cent of the population living in informal settlements and 7 percent of total population in the five cities was in tugurio areas. In the remaining 89 per cent of the informal settlements, landlords controlled the units and rent was paid: close to six out of ten families were living in mesón rooms and over three out of ten in colonia ilegal plots.

a) Mesón Rental Submarket

In 1975, mesones housed over 54,600 families, and formed 37 per cent of the urban housing stock in 5 cities. As entrepreneurial rooming houses, mesones are primarily characterized by their legal situation: they are almost exclusively acquired or converted for the purpose of creating small rental units. And, although for the majority of mesón households

the mean rental payment of US 10 dollars includes access to shared sanitary facilities and water, this rent represents 11 per cent of their very low family earnings of US 91 dollars. As rental units, mesones provide no possibility for future ownership.

The significant socio-economic variables determine a poor family's choice of mesón rooms were found to be family size, family earnings and housing payment. In a multiple regression analysis with settlement as a dependent variable, together these three variables determined over 46 per cent of the variance observed. Family size was in fact low in mesones, only 3.8 persons per unit, compared to a mean of 5.4 persons for the entire urban population and half of the mesón households interviewed had two members or less. Family earnings were lower by 10 per cent than the sampled mean, but because of household size, per capita income was higher by 13 per cent. The central city location of mesones, providing good access to place of work, was one of the advantages mentioned most frequently by households living in mesones.

Income derived from renting mesón rooms is high in both absolute and relative terms. Estimates based on interviews with mesón landlords and on the household questionnaire indicate that income from rents per square meter is equivalent to that obtained in rents from fully serviced upper and upper-middle income homes, and income per mesón building probably comes to several hundred dollars per month, placing mesón landlords within the second highest quintile of the urban income distribution. Total annual rents paid by the 55,000 households to mesón landlords are estimated to be 6.4 million dollars per year.

Both the household survey and the landlord interviews seem to indicate that as a result of the very tight housing market the rental

situation of mesones allows landlords varying degrees of social control. This control is achieved in three ways: through the rigorous tenant selection criteria which often concern family, economic and even behavioural characteristics, through the monthly rent collection system, and through the legal protection perceived by landlords in cases of eviction. Although further research would seem to be necessary to ascertain the effect of such control, the household survey showed that families took great care to maintain good relations with their landlord and that there were almost negligible levels of participation in any political, community or other types of organizations.

b) Colonia Illegal Plot Submarket

Colonias ilegales housed over 28,700 families in five urban areas by 1975, equivalent to 20 per cent of the housing stock.

Colonias ilegales are essentially unserviced land subdivisions, usually at the urban fringe, where previously defined individual plots have been clearly laid out by a developer and where poor families invest substantially in the construction of homes because they see the eventual possibility of ownership if default does not occur.

Such settlements are illegal, however, because the developers did not present plans for approval and the settlements therefore do not conform to minimum subdivision standards, but also because of the now illegal form of tenant-purchase agreement, locally called a "rental with promise of sale" contract, that still governs three quarters of colonia illegal plots.

Mean monthly payment for colonia illegal plots was found to be US \$13 dollars, somewhat higher than rental payments in mesones even

though they imply the possibility of ownership. Plot payments, however, usually exclude costs of all urban infrastructure services and the cost of all dwelling construction. Together, these housing costs are a heavy burden on families, considering the low per capita monthly income in colonias ilegales of only US 24 dollars. Largely through a combination of family and contracted labor, investment in house construction is estimated to have reached an average of US 1,010 dollars per unit in plots with an average cost of US 1,324 dollars in 1975. That is, over time, 3 out of 10 urban families of the informal sector managed to build units at a cost of US 2,334 dollars.

The significant socio-economic variables of households that "purchase" a plot in a colonia ilegal were found to be family size, family earnings and housing expenditures, in a multiple regression analysis with settlement as the dependent variable. Together, these three independent variables explained 43 per cent of the variance. Mean family size was high, 5.84 persons per household, 54 per cent higher than the mean for family size in mesones and higher than the urban mean. Family earnings were the highest of all three settlements submarkets: US 124 dollars on the average, 23 per cent higher than the sample mean. Only one half of household earnings, however, came from income earned by the head of household. And housing payments were probably the highest on the average, if we include construction expenditures and infrastructure payments in addition to plot installments. In spite of the cost and effort involved in acquiring a plot in a colonia ilegal, two thirds of the households interviewed stated that the main advantage of living in an illegal subdivision was the satisfaction of "living in one's own place" and greater "tranquility".

Illegal land developers are, for the most part, professionals and businessmen who purchased the land for speculative purposes, although some are landowners who inherited the land in the form of farms. Land rent alone place colonia ilegal developers in the highest quintile of the urban income distribution. From the household survey and the interviews with developers, it is possible to estimate the high absolute and relative income derived from the colonia ilegal land market. In 1975, colonia ilegal families were paying approximately US 8.80 dollars per square meter of unimproved land. This is the same as the price paid in the same year for a typical fully serviced, upper-class subdivision in San Salvador, and 80 per cent higher than a comparable serviced plot with core unit of the Housing Foundation. Total rent transfers from colonia ilegal households to developers were estimated to be as high as US 4.4 million dollars annually. This is higher than the profits reported by the seven Savings and Loan Associations in 1977.

As a result of the very tight housing market and increasing competition for urban land, developers are operating in a sellers' market and as in the case of mesones, frequently establish selection criteria for screening prospective plot leaseholders. This was confirmed both by the household survey and by the interviews with illegal land developers. The tenant-purchase form of agreement also allows developers varying degrees of social control over households and communities. Through the collection of monthly payments and the default clause which permits eviction even after many years of payment and considerable investment in housing construction, developers are able to exercise varying degrees of influence over households and emerging communities in illegal subdivisions. Although, as in the case of mesones, further research is necessary to

establish a positive relationship between the type of tenure and community participation, the household survey showed that good relations with developers were important for the majority of the households, and at the same time reported very low levels of participation in any form of organization.

c) Tugurio or Squatter Submarket

As in other Latin American cities, urban squatter settlements are characterized by their location on principally public land. However, because of past policies, tugurios provide no possibility of ownership and therefore are associated with least security of tenure and the lowest levels of housing investment. El Salvador's 10,600 tugurio units are mostly located in the few public rights of way, ravines and other marginally economic areas that exist, and are not as extensive as elsewhere, nor are they planned as organized invasions as in other Latin American cities. This seems to be due to the nature of land use and tenure in areas around cities and to the high level of control over invasion attempts on private land. The only successful organized invasion on municipal land occurred in 1971.

Although rental of tugurio units occur in about 12 per cent of households, the majority have no monthly housing expenditures except for water costs and occasional electricity installations. The choice of tugurio living is due, in large part, to the fact that the poorest families cannot afford even a monthly payment of US 10 dollars for a mesón room. Mean monthly family earnings were only US 85 dollars, 15 per cent less than the informal settlement mean and 45 per cent less than income in colonias ilegales. In fact, housing payment was the only independent variable that explained housing choice in a multiple regression analysis with the tugurio as the dependent variable. Paying no rent was also the most important

advantage of living in a tugurio settlement for six out of ten households. Tugurio units are usually bought and paid for in cash. Mean unit cost was found to be only US 166 dollars in tugurios. This was equivalent to only twice month family earnings and one fourteenth the cost of housing units built by families in colonias ilegales.

The Issues: Equality and Efficiency
of Urban Land, Services and Housing

Seven principal interrelated issues were identified in the processes and characteristics that determine informal urban settlement production in El Salvador.

The first is the issue of unequal access to government-supported housing production, the principal thrust of government urban policy since 1950. With few exceptions, land conversion, urban infrastructure and housing finance backed by government programs have not been accessible to the lower half of the urban households.

Parallel to this production emphasis there has also been neglect and discrimination by urban policies in relation to the existing informal housing stock which, under the present development paradigm, is likely to continue to house the large majority of the urban poor. Although "upgrading" concepts have been mentioned since Metroplan's studies in 1969, and some experiments have been carried out, improvement strategies are still peripheral to the main financial commitment of the 1979-1982 National Development Plan's Housing Sector targets.

The third important issue identified concerns the regressive nature of both income and asset distribution resulting from the existing forms of low-income settlement. It was estimated that mesón

rooms were rented at approximately the same price per square meter as middle and upper-middle income homes and unimproved land in illegal subdivisions sold at prices equivalent to fully serviced upper-income subdivisions. Annual rent transfers both to mesón landlords and to illegal land speculators were estimated to be equivalent to US 11 million dollars per year in the cities studied.

A related issue is that of the inefficiency of informal developments and their impact on household and social costs. This inefficiency is the result of designs that do not take into consideration future community and household needs, especially infrastructure and community facilities, and place a heavy burden on society as well as households when these are eventually installed.

A fifth issue related to the mesón and colonia ilegal housing stock is the effect of tenant-landlord relationship which involve selection criteria and varying degrees of social control. Although colonias ilegales allow some possibility of full ownership and developers move on to new colonias, in the case of mesón rooms, there is no possibility of ownership, implying continuing control by landlords.

Two general and perhaps more important issues, however, are the lack of an urban policy with more clearly defined social and distribution objectives, and the severe limitations in the structure of demand, evidenced by unstable employment and low income. These issues have made the situation in urban areas especially difficult to deal with in the present development paradigm.

Procedural and Structural

Approaches to Urban Policy

Two alternative hypothetical models of urban reform that ex-

explicitly take into consideration distribution and efficiency objectives are explored: firstly, a procedural urban reform, conceived under a national development model that assigns substantially higher priority to distribution objectives and policy interventions than has been the case in El Salvador's first four National Development Plans, and secondly, structural urban reform, conceived within a structural national development paradigm that places redistribution before growth objectives and views sectoral strategies principally as instruments of social equality.

The procedural urban reform model proposed aims to insure substantial changes in the present urban processes and programs as they have evolved since the 1950 Constitution, so that the poor benefit more fully from urban development rather than being further disadvantaged by it. Such a reform would involve a sectoral reorganization and the definition of new urban policy objectives, mechanisms to insure greater responsiveness and coordination of existing and proposed policy instruments and new priority for the lower-income sectors, in the production of both informal and formal housing. In addition, a procedural urban reform would involve greater public participation in the processes of land conversion through various indirect as well as direct policy measures. These would be complemented by a considerable expansion of policies and programs to improve the income-earning opportunities of the lower-income sectors through various production sector policy instruments.

Although the dividing line between a substantial but nevertheless procedural, and a structural urban reform cannot be clearly drawn, there are significant differences between an approach which aims to make established frameworks work better and be more socially responsive and one which attempts to institute entirely new rules for urban development

processes. Thus, a structural urban reform would define sectoral objectives that view access to land, services and housing primarily as an instrument of income and asset redistribution to insure significant transfers of resources to the lower-income target groups in a short period of time. A structural urban reform would also aim to transfer housing assets to present households, either in the form of condominiums as in the case of mesones, or through outright ownership, and to promote the effective participation of households and popular organizations in settlement planning and consolidation. Finally, a structural urban reform would make government the principal agent in land planning and conversion, either through large-scale public ownership of the major developable fringes or by nationalization of all land.

Under both structural and procedural urban reform models three components are further detailed and assessed: those related to formal housing production; those related to informal housing production; and those related to urban land development.

Formal Housing

Production Strategies

Given the relative failure of almost three decades of Government programs to reach the majority of the urban poor, seven policy interventions for formal housing production are identified under the procedural urban reform model. These aim to significantly restructure the priorities, targets and processes of the existing formal housing and infrastructure agencies, and they include: a) a redefinition of the role of IVU, Fondo Social and FNV in housing production; b) the establishment of national targets that meet the effective demand levels of the poorer sixty per cent of the population; 3) the establishment of the new priorities so that infrastructure agencies will focus on the lower-income settlements; 4) increased public

support of the sites and services programs of the Housing Foundation and their encouragement within other agencies; 5) the institution of important cost reduction policies for land, services and housing construction; 6) the encouragement of popular organization components in all settlement programs; and 7) the extension of formal financing mechanisms, especially those backed by government, to the lower income sections.

As a whole, these policy interventions will potentially have a slightly progressive or even significant impact on distribution. In the least favorable case, they would reduce previous regressive income transfers and have a neutral effect on distribution. In addition, most procedural interventions in housing production reform would have a rather short or medium range impact and as a consequence would be able to broaden the popular base of government's political support, although there would be some difficulties with interventions affecting specific interest groups, such as land developers, entrenched government bureaucracies and present private housing finance agencies.

Because the policy interventions outlined aim to restructure the existing processes of formal housing production, they involve major technical, legal and financial changes, although none would seem to be of unmanageable proportions in the administrative and political context of El Salvador.

Although it is difficult to trace all the possible consequences of the formal housing production interventions because of the many contextural variables, especially the political and economic ones that could significantly affect the viability of a procedural urban reform strategy, it can be asserted that such a concerted effort would at least reduce ill-conceived and ill-considered actions in formal housing production, which in the past have had significant negative side effects in terms

both of equality and efficiency of resulting urban patterns.

In addition to the procedural policy interventions, four others are assessed under a structural urban reform model. These imply a more profound change not only in the national development paradigm, but also in the present institutional structure and the processes of land development and settlement. These include: a) the establishment of a national settlements policy with annual production targets to bring all units up to a minimum level within a specific time period; b) the consolidation of the entire housing finance, servicing and production sector under one public agency, regionally decentralized to cover urban housing needs in all cities; c) the support of popular-based organizations at the community and district levels as the principal small-scale decision-making units; and d) the acquisition of all land development rights exclusively for the state, either through direct public tenure or through the separation of ownership and occupation rights.

As a whole, the structural policy interventions achieve a higher degree of progressive redistribution and in a shorter time horizon, since structural changes imply, for the most part, starting a new rather than reforming existing processes. They are also technically less complex, although it can be argued that administratively they would be more complex because of the necessary centralization of decision making. It is difficult to assess the overall financial viability and the impact on economic growth of the proposed structural production policies because of the hypothetical nature of the national development paradigm and the existence of unknown economic variables. It can be assumed, however, that if the present level of resources assigned to housing and urban development re-

mained unchanged although with different rules for distribution, no important direct financial or economic consequences from the specific interventions per se could be expected at the national level. Since the structural policy interventions are framed within the same reform model's objectives, they are also consistent with each other. On the other hand, a structural production strategy, by definition, would be inconsistent in the context of the present development paradigm.

Informal Housing

Production Strategies

Recognizing that 63 per cent of the existing urban housing stock is already in the form of informal settlements and that any urban reform policy has to deal with high proportions of families that have not had access to formal land, services or housing, seven policy interventions under a procedural urban reform and three under a structural urban reform are outlined.

The procedural interventions for informal settlement production include: a) securing tenure for the majority of households in mesones, tugurios and colonias ilegales who are presently tenants, squatters or on leasehold arrangements, but have no legal tenure; b) assigning higher priority to trunk infrastructure programming and capital investments within the informal settlements; c) the extension of formal credit mechanisms in the housing sector both for upgrading and for housing construction in informal settlements; d) the extension of technical assistance, according to the priorities of each type of settlement, in the areas of settlement design and engineering, housing construction and consolidation, community organization, legal aid and job placement programs; e) a considerable in-

crease in the supply of new inner city rental and cooperative mesones and serviced peripheral land for staged development projects; and f) greater public participation in the control, development, appreciation and allocation of potentially urban land.

The three structural interventions outlined include: a) the progressive transference of existing housing assets to popular sector households; b) the elimination of private participation in large scale land conversion and subdivision; and c) the development of community organizations as the principal small-scale decision making bodies in urban development.

In general, all of the policy interventions outlined improve the relative access of the lower income sectors to urban settlements. The degree of redistribution within a procedural and within a structural urban reform is in part related to the intensity of the political commitment to that goal at the national level. There is, however, a great difference between the seven policy interventions of a procedural nature, however substantial, that do not significantly alter either stated institutional objectives or Constitutional goals, and the three that require changes in the definitions of the individual's right to property. In addition, there is a significant difference between an urban policy that aims to progressively minimize or neutralize present negative impacts on distribution and one that aims to insure a significant redistribution of housing assets through legislative redefinition of property rights. Because of this, if politically viable, a structural urban policy would have a more immediate as well as a potentially greater impact, than one of a more procedural nature.

In terms of political support, both policy models seem to obtain considerably greater popular support in comparison to past policies

of neglect towards the informal settlements; however, it can be estimated that the more progressive the reform, the greater will be the opposition from present established power groups. Few of the policy interventions outlines, however, pose serious technical, financial or economic problems, although most imply significant changes in bureaucratic procedures, norms and attitudes. Each set of policy interventions, whether procedural or structural, can be designed to be complementary to the other and consistent with the overall national development paradigm.

Land Policy: Key to
Urban Distributional Reform

The serious natural and political limitations on the supply of urban land, the high national and urban population growth rates and a highly skewed income distribution pattern, call for public definition of an explicit land policy component in any urban reform model.

Indirect procedural interventions in the land market can be accomplished without significantly altering the stated objectives of the 1978-1982 National Development Plan and with no negative impact on overall economic growth. They would include: peripheral land planning, flexible urban development controls, extensive land servicing shifting housing finance to land conversion finance, and various fiscal measures. They would all, however, require significant reorientation of priorities and strategies in the urban sector.

More direct intervention in the land market would include: larger scale and continuous public land acquisition for projects by all housing agencies, general purpose land banking, and acquisition of development rights of most of the developable fringes. Land banking and develop-

ment rights measures are indispensable for achieving a more equitable distribution of access to urban land resources but also for achieving overall efficiency and coordination of urban development, and serve to control overall land appreciation.

Although land banking has been discussed since the late 1960's and in the long run can have a greater impact on distribution and efficiency than other land interventions, it poses complex administrative, financial and allocation problems and also creates the possibility of corruption that would have to be carefully considered in the present institutional context.

Public acquisition of development rights of most or all of the periphery would make government the principal or sole converter and allocator of land, but without actual acquisition of land prior to development. The existing models of legislation on development rights have not been conceived with distribution objectives in mind, but rather with a view to achieving efficiency and economies of scale; therefore, only enough land to pay for conversion costs has been kept for public use. As proposed, the state would capture most of the betterment either for general social benefit or for direct distribution to lower-income households. Thus, land development rights legislation could have a significant impact in terms of reducing overall land price appreciation as well as increasing supply, especially in San Salvador. It would also assure that the ambitious 1978-1982 Housing Sector production targets were reached, allow greater economies of scale, permit efficient subdivision layouts, insure greater governmental coordination of investments with actual development, and might reduce present price levels of mesón rooms and illegal subdivisions. As distinct from land

banking, development rights would not require extensive expropriation or capital outlays and would avoid public management of idle unconverted lands.

Two structural policy interventions in urban land are assessed; the designation of all or most of the periphery for long-term public leasehold and the nationalization of all land, making it a non-transferable resource.

Since public leasehold or ownership of urban land would require public management not only of the fringe but also of the developed portion of cities, the technical and administrative complexities identified above would increase under such centralized decision making. This extensive public intervention would be consistent with a structural urban policy and national development model; however, it is questionable whether in a context of no recent tradition of either communal or tribal ownership, or extensive public ownership, governmental ownership and control of all land would be acceptable.

To summarize, there is a substantial difference between the procedural and the structural policy interventions in urban land outlined and this is centered principally on: the emphasis on redistribution, the intensity of public participation, and conformity with institutional objectives, Constitutional goals and the general national development paradigm. In contrast to land banking or legislation on development rights, public freehold of all land aims to change the rules of the urban development process altogether through a redefinition of the nature of land tenure.

Although both approaches to increasing access to land by the urban poor would widen the popular base of support in comparison with

past policies, the more profound the nature of the intervention, the greater will be the opposition from the established power groups in the present political context of El Salvador.

CHAPTER II

URBAN CONTEXT AND POLICIES

2.1 El Salvador: 1821 to 1950

For over half a century after its independence from Spain, El Salvador's socio-economic and spatial structure continued to be determined, in large part, by the cultivation and export of indigo, until coffee supplanted it on a significant scale around 1875.* The new commercial agriculture did not merely imply the substitution of one crop for another but rapidly brought with it profound social and economic transformations.

Through the transference of large amounts of "common lands" and ejidos to private haciendas, communal structures of land tenure inherited from colonial and precolonial times were irreparably altered.** Thus, at the beginning of the twentieth century, only a few Indian settlements remained in El Salvador,*** the majority having been absorbed into the national socio-economic structure. By 1900, just eighty years after independence, El Salvador's population had tripled to reach 760,000 in number and national density had reached 37.9 persons per square kilometer.****

• As a response to the growing requirements of coffee production

* David Browning, El Salvador, La Tierra y el Hombre, Dirección General de Publicaciones, Ministerio de Educación, San Salvador, 1975, p. 232 and 249. (Originally published as: El Salvador, Landscape and Society, London, Oxford University Press, 1971.

** Ibid., pp. 310-336 and 406.

*** Ibid., p. 342.

**** Fundación Salvadoreña de Desarrollo y Vivienda Mínima, La Vivienda Popular Urbana en El Salvador, Vol. I, San Salvador, 1976, p. 40 and 41; hereinafter cited as Vivienda Popular..., Vol. I.

and export a new national spatial structure emerged and the first large public infrastructure investments were made: railroads, highways and other means of communication necessary to link the different plantation areas and the regional cities with San Salvador and the ports. Private banking became well established, and import/export firms developed commercial and financial links with the international markets.

The economic dependence on coffee grew to the point where by 1931 it represented 95.5 per cent of the value of all of El Salvador's exports.* According to the first Census, in that year the population of the country had reached 1.5 million and density had doubled to 65.5 persons per square kilometer.

The world economic depression had a severe impact on El Salvador. The vulnerability of the national economy and its dependence on the value of coffee in the world market became fully apparent when the drastic reduction in coffee prices brought about a severe crisis in foreign exchange. As a consequence, unemployment in coffee plantations reached unprecedented proportions. Discontent spread rapidly and in January 1932, the largest popular uprising in the history of Central America took place in western El Salvador ending with the death of 20,000 to 30,000 people on the orders of General Martínez, whose military takeover of the government a few weeks before would last for the next 15 years.** Although there are several widely differing interpretations of the events of 1932, many historians link the uprising

* Ibid., p. 339.

** These tragic events have been described in detail by Thomas P. Anderson, Matanza, El Salvador's Communist Revolt of 1932, Lincoln, University of Nebraska Press, 1971, pp. 134-135. However, Anderson cites wide discrepancies in the number of peasants and landowners reported killed. See also Browning, op. cit., pp. 406-409.

directly or indirectly to the issue of land tenure and distribution.*

A series of social and economic reforms were quickly decreed by General Martínez, including the creation of several national agencies that centralized government decisions: the Central Reserve Bank, the Mortgage Bank of El Salvador and the much publicized Junta Nacional de Defensa Social, whose aim was to improve the living conditions of the rural and urban poor.**

However, both agrarian and urban policies and programs were largely oversold: in 19 years the Junta and the agency that succeeded it, Mejoramiento Social, were only able to build 525 urban housing units*** and to distribute to campesinos less than 29,000 hectares of land; in most cases, moreover, this merely involved de jure recognition of what was already de facto private property.****

By 1950 the national population had already reached 1.9 million. After the fall of Martínez a new Constitution was enacted which, for the first time, introduced explicit "social interest" objectives and delineated a role for government in the promotion of social welfare. The "social interest" articles of the Constitution still provide the basis for the present urban housing and infrastructure programs and policies.

* This point is made by Browning and by other students of the agrarian history of El Salvador such as Abelardo Torres, "Tierras y Colonización," Instituto de Investigaciones Económicas, Facultad de Economía, Universidad de El Salvador, San Salvador, 1961, and Roque Dalton, El Salvador, Havana, 1963.

** A brief description of these institutions is included in Appendices IIA and IIB.

*** Hector Dada Hirezi, "Las Soluciones Planteadas al Problema Habitacional," Estudios Centroamericanos, San Salvador, Vol. 29, Nos. 308-9, p. 443.

**** Browning, op. cit., p. 417.

2.2 The Urban Situation Since 1950

Three factors sum up the nature and evolution of the urban situation in El Salvador since 1950: first, the very high demographic growth rates for the entire nation and the resulting increase in overall population density; second, the beginning of the process of urbanization and the growth of the Metropolitan Area, which will have its greatest impact in the next decade or two; and third, the persistently low relative and absolute social and economic levels of a significant proportion of the urban population.

Demographic Growth and Density

National population has shown very high growth rates over the last three decades, although total population is not large as is the case in other Central American countries. El Salvador's population of approximately 1.9 million in 1950 had grown to almost 3.5 million by 1970. During the decade prior to 1970, it showed one of the highest growth rates in Latin America: 3.4 per cent per annum. It is unlikely that even with the acceleration of family planning programs, population growth rates will decrease significantly over the next two decades, and population will reach between 9 and 10 million by the year 2,000.* Thus, it will continue to double every 21 years.

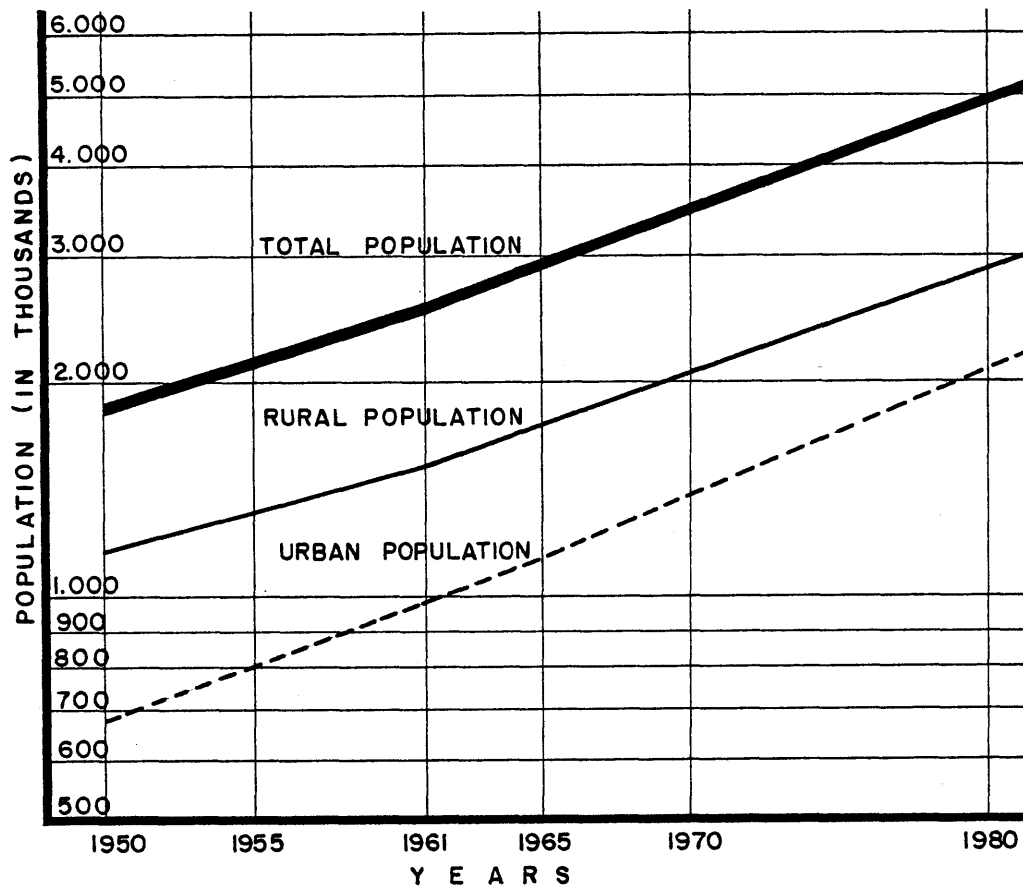
The urban population was estimated to be only .68 million in

* Centro Latinoamericano de Demografía, Boletín Demográfico, Vol. VII, N° 13, January 1974, estimates that if annual population growth is reduced to 2.9 per cent, by the year 2,000, El Salvador will have 8.8 million inhabitants.

1950. By 1970, it had doubled to 1.35 million. And by 1980, the urban population is expected to reach 2.1 million if the annual rate of growth of 4.1 per cent is not exceeded. It will, however, still represent less than half of the national population, despite the fact that rural population has been growing at a relatively slower estimated 3.1 per cent per annum.

Illustration 2.2

Urban, Rural and Total Population Trends of El Salvador: 1950-1980.



Source: Consejo Nacional de Planificación y Coordinación Económica (and other agencies): Pronóstico Habitacional de la República de El Salvador en el Período 1970-1980, San Salvador, 1971, Section III.2.

Perhaps more significant than population growth rates or absolute population is the relationship between population and land. In 1971, population density in El Salvador was estimated to be 177 persons per square kilometer, almost 13 times the density of Latin America as a whole, which had 14 persons per square kilometer. By 1980, this density is expected to reach 233 persons per square kilometer, two and one half times the figures for 1950.

TABLE 2.1

POPULATION DENSITY IN EL SALVADOR:
1921-1975

Year	Persons/Km ²
1821	12.5
1899	37.9
1925	65.6
1950	92.8
1961	125.5
1971	177.7
1975	203.9
1980	233.0

Source: Vivienda Popular..., Vol. I, op. cit., p. 41 and 75.

The ratio of population to arable land, however, is even higher, since in 1971, there were an average 326 persons per square kilometer of arable land, compared to a density of 49 persons per square kilometer* for Latin America. Thus, the combination of high national population growth rates

* Consejo Nacional de Planificación y Coordinación Económica, Plan de Desarrollo Económico y Social, 1973-1977, San Salvador, n.d., Table 21, p. 36; hereinafter cited as Plan... 1973-1977.

and limited national territory make El Salvador the most densely populated country of the American continent, exerting significant pressure on both rural and urban land markets.

The Beginning of Urbanization and the Growth of the Metropolitan Area

In contrast to Latin America as a whole, which in 1971 was considered to be 54 per cent urban, El Salvador was still only 40 per cent urban in the same year.* It is expected that by 1980, the urban population will only constitute 42.4 per cent* of the population as a whole; an increase of less than 3 per cent in a decade. In absolute terms, urban population will increase by approximately 750,000 people during the decade, assuming a 4.1 per cent annual increase. This means that the rate of urbanization during the seventies was very slow and that urban growth was still due, in large part, to overall population increases, rather than to changes in the rural-urban composition.

The urban growth that did occur in the decade was largely concentrated in a few cities, especially in the Metropolitan Area. For instance, while the national urban population grew by 45 per cent in the decade, the Metropolitan Area of San Salvador grew by almost 62 per cent and only three other cities had an increase of 50 per cent or more:

* Ibid, p. 36.

** Estimate made in Vivienda Popular..., Vol. I, op. cit., p. 75.

TABLE 2.2

PROPORTIONATE INCREASE OF URBAN POPULATION IN
10 MAJOR URBAN AREAS IN EL SALVADOR: 1961-1971

Rank	City or Urban Area	Per Cent Increase
1.	Metropolitan Area	61.8
2.	Santa Ana	35.0
3.	San Miguel	55.0
4.	Sonsonate	41.0
5.	San Vicente	20.0
6.	Chalchuapa	41.0
7.	Ahuachapán	23.0
8.	Zacatecoluca	37.0
9.	Usulután	59.0
10.	La Unión	50.0
-	All Urban Areas	45.0
-	Total for Country	42.0

Source: Censo de Población, 1961 and 1971.

That is, the Metropolitan Area grew at a rate one third higher than all remaining urban areas combined. This seems to be due to not only to high rates of population growth but also to initial internal migration. Although the Census does not disaggregate place of birth by city but only by Department, the following table demonstrates that apart from the two Departments which comprise the Metropolitan Area (La Libertad and San Salvador), only one had a positive migration in 1971:

TABLE 2.3

NET IMMIGRATION AND EMIGRATION BY DEPARTMENT: 1971
(in Thousands)

San Salvador	+ 165.4
La Libertad	+ 25.7
(Sub-total)	(+ 191.1)
Sonsonate	+ 10.8
La Unión	- 3.9
Ahuachapán	- 7.2
La Paz	- 17.1
Usulután	- 17.5
Morazán	- 18.9
San Miguel	- 19.8
Cuscatlán	- 12.2
Santa Ana	- 24.3
Cabañas	- 24.5
San Vicente	- 22.9
Chalatenango	- 33.5

Source: Vivienda Popular..., Vol. I, op. cit.,
p. 76.

According to the 1961 Census, 19 per cent of heads of household in the Metropolitan Area had been born in other Departments. In 1971, this proportion had reached 22.8 per cent. As will be seen in Chapter III, the proportion of poorer heads of households living in informal settlements and born outside the present place of residence is even higher, reaching over half the total of households interviewed.*

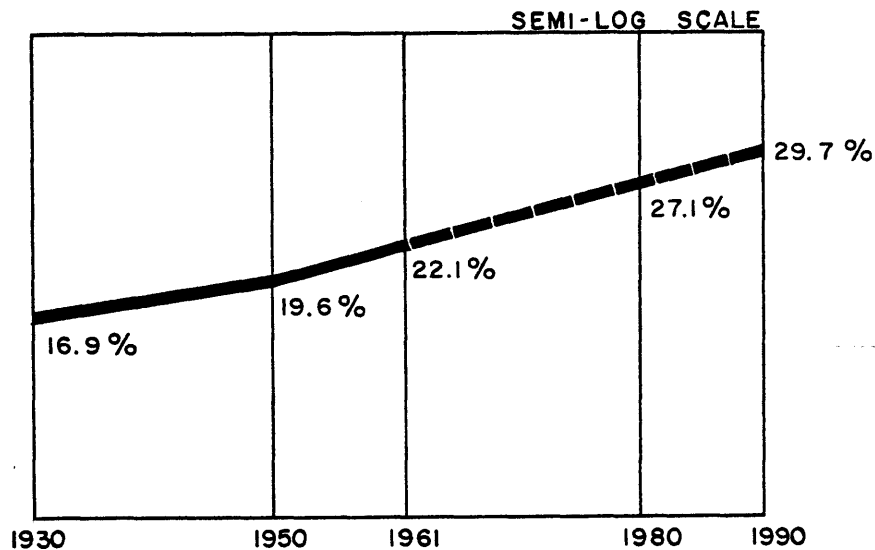
The proportion of the national population living in the Metropolitan Area of San Salvador has also been increasing steadily; between 1950

* Ibid., p. 77.

and 1980 it increased from 19.6 per cent to 27.1 per cent of the national population. Projections estimate that by 1990, almost one out of every three Salvadoreans will be living in the Metropolitan Area, which will then house 1.8 million persons.*

Illustration 2.3

Population of Metropolitan Region as a Percentage
of National Population: 1930-1990



Source: METROPLAN, op. cit., Table 33, p. 37.

* Consejo Nacional de Planificación y Coordinación Económica, Ministerio de Obras Públicas, METROPLAN 80, Metropolitan Development Plan, San Salvador, p. 34; hereinafter cited as METROPLAN. Jorge Hardoy has classified El Salvador among the "urbanistically highly unstable countries" in "Un Ensayo de Interpretación del Proceso de Urbanización en América Latina," Ramiro Cardona, ed., América Latina: Distribución Espacial de la Población, Bogotá, 1975, pp. 40-99.

Socio-Economic Levels

Measured in terms of income, employment, education, health, and housing indices, El Salvador's urban population is, in many ways, still disadvantaged when compared to Latin America as a whole.

As will be seen in the following chapters, even though there are no reliable income data for the country or for urban areas as a whole, estimates show that El Salvador has low absolute income levels and a highly skewed income distribution compared to other countries in Latin America or in the world in general.*

In 1969, El Salvador's annual per capita income was lower than US 300 dollars (750 colones), which placed El Salvador among the poorest third of the world's nations and at about the 54th percentile of the mean income for Latin American countries. In addition, distribution of income was found to be highly skewed when compared to countries with the same per capita GNP level: that same year, it was estimated that the lowest 40 per cent of the population earned only 11.2 per cent of the national income; and at the other extreme, the top 20 per cent of the population received 52.4 per cent of the national income.**

In absolute terms, 13.5 per cent of the population of El Salvador, compared to 10.8 per cent of the population of Latin America as a whole, was under the US 50 dollars (125 colones) per capita income poverty line in 1969. However, only an additional 4.9 per cent of El Salvador's population reached the US 75 dollar (187.5 colones) annual per capita income level.***

* Estimates from Montek S. Ahluwalia, "Income Inequality: Some Dimensions of the Problem," in Hollis Chenery, et. al., Redistribution With Growth, Oxford University Press, 1974, p. 8; hereinafter cited as Chenery.

** Ibid., p. 12.

*** Ibid.

Estimates for urban areas alone also show low absolute and relative income levels. In 1970 a government report estimated that 57.5 per cent of El Salvador's urban households earned less than US 100 dollars (250 colones) monthly and 17 per cent less than US 40 dollars (100 colones) monthly.* That is, one in five families had an average income of less than US 1.33 dollars (3.33 colones) per day. Assuming 5.2 persons per household, this income is equivalent to US 0.26 dollars (0.64 colones) daily per capita for food, clothing, housing and all living expenditures.

TABLE 2.4

DISTRIBUTION OF URBAN FAMILY INCOME IN EL SALVADOR, 1970
In US Dollars (and Colones)

Monthly Income	Per Cent of Families	Cumulative Per Cent
Up to 40	17.0	17.0
" " (100)		
40-100 (100-250)	40.5	57.5
100-240 (250-600)	27.5	85.0
240-400 (600-1000)	5.0	90.0
400 or more (1000 ")	10.0	100.0
	100.0	

Source: Diagnóstico, op. cit., p. 112.

In addition to the low overall incomes and their skewed distribution, there is a lack of stable employment in El Salvador's cities. A

* Consejo Nacional de Planificación y Coordinación Económica (and other institutions), Diagnóstico Habitacional de la República de El Salvador: 1971, San Salvador, p. 112, and Pronóstico Habitacional de la República de El Salvador: 1980, hereinafter cited as Diagnóstico and Pronóstico.

government-sponsored sample survey in the Metropolitan Area estimated that in 1974, 10.3 per cent of the population was "openly" unemployed, in addition to 7.5 per cent "temporarily" unemployed and 2.8 per cent looking for a job for the first time. That is, one fifth of the working force was without employment.* The same study reported that of those employed only four out of ten were receiving incomes above the minimum salary established by law at the time of the survey.**

The study also found that open unemployment affected the poorest households the most. For instance, 45 per cent of the unemployed came from the lowest three deciles of the income distribution; that is, from groups earning less than US 54.4 dollars (136 colones) per month. And of this group, only one out of five had non-domestic, stable employment.*** Since the survey was only conducted in the Metropolitan Area, however, these data might actually reflect a better situation than if the survey had been conducted in all the principal urban areas.

Parallel to the low levels of income and unemployment, and partially explaining them, is the educational situation of the urban population in El Salvador. Even though significant proportions of the national budgets (30 per cent in 1971) have been assigned to education under the first three National Plans and by the annual government budgets, only some progress has been made since 1950: two decades later one fifth of the urban population and 55.4 per cent of the rural population was still considered to be illiterate:

* Oficina Internacional del Trabajo, Programa Regional de Empleo en América Latina y El Caribe, (PREALC), Situación y Perspectivas del Empleo en El Salvador, San Salvador, p. 1-15; hereinafter cited as PREALC.

** Ibid., p. XIV.

*** Ibid., p. XV.

TABLE 2.5
 PERCENTAGE OF URBAN AND RURAL LITERACY
 1930-1971

	Urban Areas	Rural Areas	Total
1930	35	26	26.2
1950	64	23	39.0
1971	80	45	59.7

Source: Censo de Población, 1930, 1950, 1971.

Illiteracy has also affected the poorest families most. As will be seen in Chapter III, almost two thirds of the heads of household in a 1975 sample survey of the informal settlements either never went to school or did not finish the fourth grade, which is considered functional illiteracy.* The 1974 employment survey also estimated that of the unemployed, one quarter had less than third grade education.**

Although health and nutrition are key variables in both the well-being and the productivity of a population, there is little reliable overall data for these factors, and those that do exist show a situation that could be significantly improved. For instance, according to the 1971 Census, infant mortality was a high 115 deaths per thousand before one year of age and 172 deaths per thousand before five years of age. It is also estimated that 71 per cent of the deaths in 1972 occurred without a medical certificate.*** Calorie intake in 1970 was estimated to be only 87 per cent of minimum requirements and per capita protein intake to be 48 grams per day.****

* See Section 8 of Chapter III.

** PREALC, op. cit., p. IX-2.

*** Estimated in Ibid., pp. X-1, 3.

**** Plan... 1973-1977, op. cit., p. 37.

In 1976, there were only 2.6 physicians and 17 hospital beds per 10,000 persons, which compares unfavorably with the Latin American mean of 6 physicians and 33 hospital beds per 10,000 persons.*

Overall housing conditions are another important determinant of socio-economic welfare. Census data reviewed here, however, are not a sufficient indicator since they not cover key aspects such as production costs, household expenditures on housing in relation to income or other housing-related expenditures. Census data, however, do give an overall view of crowding, tenure, availability of water and sewerage, construction materials and quality.

In general, as reported by the 1971 Census, the housing situation improved over the previous decade,** especially in terms of water service and tenure in the Metropolitan Area of San Salvador. But the situation was still, in many respects, worse than the situation in Latin America as a whole.

For instance, of the total urban occupied units in 1971, 28 per cent were classified as rooms in tenement-type rooming houses or mesones,*** only slightly lower than the estimate made for five urban areas in Chapter III. Although the proportion of rental units decreased during the decade, it was still equivalent to 55.1 per cent of the total housing stock in 1971.**** Also, only 36.1 per cent of the entire urban housing stock was classified as

* Ibid.

** Unfortunately, it is not possible to make a comparison of key characteristics of urban housing between the last two Censuses, since not only were definitions changed but also data were disaggregated in a different manner in each. The following data, therefore, are taken from: Ministerio de Economía, Tercer Censo Nacional de Vivienda: 1971, San Salvador, December, 1974; hereinafter cited as Censo de Vivienda 1971.

*** Ibid., Table 1, p. 1.

**** Ibid., Table F, p. XXIV.

owned (en propiedad) and an additional 8.8 per cent had a purchase option or rental with promise of sale agreement.* That is, according to the Census, only 44.9 per cent of the total urban stock was either owned or provided a possibility of ownership. As will be seen in Chapter III, however, the proportion is much lower for the informal settlement population.

The Census reported the greatest improvements in the quality of construction materials: 93.8 per cent of the urban housing stock was in "permanent" construction, only 2 per cent was considered "improvised" and 4 per cent ranchos constructed with rural materials.** With respect to wall materials, specifically, however, the Census estimated that only 26 per cent of the units were made of masonry and brick construction ("mixto") and an additional 33 per cent were made of wattle and daub ("bahareque"). The rest were made of less permanent materials: 28 per cent were adobe, 6 per cent wood, 2 per cent zinc sheets and 5 per cent straw or other.*** On the other hand, roof construction was generally of higher quality than other building components: 96 per cent of the units had "permanent" roofs, which included tile or asbestos or tin roofs.**** In terms of floor materials however, the situation was less satisfactory. In 1971, 35 per cent of the urban housing units still had earth floors, the remainder had cement tiles or concrete or brick floors.*****

In terms of services, only 72 per cent of the urban housing

* Ibid. In the Department of San Salvador, these units comprised 17% of the urban housing stock.

** Ibid., Table 3, p. 6.

*** Ibid., Tables H and I, p. XXVII.

**** Ibid., Tables 22 and 23, p. 143 and 147 respectively.

***** Ibid.

stock had electricity in 1971.* And only 60 per cent had running water inside the housing unit, although another 22 per cent had access to piped water outside the dwelling unit.** That is, a total of 82 per cent had access to piped water in or outside the dwelling unit. This is a 30 per cent increase over 1961 levels and is higher than the 70 per cent average for Latin America as a whole.*** However, significant regional and urban disparities were reported for this service: in the Departments of San Salvador and Santa Ana, for instance, three quarters of the urban population had access to piped water, in contrast to the urban population of La Unión where only 40 per cent had access to piped water, in or outside the dwelling unit.****

Perhaps the slowest rate of improvement reported in 1971 was in the area of sanitary facilities. Compared to Latin America as a whole, where an estimated 62 per cent of the urban population had sanitary sewerage, in El Salvador the corresponding proportion for the same year was only 37 per cent.***** That is, close to two thirds of the urban population had no flush toilets. In addition, there was little improvement in terms of the overcrowding reported between the two Censuses the number of rooms per dwelling unit only increased from a mean of 1.83 to 1.85 rooms. By number of rooms, the urban dwelling units were distributed as follows: 52 per cent consisted of only one room, 21 per cent of only two rooms and only 10 per cent of three rooms. Thus, only 17 per cent of the urban families had a dwelling unit with four or more rooms for sleeping, cooking, eating and all other household

* Ibid., Table 33, p. 348.

** Ibid., Table J, p. XXXVIII.

*** Estimated in Plan... 1973-1977, op. cit., p. 38

**** Censo de Vivienda... 1971, op. cit., Table J, p. XXXVIII.

***** Plan... 1973-1977, op. cit.

functions.* Although these figures do not take floor areas into consideration, given the high average number of family members of 5.4, there were 6.5 persons per sleeping room, assuming one room for all other family functions.

The last set of housing-related characteristics reported in the 1971 Census that indirectly measure quality are monthly payments for rented units and for those under a leasehold agreement. Although the payment categories were broad and not cross-tabulated by quality, size or income, they do demonstrate a generally low capacity to pay. For instance, two thirds of the rented units in 1971 cost less than US 10 dollars (25 colones) a month. Almost the entire remaining one third cost between US 10 and 40 dollars (25 and 100 colones) per month. Only a negligible proportion of the urban units cost more than US 40 dollars (100 colones) per month.**

Payments reported for leasehold agreements, however, were slightly higher than rents. This was confirmed by the sample survey data for three cities analyzed in Chapter III. For instance, less than one third of units under rental with promise of sale agreements required monthly payments of US 10 dollars (25 colones) or less and over half required payments of between US 10 and 40 dollars (25 and 100 colones). Almost one fifth cost more than US 40 dollars (100 colones).

In short, compared to the situation as it was a decade ago and after three National Development Plans some improvements have been made in the areas of education, health, housing tenure and access to water in terms of the lower income sectors. However, El Salvador's urban social and economic

* Censo de Vivienda...1971, op. cit.

** Ibid., Table F, p. XXVI.

situation still poses a serious challenge in the areas of employment, relative and absolute income, nutrition and sanitary facilities compared to the situation of Latin America as a whole. Following section attempts to describe the evolution of government programs and policies since 1950 with emphasis on the role they have played in housing, infrastructure and urban planning.

2.3 Emerging Urban Policies

The legal and ideological bases of the emerging urban policy in El Salvador are to be found in the 1950 Constitution which declared for the first time that it was the role of the State to look after the well-being of the population. The Constitution recognized the "social function" of private property and designated the construction of housing of "public interest."^{*}

In the following chapters it will be argued that these constitutional goals are far from being attained and that, in general, the poorer sectors of the urban population have not been the principal beneficiaries of government interventions even though the various urban programs have been conceived with this objective in mind. In part, this lack of consistency between constitutional goals and government programs has been due to the lack of a coherent and explicit urban policy designed to affect distribution. This section examines the evolution of urban planning, housing and infrastructure programs since 1950 in this context, and compares projected targets and stated goals with actual accomplishments.

The first part of this section examines the evolution of urban studies and planning before and after the institution of national macro-economic and sectoral planning. The second part summarizes the role of three housing agencies created specifically to increase housing production through

* Constitución Política, Articles 137 and 148, San Salvador, 1950.

various financial mechanisms, the principal thrust of public policy since 1950. It also summarizes the role of a private, non-profit organization that has made a significant contribution to formal housing production, especially since 1975. Finally the evolving policies of the various infrastructure programs and their relation to housing production and urban planning are reviewed.

The Evolution of Urban Planning*

Although much of the physical layouts of eighteenth and nineteenth century cities in El Salvador was determined by Spanish colonial planning regulations as in the rest of Spanish America, public and local authorities seem to have neglected this aspect, until 1950 when the Dirección General de Urbanismo y Arquitectura, DUA, was created within the Ministry of Public Works.** DUA's appearance was accelerated by the first housing diagnostic study, conducted by foreign advisors in 1949, which identified the already alarming housing situation and called attention to the disorderly growth of most urban areas.***

The creation of DUA resulted in the development of the first Master Plan for San Salvador and adjacent areas by 1954; and partly as a result of this effort, the first urban legislation since El Salvador became an

* This subsection is based, in part, on an article by the author, "20 Años de Planes para San Salvador" in Revista Interamericana de Planificación, Vol. VII, N° 27, September 1973; hereinafter cited as Harth Deneke, "20 Años."

** See Appendix II-C for a description of the Division of Urbanism and Architecture, DUA.

*** Public Administration Service, La Vivienda en El Salvador, Un Análisis del Problema y Recomendaciones para un Programa Nacional de Vivienda, San Salvador, 1949, p. 21; hereinafter cited as La Vivienda en El Salvador.

independent nation was enacted. The "Law of Urbanism and Construction," still in effect today, established not only that the Ministry of Public Works, through DUA, would plan the growth of cities through official "regulating" plans, but also that plans for all urban construction - private or public - would have to be submitted for approval prior to construction. By 1956, a Metropolitan Street and Highway Plan was approved as a complement to the San Salvador Master Plan both of which would serve as guidelines for the physical expansion of the formal city for nearly a decade.

The first generation of urban planning studies under the direction of DUA can best be characterized, perhaps, by the limited physical scope of the Master Plan, which attempted to achieve rather modest objectives furthering the orderly expansion of the city. DUA's resources, however, were concentrated on controlling construction permits, extending urban streets and storm drains, and designing and constructing major public buildings. Thus, many of the key social and economic issues of urbanization which had arisen by then were not even mentioned in the formal documents of the Master Plan.

Such issues include: the beginning of land speculation on a large scale, the proliferation of illegal settlements, the predominance of the tenement rental units, the lack of public transport, public markets, and health and educational facilities. Attainment of the Plan's objectives was further hindered by: inadequate follow-up and Plan revision, the lack of a national planning framework, the low status of the urban planning office within the sectoral hierarchy, its position within an executive Ministry and most of all, the lack of political support for planning as an instrument of

public policy. Thus, the overall impact of these planning efforts was centered on the physical growth of the formal parts of the cities as opposed to the social and economic issues of urbanization.

Several events helped change the direction set by the 1950 Master Plan so that in 1966, a second generation of urban planning studies emerged. The first event was the creation at Presidential level of the National Council of Economic and Social Planning and Coordination, CONAPLAN, in 1962. In addition to providing a new focus on national planning and the integration of sectoral programming, CONAPLAN's legislation established the objective of developing regional planning. The second event was the creation of a series of autonomous agencies throughout the 1960's which began their own programming and planning of large scale urban public works independently of DUA's Master Plans. Specifically, these agencies included ANDA, the water and sewerage agency, and FNV, the National Housing Finance Agency. Together with IVU, the Urban Housing Institute, FNV began to increase the production of formal units and to extend the urban fringe to a significant extent. The third event which helped to change the course of urban planning was the 1965 earthquake which hit San Salvador killing several hundred people and leaving thousands homeless. As a consequence of the earthquake public attention focused once again, on basic urban issues: poor housing, inefficient public transport and the general lack of urban services.

Between 1966 and 1969, the new approach was reflected in a series of diagnostic and normative studies focusing principally on the Metropolitan Area of San Salvador and the surrounding region. These studies were carried out by DUA and CONAPLAN with the help of foreign advisors. For the first time, however, the studies went beyond concern with spatial aspects and attempted to analyse the existing and projected social and economic

situation of the capital city and the surrounding areas. The principal result of these efforts was the widely publicized Metropolitan Development Plan, METROPLAN, and the creation in 1970 of a national Department of Urban and Regional Planning under CONAPLAN, but ranking higher than DUA and the autonomous agencies in the government hierarchy.

The stated objectives of the second generation studies were: first, to draw up a "comprehensive plan to guide the development and growth of the Metropolitan Area of San Salvador," and second, "to carry out an administrative analysis with specific proposals to insure the institutionalization of the urban planning process in El Salvador."

Thus, it was decided early during the development of the METROPLAN studies that they should not only provide a general comprehensive area-wide framework, but should also focus on key issues of metropolitan development. Among the key issues identified were: the social, economic and legal situation of informal settlements, by then housing the great majority of the popular sectors; the uncoordinated and inefficient public transport system which served 80 per cent of the population; the need to develop new large-scale employment centers (commercial and industrial); the rationalization of the existing central business district and the industrial periphery; the simplification of land acquisition procedures; the creation of new fiscal income from urban development; and, most important, the need to analyze the decision-making structure of sectoral investments in the Metropolitan Area.*

A review of the second generation urban studies and planning

* This culminated in the study entitled "Institutional Framework for Urban Development Planning in El Salvador," Ministerio de Obras Públicas, Consejo Nacional de Planificación y Coordinación Económica, San Salvador, 1969, by Alberto Harth Deneke, Anatole Solow and Wendell Schaefer; hereinafter cited as Harth Deneke, Institutional Framework.

in El Salvador would suggest, however, that several important objectives were not adequately accomplished. Firstly, METROPLAN's strategies have not been effective in coordinating urban public investments in the Metropolitan Area, especially those not controlled by the Ministry of Public Works. Thus, the multi-sectoral comprehensive approach has not been effectively instituted. Secondly, non-government investments have not, for the most part, been guided by the Plan's objectives, especially with respect to new residential and commercial investments. Thirdly, most peripheral growth in low-income settlements is still largely extra-legal, although subdivision and building regulations have been made more flexible and a new attitude seems to be emerging in public bureaucracies. Fourthly, the legal basis for urban planning, defined by the 1954 "Ley de Urbanismo y Construcción" has not been modified to take into consideration the complex set of independent urban investment agencies or the overall framework of national planning. Fifthly, the scope of the second generation urban planning studies was mainly limited to the Metropolitan Area and partially as a result of this limitation, national urban investments have tended to concentrate in that area, further exacerbating regional disparities between cities. Finally, and perhaps most important, the question of land, identified in the Plan as critical not only for ecological reasons but for insuring land reserves for public or social interest projects, has never been effectively dealt with.

However, whether effective or ineffective, the efforts which began in 1966 were still the only policy basis for the Metropolitan Area of San Salvador a decade later, and represented the last area-wide attempt at comprehensive urban studies and planning.

During the mid 1970's, five different events seem to have shifted emphasis away from Metropolitan planning to more specific projects

and to more general policies. At the national level these events took place against the background of the Agrarian Reform program of 1976, the first ever enacted in El Salvador and which was repealed only four months after it became law. The associated events leading to and following that repeal involved the country in the most conflictive political confrontation since 1932 and again brought land and income distribution issues to the forefront of national politics.*

The first event of the 1970's which affected Metropolitan Planning in El Salvador was the first attempt to define a national settlements policy, at the urban level. This came about principally as a consequence of the much publicized United Nations sponsored "Habitat Conference" in 1976. The resulting national settlements policy proposed further direct government intervention in the land development process.**

The second event was a little circulated but highly critical financial administrative and diagnostic study of the housing sector, prepared by a German technical mission in 1976.*** It emphasized the lack of overall urban policy coordination and direction from the National Housing and Urban Development Commission as well as the marked differences between stated housing production price targets and effective demand levels.

The third event that seems to have shifted emphasis away from

* The different facets of the Agrarian Reform have been analyzed by various authors in Estudios Centroamericanos, Vol. XXXI, Nos. 335, 336, 337 and 338, San Salvador, 1976, and were reported extensively by the mass media during that year.

** See: Comisión Nacional de Vivienda y Desarrollo Urbano, Informe Nacional Sobre Asentamientos Humanos, San Salvador, 1976.

*** Misión Alemana, Informe Preliminar de la Misión Alemana, San Salvador, August, 1976, and Misión Alemana, Propuestas para una Reforma Institucional y Financiera del Sector Vivienda, San Salvador, September 1976; hereinafter cited interchangeably as Misión Alemana.

metropolitan planning and, in this case, towards a more specific project focus, was the initiation of four urban studies, sponsored by the United Nations Development Program and World Bank, under the Ministry of Planning.* The four areas of planning studies decided on were: 1) an analysis of the institutional framework for urban and regional planning and development; 2) a study ^{on} of urban land legislation; 3) the design of a specific pilot project for upgrading a specific "uncontrolled" settlement; and 4) an analysis of and proposal for financing institutions in the fields of housing and infrastructure. Although these studies will not be terminated until late 1978, their terms of reference and the preliminary reports produced suggest that they will focus on specific urban issues rather than attempt to be comprehensive and, to the extent that the World Bank is involved, the results of the studies will also focus on specific projects to a greater extent than past urban studies. Thus, the style and focus of urban planning in El Salvador during the 1980's will in all likelihood be determined by the outcome of these studies as well as by the nature of the national development paradigm.

Emphasis on Housing Production

The first significant government intervention in urban housing began in El Salvador in 1950, as a consequence both of the newly enacted Constitution and the populist government of Colonel Oscar Osorio, and of the first housing diagnostic study published a year before.** The document estimated

* UNDP, IBRD and Ministerio de Planificación, Terms of Reference for an Urban and Regional Development Study: El Salvador, San Salvador and Washington, D. C., March, 1976. These were subsequently modified in 1977.

** La Vivienda en El Salvador, op. cit.

that 40.5 per cent of the metropolitan population, equivalent to 167,000 persons, were already living in some 1,800 mesón rooms or deteriorated homes converted into entrepreneurial rooming houses, most of them with comunal sanitary and cooking facilities. Although the study does not mention any squatter settlements or illegal land subdivisions it proposes a housing policy to promote annual housing production by 500 units to accommodate new household formation exclusively in the Metropolitan Area of San Salvador. The study also estimated that sixty per cent of the housing stock in the remaining urban areas, equivalent to 70,000 units, had to be replaced or improved. In addition, it was estimated that 2,000 units per annum were needed in order to keep up with population growth.* That is, to accommodate new household formation, 2,500 new urban units would be needed every year in the country. In conclusion, the study proposed the creation of an "Urban Popular Housing and Colonization Institute," a proposal which was the basis for the creation of the Instituto de Vivienda Urbana, IVU, and the Instituto de Colonización Rural, ICR, in 1950. In addition, in 1950 the urban housing situation was analyzed for the first time by means of the first Housing Census ever carried out in El Salvador.

As an autonomous agency, with the priority assigned to it by the Osorio government and aided as well by the high prices of coffee in the world market, IVU was able to build 570 units during its first year of operation. This was 145 units more than had been built during the 15 previous years.

During its first 25 years of existence, until 1974, IVU was

* La Vivienda en El Salvador, op. cit., p. 2.

able to produce approximately 21,400 housing units at a total cost of US 50.4 million dollars (126 million colones) and at an average unit cost of US 2,400 dollars (6,200 colones). The majority, however, were near the maximum limit legally established in 1961 of US 3,400 dollars (8,500 colones).*

As will be seen in Section 4 of Chapter III, the type of units produced by IVU were located in new, fully serviced subdivisions with spaces left for future community facilities. They consisted of standard single family completed units for middle and upper-middle income families. ✓ A few units were built using aided self help and mutual aid systems. By the end of the 1950's, however, IVU began to build four story walk-up apartment multifamiliares, built by private contractors on very large tracts of land acquired for that purpose. By 1974, IVU's apartments represented 31 per cent of its total output. Of these, a few were built by aided mutual help. As in the rest of Latin America, IVU's production was stimulated by the creation of the Interamerican Development Bank and its policy of supporting urban housing production programs. By 1962, IDB had extended the first housing loan in El Salvador through IVU.

Aside from its principal thrust in conventional housing production, IVU carried out three small-scale pilot projects in the late sixties and early seventies. In order to rehouse several hundred victims of the 1965 earthquake, IVU built its first very low-cost non-conventional units, called cabañas (cabins). Although only 1,366 units were built, they cost only US 500 to 810 dollars (1,250 to 2,025 colones) each, excluding the cost of the public land they were built on. These cabañas were intended

* Diagnóstico, op. cit., p. 26.

as temporary shelter, but a decade later, IVU still manages the majority of these as rental units for as little as US 2 to 4 dollars (5 to 10 colones) a month.

Between 1973 and 1975 IVU once again put aside its traditional minimum standards of conventional housing and carried out the first two squatter upgrading projects, both of them located on invaded land already belonging to the Institute. Only 291 units were upgraded in two sites at a cost of US 600 to 900 dollars (1,500 to 2,250 colones) per unit. This represented from one quarter to one sixth of the price of its conventional units. Although they were small in scale, these pilot projects were important because for the first time they demonstrated the possibility of extending tenure to squatter units and improving the existing housing stock through self help at a very low cost, rather than through relocation or the production of new units, which had been IVU's policy for over two decades.

This type of project, however, seems to have received no political support and such methods were not extended to other settlements, nor incorporated into IVU's policies, even though both the 1973-1977 Plan and the 1978-1982 Pre-Plan assigned IVU a significant role in the production of progressive development units in these price ranges. It is expected, however, that IVU's upgrading experiments will be revived in 1979, with the commencement of a larger-scale upgrading pilot project as a consequence of the UNDP-World Bank sponsored urban studies.*

* Ministerio de Planificación, Estudio de Desarrollo Urbano y Regional de El Salvador, (EDURES) "Programa de Rehabilitación de los Asentamientos Marginales del Area Metropolitana de San Salvador," Informe de la Fase I, (Draft) San Salvador, 1977; hereinafter cited as EDURES, "Rehabilitación."

The following table summarizes IVU's housing production role, averaging approximately 800 units per year during its first 25 years.

TABLE 2.6

SUMMARY OF IVU'S HOUSING UNIT PRODUCTION: 1950-1974

Type of Units	Total Number
Single Family Units	14,211
Multi-family Apartments	6,608
(Sub-total Conventional Units)	(20,819)
Emergency "Cabañas"	1,366
"Tugurio" Rehabilitation	384
'Sites and Services' Units	285
(Sub-total Non-Conventional Units)	(2,035)
TOTAL	22,854

Source: Adapted from a table published by IVU in La Prensa Gráfica, San Salvador, December 27, 1975, p. 19.

In sum, although IVU's main thrust in housing production did in fact increase the supply of urban housing units during its first two and a half decades of existence, it reached less than half of its programmed targets and benefited families whose incomes placed them in the middle and upper-middle income sectors.*

The Financiera Nacional de la Vivienda, FNV, was created in 1963 as an autonomous agency with the objective of channelling savings deposited in private Savings and Loan Associations to lower and middle-income families. Through one of its several Savings and Loan Associations, FNV finances builders and construction companies promoting new housing projects

* Pronóstico, op. cit., Section III.2.

for up to 75 per cent of housing unit values. After construction, mortgages are extended to individual households by the Savings and Loan Associations.

FNV was created during the government of Colonel Rivera and was supported by the reform-oriented ideals of the Alliance for Progress. Thus, while the initial support for FNV came from U.S.A.I.D., the Savings and Loan System has functioned on the basis of savings deposits, which by the end of 1977 had reached close to US 181 million dollars (452 million colones) in seven Savings and Loan Associations.*

Originally, FNV's units were limited to a ceiling of US 10,000 dollars (25,000 colones). This limit was changed to US 16,000 dollars (40,000 colones) with the reforms made to FNV's legislation in 1974. In 1977, however, the limit was again raised, specifying different ceilings for single and multiple family units in an effort to encourage higher density dwellings. The maximum for individual units was raised to US 30,000 dollars (75,000 colones) and for apartments in condominium buildings to US 50,000 dollars (125,000 colones). The new limits were five times as high as those established a decade earlier.

The units financed by the FNV system have typically been detached, fully serviced standard homes with three bedrooms and service quarters, built on new, fully serviced suburban subdivisions, in accordance with all subdivision and building regulations. The units have been built by private builders and contractors and 95 per cent of them have been located in the Metropolitan Area of San Salvador. Less than one per cent of FNV's total investments have been located in Santa Ana, San Miguel and Sonsonate.

* Figures published by FNV in El Mundo, December 16th, 1977, p. 25, on the occasion of its 13th anniversary.

In 1974, FNV began to finance apartment units for the first time. This was a result of the 1974 modifications made to FNV's legislation and the newly enacted condominium law which permitted this form of tenure. By 1978, several condominium projects were being financed in San Salvador. This was a welcome development, given the overall scarcity of land and the nature of the topography on the fringes of present development.

Thirteen years after its foundation, the FNV system had been able to finance 26,500 units at an average cost of US 6,050 dollars (15,125 colones) per unit. However, in the five years from 1973 to 1977, after the cost ceilings were raised, close to 39 per cent of FNV's investments, equivalent to 17.4 per cent of its units, were in the so-called "middle-high" income level.*

Officially reported prices, however, have been often lower than the actual sales prices of units financed under the FNV system, since it had become a common practice for builders wishing to side-step the ceilings, to require house buyers either to purchase additional land or to add to the down payment approved by FNV.**

The following table summarizes the housing production sponsored by the FNV system during its first eleven years of existence. For 1976 and 1977 together, one would have to add approximately 8,300 units and an investment of 86 million dollars (216 million colones).

* Data prepared by FNV, January, 1978.

** There was even one case reported where a luxury apartment building selling units for US 100,000 (250,000 colones) had attempted to present plans in such a way that each unit would be the equivalent of US 50,000 dollars (125,000 colones) units and thus qualify under the maximum limits.

TABLE 2.7
SUMMARY OF FNV FINANCED HOUSING UNIT PRODUCTION
1965-1975

Years	N° Housing Units	Per Cent	Average Unit Cost		Total Investments	
			US Dollars	(Colones)	US Dollars	(Colones)
1965	327	1.7	2,970	(7,425)	9,100	(22,750)
1966	569	3.0	5,061	(12,653)	8,900	(22,250)
1967	389	2.0	3,698	(9,246)	9,500	(23,750)
1968	611	3.2	6,043	(15,108)	9,900	(24,750)
1969	898	4.7	8,526	(21,315)	9,500	(23,750)
1970	763	4.0	6,929	(17,322)	9,080	(22,700)
1971	552	2.9	4,831	(12,077)	8,740	(21,850)
1972	1,363	7.2	10,305	(25,763)	7,560	(18,900)
1973	2,590	13.6	16,818	(42,046)	6,500	(16,250)
1974	5,181	37.3	31,084	(77,709)	6,000	(15,000)
1975	5,783	30.4	47,880	(119,700)	8,276	(20,690)
TOTAL	19,026	100.0	144,146	(360,364)	7,576	(18,940)

Source: Vivienda Popular... Vol. I, op. cit., p. 109.

In sum, during its first thirteen years of housing finance and production, FNV managed to promote an average of almost 2,000 units per annum, but with an annual production of two and a half times this amount in the last five years. As will be seen in Chapters III and IV, however, the majority of these units have been produced for upper middle and upper-income families primarily in the Metropolitan Area of San Salvador.*

The most recently created public housing agency in El Salvador is the Fondo Social para la Vivienda, modeled after the Mexican INFONAVIT and the Brazilian Housing Bank. The Fondo has a system based on a housing tax on salaries and represents perhaps the most innovative approach to housing

* According to the income classification used throughout Diagnóstico, op. cit.

finance in El Salvador. According to its constitution, Fondo Social's objective is to contribute to the social security of salaried employees through the promotion and financing of housing units that are "safe, sanitary and commensurate with human dignity."^{*}

Through a five per cent tax paid by the employer and a tax of one half of one per cent paid by the employee, Fondo Social has been able to capture approximately US 16 million dollars (39.7 million colones) in 1977 alone; or an average monthly collection of US 1.3 million dollars (3.3 million colones). As new employees are incorporated into the Social Security System, either by the extension of the program or by population growth, the amount of funds mobilized is certain to increase considerably, in marked contrast to the funding made available to other housing agencies during their first years.

By 1977, approximately 200,000 salaried workers and 11,000 employers were contributing to the Fondo Social; if one assumes 5.3 persons per family, the system has a potential theoretical coverage of approximately 1,600,000 persons. This is equivalent to almost 40 per cent of El Salvador's total population. It is expected, however, that as the Social Security System is extended to other areas such as public employees, and eventually to rural workers, it will cover a much higher percentage.

It is not known, however, whether Fondo Social plans to cover the large proportions of the urban poor who have no stable employment, or are self-employed; and if so, how it intends to do so.^{**}

* The Fondo Social para la Vivienda was created by Legislative Decree N° 328, see Diario Oficial N° 104, Vol. 239, June 6th, 1973.

** In 1974, informal employment represented 40 per cent of all occupations in commerce and 30 per cent of manufacturing, in PREALC, op. cit., p. V-6.

Between 1975 and 1977, Fondo Social had financed a total of 5,763 units.* This is a rather impressive record for a government institution of such recent creation in El Salvador. According to the following table, however, of the 3,423 units financed by Fondo Social in 1975, approximately half were at the upper limit of US 5,200 dollars (13,000 colones) established that year and occupied by people earning near the maximum income limit of US 320 dollars (700 colones) established for Social Security beneficiaries.

TABLE 2.8

DISTRIBUTION OF HOUSING UNITS FINANCED BY THE FONDO SOCIAL PARA LA VIVIENDA IN 1975 BY PRICE AND INCOME - In US dollars (colones)

N° of Units	Cumulative Per Cent.	Average Unit Cost		Monthly Payment US\$ (Col)	Estimated Monthly Income	
		US Dollars	(Colones)		US Dollars	(Colones)
11	--	2,240	(5,600)	16.0 (40)	107	(267)
27	01	2,600	(6,500)	18.8 (47)	125	(313)
151 ✓	06	3,120 ✓	(7,800)	22.4 (56)	149	(373)
256	13	3,360	(8,400)	24.0 (60)	160	(400)
401	25	3,840	(9,600)	27.6 (69)	184	(460)
466 ✓	38	4,200 ✓	(10,500)	30.0 (75)	200	(500)
350	49	4,640	(11,600)	33.2 (83)	221	(553)
1,761 ✓	100	5,160 ✓	(12,900)	37.2 (93)	248	(620)

3,423

Source: Adapted from *Vivienda Popular...*, Vol. I, *op. cit.*, p. 112. Last column based on the assumption that families pay 15 per cent of household income for housing mortgage.

As with other government housing agencies created in the past, Fondo Social's ceilings have been raised periodically instead of trying to seek cost reductions in order to reach the lower income families.

By 1977, the limit had been raised to US 7,200 dollars (18,000

* Fondo Social para la Vivienda, *Memorias 1975-1977*, n. p.

colones). Early in 1978, however, Fondo Social announced it was raising its ceilings once again, but this time by over 50 per cent, to a maximum of 12,000 dollars (30,000 colones).^{*} It is likely, however, that only a small proportion of Fondo Social's applicants will be able to disimburse the US 107 dollars (268 colones) necessary to cover the monthly payments on a 15 year mortgage at 7 per cent interest on such a capital amount.

Although it is still too soon to foresee Fondo Social's future after only two years of operating in the urban housing field, it is likely that its growth will continue to accelerate. The 1978-1982 Pre-Plan assigns the agency an average annual production of 4,400 units per annum at an average unit cost of US 5,666 dollars (14,165 colones). As with the other housing agencies, the issue will be not so much the volume of production, but whether the unit prices will in fact be kept at the proposed target levels, and which income sectors will be able to afford such units.

A fourth housing production institution that should be mentioned is the private Housing Foundation, Fundación Salvadoreña de Desarrollo y Vivienda Mínima which, although not a government agency, has been receiving government support in the form of annual grants and government guarantees for two World Bank loans it negotiated in 1974 and 1977 to finance its sites and services programs. The kind of units developed by the Foundation have not conformed to official government policy, although as in other non-government programs, they have been incorporated into the National Plan's projections.

Perhaps the single most important contribution of the Housing

* Announced publicly by Fondo Social's president in El Diario de Hoy, December 29th, 1977, p. 4.

Foundation has been the very low income levels it has been able to reach as a consequence of the low unit cost in its housing projects. By 1974, it had produced and assigned 1,020 units at a cost of less than US 800 dollars (2,000 colones) including land, urban services and core unit. The income levels of the families selected for its first medium sized settlement were very low: US 40 dollars (100 colones) per month, thus reaching the lowest quintile of the urban households. Land prices, labor, materials and other inputs, however, have raised the price levels considerably between 1974 and 1977, and in its latest settlements units were approaching a cost of US 1,360 to 2,510 dollars (3,400 to 6,300 colones). Its mortgage payments, including collection costs and interest, however, were still below US 10.50 dollars (26.20 colones) per month.

By 1978, the Housing Foundation had reached an annual production of 2,000 units, even though the 1973-1977 Plan had assumed it would reach an annual production of 3,000 units, and the 1977-1982 Pre-Plan assumed it would reach close to 4,000 units.

In addition to its very low per unit costs, the principal innovations of the Housing Foundation have been: 1) managing a large-scale, mutual aid and self help housing program, with emphasis on local materials and under-utilized labor; 2) introducing a non-conventional incremental development approach to housing supply, emphasizing land servicing rather than house construction; 3) locating approximately half of its units outside the Metropolitan Area; 4) achieving the lowest arrearage of all housing agencies in El Salvador: 1.32 per cent of its mortgage payments; and 5) combining settlement objectives with educational, job creation and community organization objectives.

Although still at the level of a pilot project in 1977, the

Housing Foundation purchased for the first time a mesón building in the Metropolitan Area with the objective of transforming the rental rooms into cooperative or condominium apartments with new sanitary facilities, thus entering the central city rental housing upgrading field.

To summarize, in spite of the financial limitations imposed by its private, non-profit nature in the context of El Salvador, the Foundation has been relatively free from the political and bureaucratic obstacles of other agencies.

Infrastructure and Community Facilities

As was the case for urban planning and housing, the 1949 housing study first recommended the creation of a specialized agency for urban infrastructure. In 1950, as part of the populist orientation of Colonel Osorio's government and under the new Constitution, the Dirección General de Urbanismo y Arquitectura, DUA, was created with the objective of "planning and executing the construction, maintenance, repair and rehabilitation of urban streets, storm drains and public buildings... and municipal works and public works of other ministries."^{*}

With the centralization of urban infrastructure under DUA, the services previously managed by the municipalities became more efficient because of DUA's budgetary resources and technical expertise. By 1978, DUA's investment budget reached US 134.6 million dollars (336.5 million colones) for urban investments, equivalent to 8.7 per cent of the national investment budget. A significant proportion of this investment (77 per cent), however, was budgeted exclusively for the Metropolitan Area of San Salvador.

* DUA was created by Legislative Decree, see Diario Oficial, December 23, 1950.

Improvements in infrastructure have been unevenly accessible, however. As will be seen in Chapters III and IV, although DUA's infrastructure investment in urban areas has kept pace adequately with the fringe developments in the formal sections of the cities, that is, with developments built by the private and public sector agencies, DUA has been less receptive to extending urban infrastructure to the informal sections of cities, especially to tugurios and to the illegal subdivisions. This resistance has perhaps been due to the fact that DUA itself is also the agency in control of subdivision and building permits, and would consider it incongruous for one of its divisions to invest in improvements in a particular subdivision that another of its divisions had declared illegal. Resistance may also be due to the deficits incurred by its investments which have been subject to national budgeting criteria, in contrast to those of the private power companies that have installed electricity in any home or settlement that can pay for the service, whether it is considered a formal home or settlement or not. Thus, significant proportions of the urban periphery, especially colonias ilegales have access to electricity but are still without adequate storm drains and street improvements.

Major infrastructure investments are also handled by the Administración Nacional de Acueductos y Alcantarillados, ANDA, which was created as an autonomous agency in 1961 to centralize urban water and sewerage services previously managed by municipal governments and the Ministry of Public Works. Like FNV, it was also the result, in part, of the reforms promoted in Latin America by the Alliance for Progress. As in the case of DUA, the centralization of water and sewerage administration in a national agency seems to have resulted in overall increased efficiency of services.

Although ANDA has managed to cover part of the cost of its water and sewerage services through a special tax collected at the time of official approval of subdivision plans and through monthly charges to the household, it has never managed to be self-financing. This is due principally to political reasons because of which ANDA does not raise its rates. It therefore requires large subsidies in the form of annual budgetary appropriations by the central government. In 1978, its investment budget represented 7.6 per cent of El Salvador's programmed public investments and had reached 38.8 million dollars (97.2 million colones), 95 per cent of which was to be invested in the Metropolitan Area's water supply system.

Although significant improvements have been made in water distribution for El Salvador's urban population (87 per cent of urban households have access to piped water), progress has been slower in the installation of sanitary sewerage (only 48 per cent had this service). As in the case of DUA, improvements in both have been uneven within and between urban areas. It is only since 1975 that ANDA has begun to modify its policy of not servicing low-income illegal subdivisions in the Metropolitan Area of San Salvador and has initiated a program of investment in water supplies (in some cases in collaboration with FOCCO, described below) and sewerage systems. No data are available, however, on the number of families in illegal subdivisions serviced by this program since it began.

The last, but perhaps the most important agency for the extension of urban infrastructure and community facilities is Fomento y Cooperación Comunal por Ayuda Mutua y Esfuerzo Propio, FOCCO, originally created in 1969 as part of CONAPLAN and transferred to the President's Office: it then became a Dirección de Desarrollo de la Comunidad of the Ministry of the

Interior early in 1978.*

FOCCO represents perhaps the most innovative and successful approach by any public agency in El Salvador in terms of reaching and servicing with infrastructure the lower-income communities in both rural and urban areas. The stated objective of FOCCO is "to promote the development of communities in the country as a basis for national development;" its action, however, has been mostly concentrated in the area of physical improvements, especially access roads, water supplies, sewerage systems, schools, clinics, parks and other elements of community infrastructure.

FOCCO's coverage is spread throughout the territory of El Salvador and responds to requests from communities that seek assistance in the form of construction materials and technical assistance for community infrastructure and facilities. All projects are built through mutual help and it is required that they be located on public or donated land.

Because of FOCCO's popular appeal and political potential, by 1977 its annual budget had grown to US 3.5 million dollars (8.75 million colones) and it had built a total of close to 5,800 community projects since its foundation seven years before. The average project cost was less than US 4,000 dollars (10,000 colones); thus, the organization managed to spread its resources over a large sector of the urban and rural population.**

* See Legislative Decree N° 425, Diario Oficial, December 22nd, 1977.

** In addition to community infrastructure projects, FOCCO has initiated a program for the support of productive community enterprises, and a nutrition program through the FAO of the United Nations. Although this would seem to imply that FOCCO is working in a new field altogether, it is still too soon to assess what impact this will have, especially since FOCCO's recent incorporation into the Ministry of the Interior in January, 1978.

Although FOCCO's transformation into a Department of the Ministry of the Interior and the enactment of the "National Law of Community Development" may change its course of action significantly during the regime of General Romero, it is assumed that it will continue to play an important role in increasing access to urban services for the lower income communities, without regard to tenure status or the legal situation of the development.

2.4 Summary

The year 1950 marks a significant change in government concern in urban areas in El Salvador because of the social interest precepts of the new liberal Constitution and the series of public agencies and legislation on urban development deriving from it.

Three areas of public intervention were identified: first, urban area studies and planning; second, housing production and finance strategies; and third, provision of infrastructure and community facilities.

The approach to urban studies and planning in El Salvador began with a period characterized by the development of Master Plans that emphasized physical aspects under the Ministry of Public Works; this period lasted until 1965, when the more comprehensive approach of METROPLAN and associated social, economic and institutional studies supplanted it. These studies were stimulated by the creation of the National Planning Council and by the earthquake that hit the Metropolitan Area in 1965. By 1975, a third generation of urban studies and planning had been started by the Ministry of Planning, this time focusing only on specific issues, such as housing finance, land legislation and urban administration, and on the specific urban problem of squatter upgrading. It is possible that throughout the 1980's, the results of these studies might shift emphasis away from comprehensive urban planning to a project-focused approach to specific problem areas.

The second area of public intervention in urban areas has been

the creation of three housing agencies which reflect three different approaches to housing production and finance. The 1950's and early 1960's were characterized by IVU's conventional single family and multi-family housing projects, similar to others funded by the Interamerican Development Bank in Latin American cities. These projects added approximately 23,000 units in the first 25 years, mostly for middle-income families. During the late 1960's and the first half of the 1970's, FNV's Savings and Loan Associations increased significantly the production of formal housing units, increasing the existing stock by 26,500 units in the first 13 years, mostly for upper-middle and upper-income families. Fondo Social para la Vivienda provided the third thrust towards larger urban housing production by the second half of the 1970's through its innovative tax on the salaries of Social Security insured employees. Although the system has proved an efficient mechanism for capturing significant amounts of savings for housing production, its first years have been characterized by the financing of 6,000 units affordable to the upper limits of the stably employed under the Social Security system, and to a certain extent, its programs have provided housing for the same sectors as those served by IVU and, to some extent, by FNV.

A fourth housing agency, although private and non-profit, is the Housing Foundation, which by the middle and late 1970's reached an annual production level of 2,000 units through progressive development and mutual help approaches. Only the units of the Housing Foundation have reached the lowest 40 per cent of the urban income distribution, although recently, even this organization has not been able to reach the lowest decile. Both IVU and the Housing Foundation have started experiments in the upgrading of the existing stock, squatter settlements in the former case and mesones in the latter,

although these have remained insignificant in terms of numbers and amount of financial commitment.

Urban infrastructure was centralized under DUA and ANDA and this significantly improved the quality of services. However, these have been concentrated in the formal parts of cities, leaving large sectors of the lower income population in tugurios and colonias ilegales unserved. An exception to these approaches has been that of FOCCO, now the Department of Community Development, which through construction materials grants and mutual help has been able to promote nearly 5,800 projects to extend water supplies, sewerage systems, school, clinics and other community identified needs to low-income rural and urban communities.

In spite of these institutional efforts and the targets of the four National Development Plans, the overall social and economic situation of significant proportions of El Salvador's urban poor continues to be highly unsatisfactory in relative and absolute terms: a fifth of the labor force is unemployed or underemployed, 57.7 per cent of urban households have a per capita income of less than US 0.26 dollars (0.64 colones) per day, and a fifth of the urban population is still illiterate.

In addition, the high population growth rates in both rural and urban areas will continue to increase national population density, which will reach 233 persons per square kilometer in 1980. In all likelihood this will increase urbanization rapidly in the next two decades, making urban land, infrastructure and housing problems as well as the overall socio-economic situation more difficult to solve through conventional approaches of the past.

bibliography included as Appendix VII.

Chapter III

SUPPLY AND DEMAND OF INFORMAL
LAND, SERVICES AND HOUSING

Introduction

Contrary to what we know of the larger Latin American cities after almost three decades of research on low-income urban settlements, little is known on the evolution and structure of Central America's medium-sized metropolitan areas and secondary cities.* These present interesting characteristics for urban policy research not only because of very different geographical, socio-economic and political variables that determine the processes of lower-income settlement, but also because in these areas accelerated urbanization is yet to come and because Central America's cities are still

* The principal exception to this, I believe has been the Vivienda Popular studies sponsored by the Interamerican Planning Society and the International Development Research Center of Canada, which included three Central American countries: Costa Rica, Guatemala and El Salvador. Costa Rica's research, however, focused on the settlement of the Guanacaste Region and not on the Metropolitan Area as the other two studies

rather small and manageable in size.*

The objective of this chapter is to contribute to a better understanding of the workings of the informal settlement process in El Salvador's principal urban areas through the analysis of primary and secondary data on the major land and housing submarkets, especially as it affects lower-income families. Since the principal body of primary data gathered for this study is analyzed in its nine sections, the approach of this chapter is positivist in contrast to the subsequent chapters which are policy-oriented.

The first section reviews the basic theoretical concepts concerning the structure and nature of urban land and housing submarkets. The second section identifies twenty one types of settlements and their distribution by urban area, and classifies them according to the informal and formal categories of submarkets.

The third section briefly analyzes the characteristics of the eleven formal submarkets and traces recent trends in terms of production and prices. It shows that with one important exception, no formal or government

* In 1970, Central American urban areas were ranked according to population in the following manner:

1) Guatemala, Metro Area:	700,504	9) Colón, Metro Area:	67,695
2) San Salvador, "	564,967	10) San Miguel, "	61,940
3) Panama City, "	433,241	11) León, "	55,625
4) Managua, "	398,514	12) Quezaltenango,	53,021
5) San José, "	359,327	13) Limón, "	40,830
6) Tegucigalpa, "	270,645	14) La Ceiba, "	38,582
7) San Pedro Sula, "	148,082	15) David, "	35,680
8) Santa Ana, "	98,433	16) Sonsonate, "	33,302

Figures taken from Centro Latinoamericano de Demografía, Boletín Demográfico, Año X, N° 19, Santiago, 1977, with the exception of the figures for El Salvador's cities which were taken from Vivienda Popular..., Vol. 1, op. cit., p. 79.

backed production programs have ever reached the lower two thirds of the urban households.

The fourth section summarizes the characteristics of the ten types of informal housing and settlement submarkets as a whole and examines their distribution by urban areas. It analyzes four major sets of informal submarkets and the principal variables that differentiate them from one another.

The next three sections look into the specific characteristics of each of the major three types of informal settlements: mesones or tenement room rentals, colonias ilegales or illegal subdivision plots, and tugurios or squatter invasions. Each of these sections examines by turn: the historical development of the particular type of settlement; predominance within the existing housing stock; locational variations; the tenure situation of individual units, as well as jural situation of the settlement; habitable space, density and other physical characteristics; ranges of income levels and housing payments; financing arrangements common to each type of settlement; level of urban services and facilities; and overall government policy towards each of the informal settlements. The sections illustrate with plans and photographs the location, physical layouts and characteristics of several representative units in each of the three principal informal submarkets.

The eighth section examines in detail the social characteristics of demand as derived from the sample survey of 748 households interviewed in the three urban areas. It analyzes specifically the following variables: place of birth, migration history, marital status, family size and composition, age, and educational levels. It attempts to test the significance of these variables for each of the three major submarkets: mesones,

tugurios and colonias ilegales; and to understand the variations between urban areas.

The ninth section analyzes the economic characteristics identified in the demand survey of the same households. It looks in more detail at the following variables: family income, per capita and head of household income, household expenditures, employment and employment stability, occupational characteristics, occupational status, and general socio-economic status. As with the social characteristics, an attempt is made to test the significance of the economic variables in determining probability of settlement in one of the three major settlement types identified, and some of the economic variables are analyzed in terms of differences between urban areas.

The tenth section analyzes those variables more directly related to the housing characteristics and includes the following: actual tenure of plot and house as well as perceived security of tenure; manner of acquisition and financing of both plot and house; construction process and family participation; total estimated costs for plot and house construction; monthly payments and payment terms for housing and housing-related charges; residential moves within the city; past and present housing satisfaction; and finally, relationships with landlord or land developer as the case may be.

Because of limitations of resources, not all variables analyzed in sections 3.9 to 3.10 were cross-tabulated by urban area. However, the eleventh section, attempts to summarize the differences in the growth of the different submarkets in the three different cities and proposes some hypotheses that might explain these differences.

The twelfth section is a summary of a first attempt to understand the role of the principal actors in the supply of informal urban set-

tlements specifically those that are not self-generated, such as the mesón room rentals and the colonia ilegal unimproved plots, which together comprise 56 per cent of the total housing stock or almost 90 per cent of the informal settlements. Because of limitations in resources and methodological issues, the twenty six landlords and developers interviewed are not meant to be statistically representative of the principal actors in informal settlement production. The interviews, however, were able to confirm some of the informal market variables derived from the demand survey, as well as to give an outline of some characteristics and attitudes of developers of colonias and landlords in mesones for which there were no previous data.

The last section concludes the chapter with an overview of the informal settlement submarkets in El Salvador.

3.1 General Characteristics of Urban Land and Housing Markets

In spite of the fact that many Latin American governments still tend to see housing primarily as an issue of production where the need is to improve and increase the supply of new "safe and sanitary" conventional housing units, perceptions of the role of urban land and housing have been broadening considerably. A World Bank Research Publication states:

In the past, when housing was looked upon primarily as a physical phenomenon, policies for the provision of housing centered on the construction costs, combinations of alternative material inputs, and the level of standards and finish. In recent years, however, the economic and social costs and benefits of housing have begun to receive more emphasis. Housing not only provides shelter for a family but also serves as a center of its total residential environment. As a focus of economic activity, as a symbol of achievement and social acceptance, housing fulfills a social need and satisfies criteria for remunerative urban investment.*

Undoubtedly, urban land, services and housing have become increasingly recognized as important elements not only in the national economy and public investment budgets, but also as critical aspects of human welfare. In addition, they are important and dynamic components of urban growth. As will be seen in Chapter IV, land services and housing have also become major issues in resource distribution and, as a consequence, visible manifestations of inequality and dependency. Special characteristics, such as durability, spatial

* Orville F. Grimes, Jr., Housing for Low-Income Urban Families, Johns Hopkins University Press, Baltimore, 1976, p. 3; hereinafter cited as Grimes, Housing.

immobility, externalities, complexity of services and predominance in the family budget, make housing - including land, urban infrastructure and community facilities - an important policy concern in any national context.

At first glance, the role of housing in the national economy is not significant. Official estimates calculate residential construction at only 3 to 4 per cent of gross domestic product.* This sector, however, has been growing at a rate 60 to 104 per cent faster than GNP.** It is likely that the true importance of housing investment in the national economy is considerably greater than official figures seem to indicate, since informal construction in colonias ilegales and tugurios, and the commercial activity of small-scale independent contractors is hardly ever reported, and when reported is greatly undervalued.***

A very preliminary estimate of capital investments in housing construction in colonias ilegales and tugurios in the five urban areas places

* According to the preliminary version of the Plan... 1978-1982, in 1971, construction represented 2.9 per cent of GNP and 3.9 per cent in 1975. In absolute terms, reported construction grew from US 32 million dollars (80 million colones) to 71.6 million dollars (179 million colones) in the period, in Ministerio de Planificación y Coordinación del Desarrollo Económico y Social, Pre-Plan de Desarrollo Económico y Social 1978-1982, "Sector Vivienda," n.d. San Salvador, p. 1; hereinafter cited as Pre-Plan 1978-1982, W. Paul Strassman estimates that housing investment varies according to level of development as follows: 2.5 per cent of GDP for the "underdeveloped" group, 4.6 per cent of GDP for "intermediate" countries, and 4.4 per cent for the "developed" group, in: "The Construction Sector in Economic Development," Scottish Journal of Political Economy, Vol. 17, p. 393, 1970, as cited in Leland S. Burns and Leo Grebler, The Housing of Nations, forthcoming.

** Estimated in Plan... 1968-1972, Consejo Nacional de Planificación y Coordinación Económica, San Salvador, n.d., p. 135. On the other hand, the Plan... 1973-1977, estimates that all construction grew at an annual rate of 10.7 per cent during the period, p. 135.

*** Grimes, Housing, op. cit., p. 30, estimates that in countries where high priority is assigned to the sector, for instance, residential construction may make up as much as 20 to 30 per cent of gross fixed capital formation.

the figure at US 30.81 million dollars (77.03 million colones) by 1975. This is equivalent to approximately half of the investment formal construction sector for that year, including residential and non-residential construction.* This proportion, of course, excludes housing-related investments such as urban infrastructure, especially roads and utilities and excludes mesón investments for which there are no data. It is, however, a comparable figure to that estimated for other cities with a significant proportion of the informal housing sector in illegal subdivisions, such as Bogotá.**

One of the important externalities of housing investment has to do with its impact on employment generation which, in some cases, is higher than for manufacturing and close to the employment generation of the economy as a whole.*** In El Salvador, official estimates register an increase in the growth of the construction labor force of 126 per cent during the 1971-1975 period.**** Data from Colombia, Mexico and Venezuela suggest that the employment generation capacity of housing investment by low-income households

* This was estimated as follows: 28,733 colonia ilegal houses at US 1010.6 dollars per unit plus 10,646 tugurio units at US 166.4 dollars, equivalent to US 30.81 million dollars. The 1975 investments in the construction sector are taken from the Pre-Plan... 1978-1982, op. cit., p. 7.

** Georges Vernez in "Bogotá's Pirate Settlements: An Opportunity for Metropolitan Development," PnD Dissertation, University of California, Berkeley, 1977, p. 67, estimates that "housing built by incremental development constitutes approximately 21 per cent of the total housing investments in Bogotá," and is equivalent to 146 million dollars; that is, approximately five times that estimated for El Salvador.

*** W. Paul Strassman in "Measuring the Employment Effects of Housing Policies in Developing Countries," Economic Development and Cultural Change, V. 24, N° 3, April 1976, p. 623, estimates that fourteen additional jobs are created for every US 10,000 invested in construction in Colombia, Venezuela and Mexico.

**** Pre-Plan... 1978-1982, op. cit., n. p.

in informal settlements may, in some circumstances, be much greater than similar spending by high-income households.* As will be seen in the following sections, a significant proportion of units in both colonias ilegales and tugurios as well as sites and services programs have included important family and contracted labor inputs in the construction of their houses and are not recorded in national accounts.** The effects of such indirect employment on the national economy are less tangible though no less real, and absorb labor resources whose alternative marginal product is often very low.***

In addition to their important economic externalities, urban housing and infrastructure investments are most often justified in the national budget as an important element in the provision of social welfare. This position is confirmed in the sectoral goals of the first three National Development Plans in El Salvador.**** More specifically, an inadequate dwelling environment, the absence of water and sewerage system, or the lack of adequate transport to income earning opportunities, all contribute to low family incomes, poor health and inadequate educational opportunities. Perhaps

* Strassman, op. cit.

** Vernez, op. cit., p. 68, estimates that "the total employment generated by the construction of housing by incremental development (in barrios piratas) may represent as much as 30 per cent of the total employment in building construction." This is equivalent to 5,306 man/years in total family labor input in building by incremental development in Bogotá alones.

*** Recently, however, some authors have challenged the effectiveness of housing construction in the creation of net employment benefits in situations of full employment, that is, whether construction merely shifts workers from existing jobs in the formal sectors. See, for instance, Arthur P. Solomon, Housing the Urban Poor: A Critical evaluation of Federal Housing Policy, MIT Press, Cambridge, 1974, p. 18.

**** Plan... 1965-1969, op. cit., p. 57; Plan... 1968-1972, op. cit., p. 131, Plan... 1973-1977, op. cit., p. 117.

the most important relationship between urban housing and social welfare concerns the former's impact on health: especially the benefits of drinking water, sanitary sewerage systems, protection from weather, garbage disposal, and access to health care.*

Another important aspect of housing in the case of El Salvador is that formal housing and urban infrastructure have absorbed significant proportions of national budget appropriations.** Between 1962 and 1967, housing investment represented 14.9 per cent of all public investment, excluding urban infrastructure investment.*** Between 1968 and 1972, the proportion dropped to 9.2 per cent.**** The 1973-1977 Plan estimated that public investments in housing would amount to 8.7 per cent for the period covered by the Plan. The figures reported for El Salvador for the 1971-1975 period are even more significant: total "institutional" investment in housing equalled more than one fifth of total public investment. This mobilization includes private funding for the four major housing

* Although the relationship between improved housing conditions and health may seem obvious, there seems to be little empirical evidence in developing countries that attempts to measure the impact of the various components of housing (i.e. drinking water, sanitary sewerage, paved floors, etc.) in their relative contribution to overall health conditions. A study to that effect, however, is being planned by the Fundación Salvadoreña de Desarrollo y Vivienda Mínima and by the Instituto de Nutrición de Centroamérica y Panamá, funded by the World Bank.

** Estimates of public expenditures on housing in 23 selected countries in 1970's varied between 0.1 and 6.6 per cent of total public expenditures. In: Grimes, Housing, op. cit., Table A3, p. 128.

*** Pre-Plan... 1978-1982, op. cit., p. 11. Mobilization of private funds for housing in the 1971-1975 period was equivalent to US 107.2 million dollars (268 million colones) for FNV and Fondo Social exclusively. Ibid., p. 12.

**** Plan... 1973-1977, p. 134. Community Development, however, represented an additional 3 per cent of public investment, and water and sewerage another 1.8 per cent.

agencies.*

Land, housing and infrastructure for settlements play a key role in the structure and dynamics of urban areas. Not only are settlements the principal users of total city land and infrastructure, and therefore determinants of urban form and efficiency, but they are also important in the growth of cities, especially in contexts of increasing urbanization such as El Salvador. As will be seen in the following sections, the uncontrolled and rapid growth of informal settlements at the periphery is adding significant extensions of unplanned developments every year, exacerbating local transport, water, sewerage and other urban service deficits, and also adding to overall urban development costs both for the individual family and for society as a whole.

The importance of land, housing and services both at the macro-economic and social, and at the local levels, is related in large part to certain special characteristics of these services. One of these is fixed location; thus, housing must virtually always be consumed at the place where it is produced. Even when a family no longer wants the various services that a particular housing unit supplies, it cannot usually dispose of the unit or transport it as a non-durable good. The dwelling unit is immobile, so the family must move. Thus, rather than there being a national housing market, there are a series of housing market areas limited by distance within

* Derived from Plan... 1968-1972, op. cit., p. 62. Water represented an additional 9.9 per cent of public investment for the same period. It is not possible, however, to separate other urban infrastructure from the tables in the Plan. The 1978-1982 Plan projects a total investment in the housing sector of US 651.4 million dollars (1,628 million colones) in the five year period, equivalent to an average annual investment by the four housing agencies of 130.1 million dollars (325 million colones). This, however, excludes urban trunk infrastructure investments.

which units are linked in a chain of substitution. Partly because of this, aggregated national indices of housing deficits are of little use: an excess of units in one locality cannot be consumed by families in another.

The fixed location of housing is of critical importance to the household: a dwelling located far from employment opportunities and social services is more expensive than the same unit with better access, because travel costs are an inevitable expense for those living at the former location. As will be seen in the following sections, poor families are well aware of the value of locations with reasonable access to jobs for the principal and subsidiary income earners. Thus, for economic reasons, families are willing to go to great lengths to obtain housing at desirable locations, even if it means higher monthly costs as in downtown rental rooms, or the risk of eviction as in squatter areas.

Another characteristic that separates land, services and housing from other consumer items is that they consist of a complex mix of services. Thus dwellings encompass far more than living space location and shelter. As such, housing represents a most heterogeneous product. The value attached to each service varies widely within and between cities and neighborhoods. The different components and externalities that make up this mix of services may be produced in various ways and with different costs, standards and financing. The nature and value of housing are determined, in large part, by the services it offers. These services are quite varied and include neighborhood amenities, physical access, social facilities, and security among others. In addition to access, their worth depends on quality considerations such as design, density, building materials, floor space, etc. The result is a wide range of housing types with different components that provide different sets of services to the household.

Durability of housing and the proportion of the monthly household expenditures it consumes, also separate housing from other products. Next to food, housing is the largest component of most household budgets, typically comprising from 10 to as much as 30 per cent of total family expenditures and, as will be seen below, for low-income households in mesón rentals and in peripheral colonias ilegales, as much as 50 per cent. This is a significant proportion considering that the lower two thirds of the urban households in El Salvador earn an average of less than US 1 dollar (2.50 colones) per capita daily.

The fact that the low-income urban population either cannot pay for formal housing or pay very high proportion of their income for informal shelter, and that housing forms a significant proportion of all privately held capital in developing countries, make housing policy not only an issue of production or a problem of market imperfections, but also an issue of distributional equity and as such, one of the more visible manifestations of dependency. Thus, housing is no longer viewed only as an isolated issue but also as the result of the social formations that characterize the processes of accumulation at the national and international levels.

The following sections aim to contribute to a better understanding of the urban housing market in El Salvador, especially as they affect relative access for the different social classes. And as will be seen in the chapters that follow the issue is increasingly one of distribution.

3.2 Urban Land and Housing

Submarkets in El Salvador

Conventional language in El Salvador differentiates between at least twenty one types of urban settlements. As will be discussed further below, the principal characteristics that seem to separate one type of settlement from another are the following: location within the city and age of development, level of services and of community facilities, size of settlement, household and area wide density, type of physical structures, housing payment or equivalent family disposable income, government support, jural situation of settlement, plot and unit tenure, financing arrangements utilized and finally, proportion of the settlement type in the overall housing stock.

The twenty one types of urban submarkets identified in conventional language include:

- a) old residential subdivisions and housing, developed mostly before 1950 and before the creation of the subdivision agency, DUA. These consist of self-financed, middle and upper-class homes built on fully serviced large, low and medium density plots on small-scale land subdivisions, located within and around the existing downtown areas, either owner or renter-occupied and including a wide range of structure types;
- b) newer private subdivisions without direct government support, except in the provision of trunk infrastructure, developed mostly after 1950 and locally called "residential zones," usually consisting of approved and

originally peripheral fully serviced, large, low density plots in larger-scale subdivisions with detached homes, accessible to upper-middle and upper-income families, usually financed through private banks and insurance companies or self-financed, including a wide range of newer types of structures;

c) private condominium apartments, an emerging submarket since 1975, similar to the upper-income private submarket described above, except that it consists of luxury apartments, both low-rise and high-rise, within the existing residential districts of San Salvador;

d) private (FNV) subdivisions with government guarantee, started in 1965, but with very high growth rates, identified by the FNV Savings and Loan System standards, financed with long-term, regulated, commercial mortgages, accessible to upper-middle and middle-income families, and usually consisting of owner-occupied contractor-built, detached or attached single family homes on individual plots in fully serviced medium density subdivisions.*

e) private (FNV) condominiums with government support, a recent development (since 1976) within the FNV System described in (e) above and also accessible to upper-middle and middle-income families; usually consisting of three and four story walk-up condominium apartments in fairly central locations primarily in San Salvador;

f) Social Security funded (Fondo Social) subdivisions, started in mid-1973 and growing rapidly, usually consisting of peripheral, fully serviced subdivisions, primarily in the Metropolitan Area, with mostly attached, single family, owner-occupied, medium density homes on individual plots, also built in series by contractors, similar to but lower priced than the FNV units

* The programs of the Financiera Nacional de la Vivienda or FNV are described in greater detail in the following subsection and in Appendix II-F.

described above, and therefore accessible to middle and lower-middle income households, but with Social Security affiliation entrance requirements;*

g) public housing (IVU) subdivisions, officially started in 1950, for many years partially financed by IDB, either contractor or government built, usually consisting of attached, medium-high density, fully serviced, single family homes in medium or large-scale subdivisions, intended as "social interest," but housing middle and even upper-middle income families in spite of frequent cost subsidies;**

h) public housing (IVU) apartments, similar to the IVU public housing above, but consisting of four story walk-up rental (and lately, in some cases, condominium) apartments, locally called multifamiliares, developed on large project sites, both central and peripheral, also intended as "social interest" housing but largely accessible only to the middle-income household demand levels;

i) "emergency" housing, locally identified as cabañas del IVU, consisting of a small number of very low cost, attached, one-room, single story, high density, rental wooden structures with common water taps and pit latrines, not officially approved by DUA because they were intended as temporary housing for the low-income victims of the 1965 earthquake in San Salvador, but now housing a variety of low-income households, located in public parks or public lands not intended for development;

j) non-profit, progressive development (FSDVM) subdivisions, started in 1969 by the Housing Foundation and providing an increasing share

* The programs of the Fondo Social para la Vivienda or Social Housing Fund are described in greater detail in the following subsection and in Appendix II-K.

** The Programs of the Instituto de Vivienda Urbana or IVU are described in greater detail in the following subsection and in Appendix II-D.

of formal, approved plots accessible to upper-lower and lower-lower income families, financed in part through international grants and long-term loans, consisting of medium and large-scale peripheral, progressively serviced, high-density subdivisions primarily with single family, owner-occupied plots; partially self-built and partially contractor-built, with attached units ranging from plots with no improvements or in some cases sanitary cores only to substantial but incomplete housing with loans in the form of materials provided for self-help expansion;*

k) non-profit, progressive development (FSDVM) condominiums, started in 1976 by the Housing Foundation in the same subdivisions and accessible to families with similar incomes as (j) above, but consisting of a small but increasing number of rental or condominium tenure, multi-family, fully serviced but incomplete one and two story, high density, mesón type apartments, with common open spaces but private sanitary cores, designed for families with smaller space requirements and not desiring individual plots;

l) mesón or tenement room rentals, housing by 1949 the great majority of the urban poor, consisting of old, rundown, single story homes converted into very high density, single room rentals with common cooking and sanitary facilities, sometimes owner or manager occupied, accessible to the lower-middle and upper-lower income families, most of them scattered in areas surrounding the older commercial cores and therefore within reach of central city facilities, consisting of traditional converted wattle and daub courtyard houses;**

* The programs of the Fundación Salvadoreña de Desarrollo y Vivienda Mínima or Housing Foundation are described in greater detail in the following subsection and in Appendix II-J.

** The mesones are the principal focus of the analysis of Section 3.5 below.

m) newly built mesón "apartment" room rentals, similar to (l) above, but consisting not of converted homes, but rather of newly built units designed as mesones located either in squatter areas or in peripheral illegal subdivisions, sometimes called "apartments," but effectively no different from other mesones except for age, location and perhaps construction materials;

n) illegal land subdivisions or colonias ilegales, also called lotificaciones piratas, becoming significant by the early 1960's, consisting of medium-low to medium-high density single family plots, mostly unserviced and unimproved, rented or "purchased" through informal leasehold arrangements, accessible to lower-middle and upper-lower income families, informally financed and covering a wide range of service levels, locations and housing types;*

o) older, illegal land and housing subdivisions, consisting of land subdivisions, developed before the 1950 urbanization laws, so that technically they are not illegal but very similar to (n) above except that they are more centrally located, with higher levels of services, a higher degree of housing consolidation, and often legally owned plots and homes;

p) unorganized squatter invasions, locally called tugurios, consisting of medium to very high density, unserviced, single family makeshift houses (locally called champas or covachas), either self-built, purchased or rented through informal arrangements, usually housing lower-lower income families and located mostly in economically marginal or public lands, such as rights of ways for streets, railroads or river beds, scattered throughout the intermediate or peripheral urban areas;**

* The colonias ilegales are the principal focus of the analysis of Section 3.6 below.

** The tugurios are the principal focus of the analysis of Section 3.7 below.

q) planned squatter invasions, similar to (p) above, except that public land has been invaded in a planned and organized way by many families acting together; as distinct from other Latin American countries, in 1978 they still represented only a small fraction of the squatter submarket;

r) private rental squatters, physically similar to (p) and (q) above, but with very different jural situation involving a landowner who informally rents a space on a monthly basis to a family and is allowed to build a makeshift unit; this submarket houses a small proportion of lower-income families;

s) boarding house room rentals, locally called pupilajes, let on a daily, weekly or monthly basis and usually consisting of a single private or shared room with or without meals, with or without private sanitary facilities, housing for the most part young single persons but not usually statistically separated from the family unit in censuses, and therefore housing unknown proportions of the urban population;

t) servant quarters, an important housing submarket for the female work force in urban areas and consisting of a very wide range of housing types and qualities, also not usually separated statistically from the family unit in censuses, and therefore housing unknown proportions of the urban population; and

u) quasi-rural colono ranchos, consisting of traditional, rural, peasant homes in farms now absorbed by, or adjacent to present urban areas, where families make their livelihood in both rural and urban occupations, but usually considered "rural" housing by national censuses.

These represent the twenty one categories of land and housing submarkets commonly identified in urban areas of El Salvador. If we divide

them according to the criteria of: a) formality of financing arrangements, b) operation within the established legal framework in terms of subdivision laws; c) intervention of private or public institutions, d) level and quality of infrastructure services, e) quality, technology and type of construction, f) formality of tenure arrangement, g) socio-economic status of family, and h) degree of family and contractor participation in construction, we can conveniently identify two principal sets of submarkets which in some cases overlap: one formal, consisting of the first eleven submarkets and one informal, consisting of the latter ten submarkets.

The following table, based on secondary data, estimates the proportion of units classified according to the informal and formal market category in El Salvador's five principal cities, and demonstrates that the majority -almost two thirds- of the urban housing stock is already in the informal submarkets:

TABLE 3.1

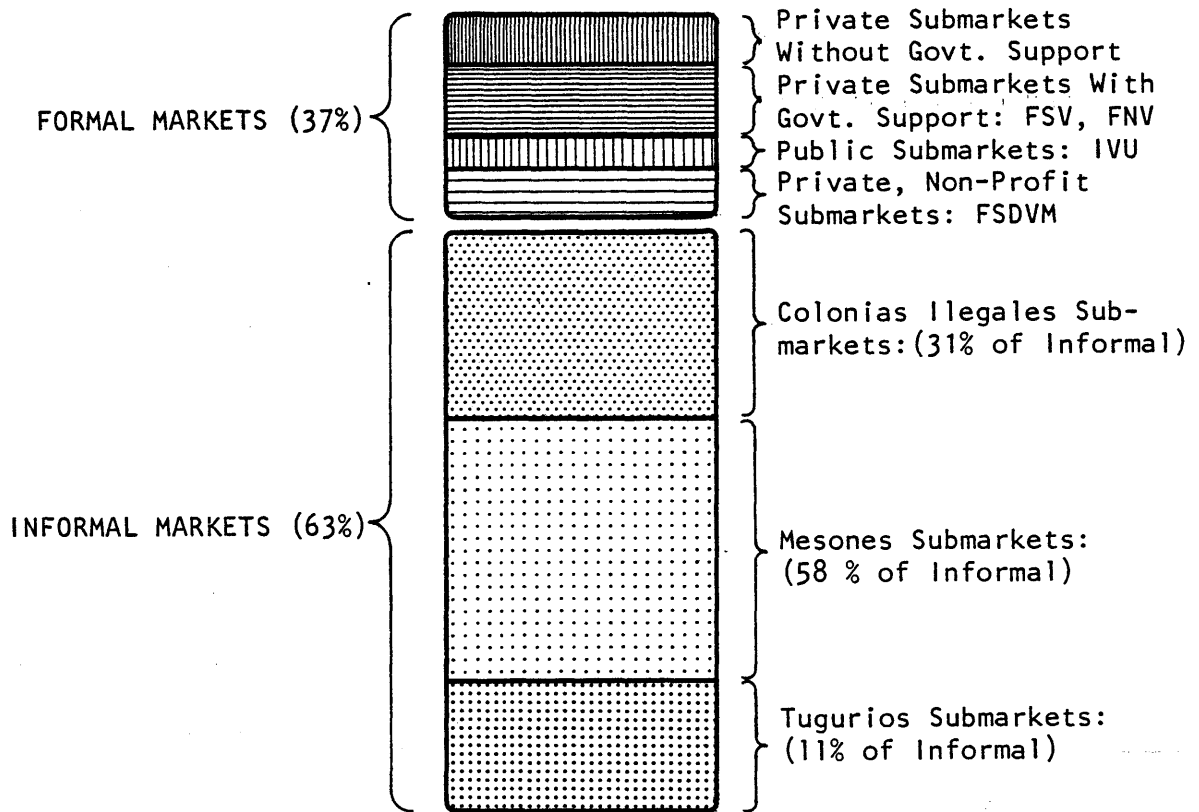
URBAN POPULATION IN FORMAL AND INFORMAL SETTLEMENTS
IN FIVE PRINCIPAL URBAN AREAS OF EL SALVADOR 1975

Urban Area	Total Urban Population	Population in Informal Settlements	Percentage Informal	Population in Formal Settlements	Percentage Formal
Metropolitan Area of San Salvador	564,967	351,899	62.3	213,068	37.7
Santa Ana	98,433	65,831	66.9	32,602	33.1
San Miguel	61,940	37,763	61.0	24,177	39.0
Usulután	19,783	14,912	75.4	4,871	24.6
Sonsonate	33,302	18,539	55.7	114,763	44.3
TOTAL	778,425	488,944	63.0	289,481	37.0

Source: Based on figures of the "Control Sanitario de Edificaciones Urbanas" of the Registro de Unidades de Salud Locales, Ministerio de Salud, 1975, as reported in Vivienda Popular..., op. cit., V. I, p. 153.

These are illustrated by the following diagram:

Illustration 3.1
Housing Markets in 5 Principal Cities: 1975



3.3 Formal Land and Housing

Submarkets 1950-1978

Eleven types of formal land and housing submarkets are commonly identified in El Salvador, however, for the purposes of this section, they are grouped into four principal sets of submarkets:

- 1) the private upper-income submarkets without direct government support, including both the older and the newer subdivisions as well as the single family and apartment structures;
- 2) the private submarkets with direct government support and control, including the FNV single and multiple units as well as the lower-priced Fondo Social subdivisions;
- 3) the traditional public housing submarkets of IVU, including the attached, single family and the four-story multifamily apartments; and
- 4) the more recent non-profit submarket of progressive development sites and condominiums of the Housing Foundation.

The following two tables estimate the total annual production of these four principal submarkets in the formal market set between 1962-1970 and between 1971-1975. During the first decade, these submarkets added 2,600 units per annum on the average. During the first half of the second decade this production was almost doubled to 5,000 units per annum:

TABLE 3.2

HOUSING UNITS PRODUCED BY THE FORMAL SUBMARKETS
ACCORDING TO INCOME STRATA: 1962-1970

INCOME LEVEL	Private Without Govt. Support	Private With Govt. Support (FNV)	Public Housing (IVU)	Non- Profit Housing (FSDVM)	Total Units Produced
US\$ 0 - 40 (Ø 0 - 100) (lower-lower)	---	---	---	44%	30
US\$ 40 - 100 (Ø 100 - 250) (upper-lower)	10%	---	30%	56%	4,320 (18%)
US\$ 100 - 240 (Ø 250 - 600) (middle)	30%	5%	50%	---	8,397 (36%)
US\$ 240 - 400 (Ø 600 - 1,000) (lower-upper)	20%	25%	10%	---	3,761 (16%)
US\$ 400 - above (Ø 1,000 - above) (upper-upper)	40%	70%	10%	---	7,075 (30%)
TOTAL UNITS	9,399	3,188	10,837	69	23,493
PER CENT OF FORMAL	40%	14%	46%	03%	100%

Source: Table 11.5.3.5.1 from Diagnóstico, op. cit., p. 113.
The Housing Foundation was created in 1969 and its first
units were assigned in 1970.

TABLE 3.3

HOUSING UNITS PRODUCED BY THE FORMAL SUBMARKETS
ACCORDING TO INCOME STRATA: 1970-1975

Monthly Family Income Levels	(1) Private Without Govt. Support	(2a) Private With Govt. Support (FNV)	(2b) Social Security (FSV)	(3) Public Housing (IVU)	(4) Non- Profit Housing Found (FSDVM)	Total Units
US\$ 40 - 40 (¢ 0 - 100) (lower-lower)	---	---	---	---	16%	208 (0.9%)
US\$ 40 - 100 (¢ 100 - 250) (upper-lower)	10%	---	(1%)	30%	54%	2,086 (8.8%)
US\$100 - 240 (¢ 250 - 600) (middle)	30%	15%	(99%)	50%	30%	5,551 (23.0%)
US\$240 - 400 (¢ 600 -1,000) (lower-upper)	20%	27%	---	10%	---	5,302 (22.0%)
US\$400 or more (¢1,000 or more) (upper-upper)	40%	58%	---	10%	---	10,894 (45.3%)
TOTAL UNITS	4,000	15,459	(3,753)	3,283	1,299	24,041
PER CENT OF FORMAL	17%	64%	(16)	14%	05%	100%

- Sources: (1) The private sector without direct government support was assumed to be 800 per annum.
- (2a) The figures for FNV were taken from its annual Memorias, for the years 1971 to 1975, San Salvador.
- (2b) The figures for Fondo Social were supplied by CONAPLAN.
- (3) The public housing figures for IVU were taken from IVU: Informe de la Vivienda al 31 de Diciembre de 1972, Memoria 1973-1974 and La Prensa Gráfica: 27 December, 1975, p. 19, San Salvador.
- (4) The figures for Vivienda Mínima were supplied by the Social Promotion Division of the Institution.

The highest-income private subdivisions and apartments without direct government support in El Salvador are similar to those found in most Latin American cities and are comparable to upper-income subdivisions and apartments in North America.

They consist of low density residential districts, with contractor-built infrastructure services (water, telephone, electricity, sewerage, storm drainage, paved roads and footpaths) all installed prior to housing construction. Both the subdivisions and the homes or apartments are financed by private banks, the Mortgage Bank of El Salvador* and insurance companies, if not by the owners themselves. Plots range from 800 to 3000 m², houses may have 300 to 800 m² of living space and apartments from 150 to 300 m². It has been estimated that this submarket adds approximately 1000 units per year to the urban housing stock.

These high-income submarkets, by definition, meet the highest housing standards, are professionally built and approved according to the building and subdivision regulations of both DUA and ANDA. They are also legally owned and consist of both rental and owner-occupied units. Although in San Salvador high-income homes and apartments are usually built as part of larger peripheral subdivisions accessible to primary roads, in secondary cities they are more commonly built in a dispersed manner as occurred in San Salvador until the 1950's.

Because subdivision and construction plans are approved by government and because they house the highest-income sectors, these districts are fully serviced by public authorities, often at subsidized costs. The following pages describe the principal characteristics of a representative private subdivision:

* See Appendix II-B

Principal Characteristics of Representative Private SubdivisionsWithout Direct Government Support in San Salvador

Type of Unit:	Highest standard, fully serviced and officially approved individual family plot with individually designed, detached unit of four or more bedrooms with servants' quarters and garage for two or more cars.
Age:	First approved subdivisions in the 1950's but a few starting the decade before.
Location:	Intermediate and peripheral sections of largest urban areas, but the majority in western San Salvador.
Size of Submarket:	Unknown, but 1968 study in DUA estimated that it housed 3 per cent of the Metropolitan Area's population.
Tenure:	Mostly ownership, but rental not uncommon.
Jural Situation:	Subdivision, plot and house approved by DUA; both plot and house with legal registered deed.
Habitable Space:	300 m ² and above per family, built on plots ranging from 800 to 3,000 m ² .
Income Level:	US 800 dollars (2,000 colones) and above monthly.
Monthly Payment:	US 200 dollars (500 colones) and above rental and similar mortgage payments.
Unit Cost:	US 60,000 dollars (150,000 colones) and above depending on age, plot and construction, size, finishes, location, etc.

- Financing:** Personal savings or formal bank or insurance company credit.
- Owner:** Upper-income urban classes.
- Density:** Lowest of all residential densities; as low as 12.6 persons per hectare (3.9 units per hectare) at the initial stages.
- Infrastructure:** Highest standards, trunk lines fully installed by government and reticulations by developers before house construction commences.
- Community Facilities:** Park and school areas as required by DUA, but usually privately provided elsewhere.
- Construction:** Permanent, highest standard, usually clay brick or concrete block with reinforced concrete structure and metal frame roofs, many imported finishes.
- Builder:** Subdivision by land owner-developer, house by professional construction companies and contractors.
- Government Policy:** Review and approval of subdivision and house plans, installation of trunk infrastructure. 1978-1982 Pre-Plan assumes this sector will continue to produce 1,400 units per year.

Illustration 3.2

Aerial Photograph and Plan of Representative Private Subdivision
Without Direct Government Support in San Salvador.



1:2,500

The second set is the private submarkets with government guarantee or finance, through FNV and Fondo Social.* This is perhaps the fastest growing formal submarket because FNV Savings and Loan Associations' increased capturing of deposits from the public and Fondo Social's Social Security tax increases. Although each have different entrance requirements - for FNV, higher income and for Fondo Social, Social Security affiliation - as well as different maximum price limits - FNV limits are now at US 30,000 (75,000 colones) for single family units and US 50,000 (125,000 colones) for apartments, compared to Fondo Social at US 12,000 dollars (30,000 colones) for single family units they are largely overlapping submarkets to the extent that up to 1977, significant number of units built by the same contractors in the same subdivisions were being financed simultaneously by FNV in the short term and Fondo Social in the long term.

The subdivisions as well as the housing units themselves are designed and built professionally, are approved by DUA and ANDA and are fully serviced and complete by the time families move in. Although the bulk of these units are either attached or detached single family units, the FNV apartment submarket has begun to expand since 1976 due to the raising of the maximum prices allowed by the agency for apartment complexes.

According to Table 3.3, between 1971 and 1975 this submarket contributed 15,459 units, equivalent to 48 per cent of the formal sector's new units, that is, 3,100 per annum. The 1978-1982 Housing Sector Pre-Plan assigns to FNV the production of 35,120 units and to Fondo Social de production of 22,025 units; that is, a combined annual production of 11,429 units.

* See Appendices 11-f and 11-K.

Principal Characteristics of Representative Private Subdivision Submarkets
With Government Guarantee or Financing

Type of Unit:	Standard, fully serviced, approved, single family, attached, three bedroom, one story house on individual plot, usually including servants' quarters. More recently some apartment condominiums.
Age:	First subdivisions appearing in 1965, with the creation of FNV, but greatest thrust given in 1973 with creation of Fondo Social and new Savings and Loan Associations.
Location:	Urban intermediate and peripheral areas, according to city and age of development. Condominiums in central locations.
Size of Submarket:	Between 1965 and 1977 FNV added 26,500 units; Fondo Social refinanced 5373 units between 1973 and 1977.
Tenure:	Ownership with long-term (15-20 year) mortgage; occasionally sub-leased.
Jural Situation:	Subdivision, plot and house approved by DUA, house and plot with legal registered deed.
Habitable Space:	45-100 m ² initially, on 125 m ² plot.
Income Level:	US 240-800 dollars (600-2,000 colones) monthly.
Monthly Payment:	US 56-120 dollars (140-300 colones).

Unit Cost: US 6,000-30,000 dollars (15,000-75,000 colones) depending on year, institution and location.

Financing: Government guaranteed (FNV) or direct financing (Fondo Social) of private developer/contractors.

Owner: Upper-middle income families and upper-income Social Security-insured households.

Density: 210 persons per hectare (47 units per hectare)

Infrastructure: Trunk lines fully installed by government and reticulation by developers.

Community Facilities: Park and school areas as required by DUA, eventually installed by sectoral programs.

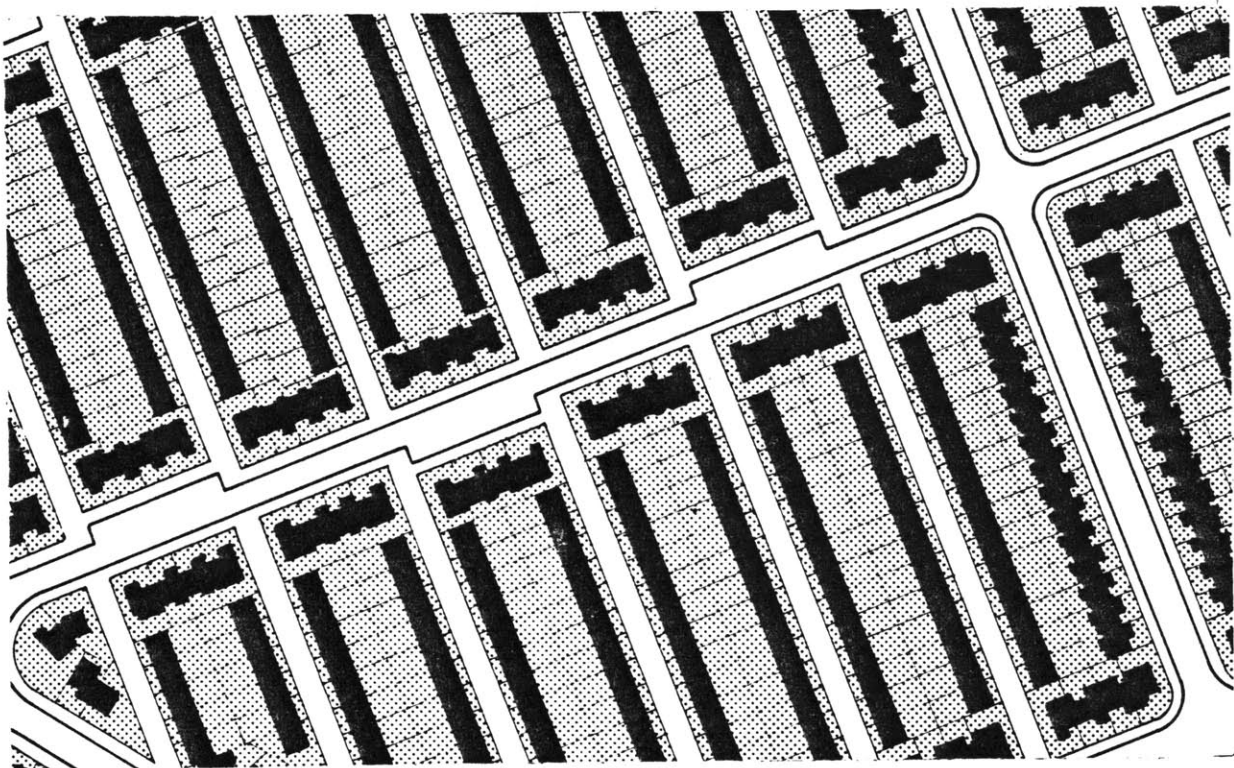
Construction: Permanent, standard, clay brick with concrete reinforced structure, metal and/or asbestos roofs, local finishes.

Builder: Usually engineers and developers associated with the Chamber of Construction.

Government Policy: Review and approval of subdivisions and house plans, installation of trunk infrastructure. 1978-1983 Pre-Plan assigns FNV Associations 35,120 units with an investment of 446 million dollars (1,114 million colones) or 12,700 dollars (31,700 colones) per unit in addition to 22,000 Fondo Social units with an investment of 125 million dollars (312 million colones) or 5,600 dollars (14,000 colones) per unit.

Illustration 3.3

Aerial Photograph and Plan of Representative Private
Subdivision With Government Guarantee or Financing in San Salvador



(See Illustration 3.5a)

1:2,000

The third important formal submarket is the traditional public housing submarket of the National Housing Institute, IVU, consisting either of attached, medium density, single family or high density, four story walk-up apartments, usually in a price range from US 2,800 to 4,000 dollars (7,000-10,000 colones).*

Although private builders intervene in the construction of both the subdivision and the units themselves, the entire project is managed by the public agency, starting from conception and land purchase all the way to households selection and mortgage financing.

Even though IVU units are significantly lower in price than FNV or Fondo Social-backed units because of lower standards, IVU units are also fully serviced and completed before the household moves in and are approved by DUA and ANDA. IVU was the main contributor to the formal housing stock in the 1950's and the early 1960's and like the rest of Latin America's housing institutes, a significant proportion of its programs were financed by the Interamerican Development Bank. As seen in Table 3.3, between 1971 and 1975 IVU's contribution amounted to only 14 per cent of the formal units produced in the period, equivalent to 3,283 units or only 656 units per annum.

According to the Housing Sector Pre-Plan, IVU is to build 13,000 units between 1978 and 1982, that is 2,600 units per annum, and at an average unit price of US 2,558 dollars (6,395 colones). The Plan does not make clear however, the source of financing for this increased production.

* See Appendices II-A and II-D.

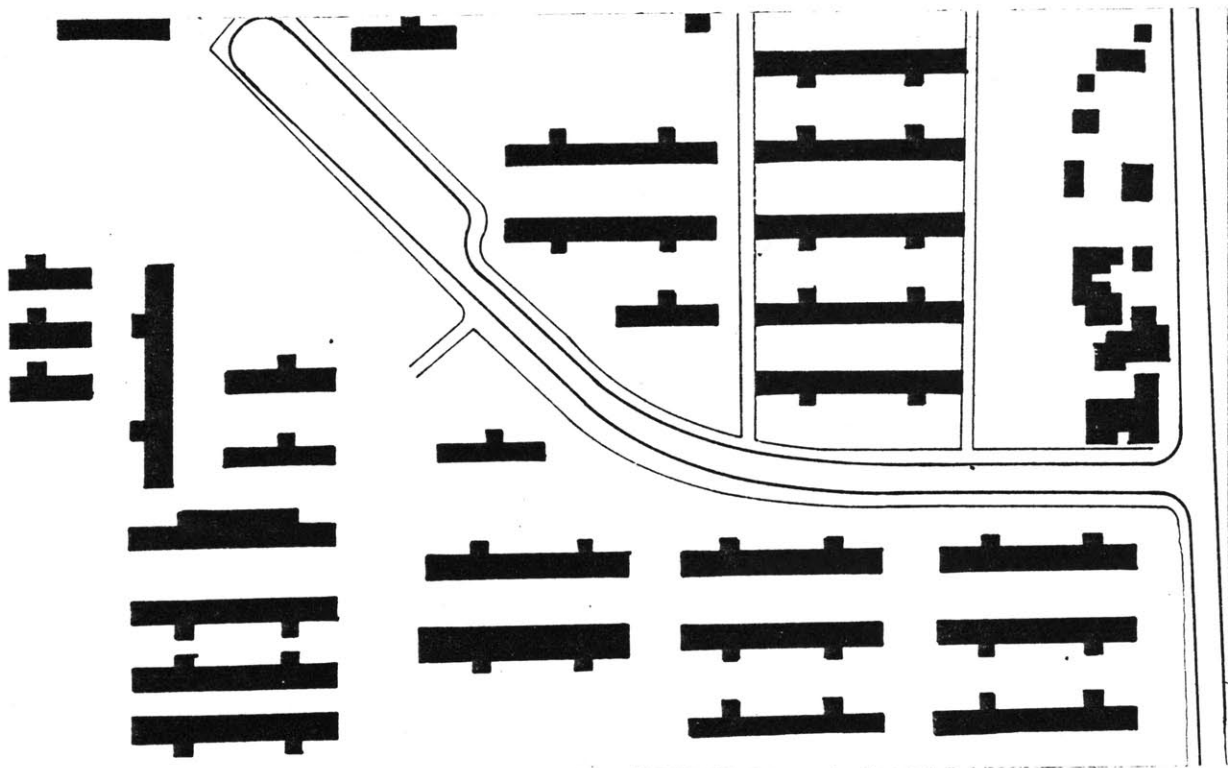
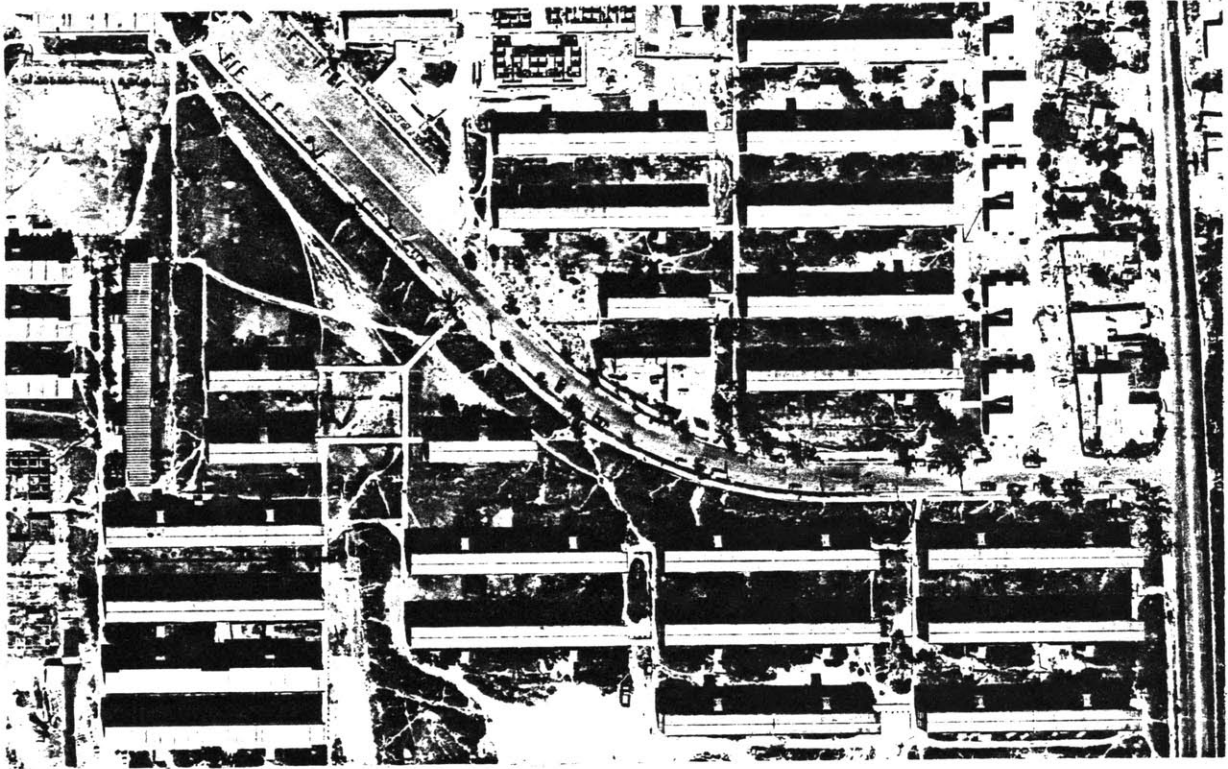
Principal Characteristics of Representative Multi-family Public Submarket

Type of Unit:	Four story walk-up multi-family apartments arranged in 4 units per floor.
Age:	First apartments built in 1956, but first attached units built in 1950.
Location:	Urban intermediate and peripheral areas, according to age and urban area.
Size of Submarket	Between 1950 and 1977 IVU directly built or financed approximately 24,000 apartments and single family units.
Tenure:	Initially all rental, after the condominium legislation, ownership with long-term mortgage.
Jural Situation:	Subdivision and building approved by DUA, apartment or house with legal registered deed.
Habitable Space:	63 m ² on the average in addition to common gardens.
Income Level:	US 120-500 dollars (300-1,250 colones) monthly.
Monthly Payment:	US 14-24 dollars (35-60 colones) monthly.
Unit Cost:	US 2,800 (7,000 colones) average, lately higher.
Financing:	Government and Interamerican Development Bank.
Owner:	Upper-middle and middle-income urban households.
Density:	430 persons/hectare (94 units per hectare).

- Infrastructure:** Fully installed by government and IVU prior to occupancy.
- Community Facilities:** Occasionally fully built, but more usually only open spaces provided for future construction according to changing IVU and IDB policies.
- Construction:** Reinforced concrete structures and floor slabs, with clay brick walls, local finishes.
- Builder:** Either directly by IVU or private contractors.
- Government Policy:** Principal agent in conception, planning, execution, financing and selection of households. Units conform to DUA subdivision and building regulations. 1978-1982 Plan proposed building of 13,000 single and multi-family units with an investment of 33.25 million dollars (83.13 million colones) or 2,560 dollars (6,400 colones) per unit.

Illustration 3.4

Aerial Photograph and Plan of Representative Multi-Family
Public Housing Submarket in San Salvador.



(See Illustration 3.5a)

1:2,500

The fourth and last major formal submarket is the more recent and expanding non-profit, progressive development submarket promoted, up to now, only by the Housing Foundation.* Although it started as an illegal form of housing, it is now the only formal submarket accessible to the lower-income sectors in El Salvador, its plans being fully approved by DUA and ANDA before project initiation.

As distinct from other submarkets that have minimum entrance requirements above median income, the Foundation establishes maximum income requirements and a mutual help commitment. As a consequence, by early 1978 its unit prices still ranged between US 1,360 and US 2,520 dollars (3,400 to 6,300 colones) with monthly mortgage payments (including collection costs, interests, etc.) ranging between US 5.67 dollars (14.18 colones) and US 10.48 dollars (26.20 colones) per unit. Assuming that low-income families can normally only pay 10 per cent of their monthly income for housing, these units would be available to families earning US 57 to US 105 dollars (142 to 262 colones).

These prices include: a fully serviced plot with individual water, sewerage, storm drainage and electrical connections, as well as open spaces for community facilities and either a sanitary core unit with shower, toilet and washstand or a core house with a loan in the form of materials for the progressive expansion of unit. Originally the site and sanitary core development was directly administered by the Foundation. But with its increased growth and simultaneous programs in five or more cities throughout the country, it has turned to private contractors. Even with land and construction services now purchased at commercial prices, however, per unit costs have not risen as dramatically as in other formal submarkets because of low institutional overheads,

* See Appendix II-J.

very efficient and dense plot and subdivision design and use of local technology, materials and self help labor.

Although the submarket started as small-scale, mutual help and progressive development experimental settlements in 1970 and was supported largely by local and foreign concessionary funds, by 1974 it had mobilized the first World Bank loan ever made to a private organization (with government guarantee) of US 8.5 million dollars (21.25 million colones) for financing 7,000 units, and by early 1978, 3,600 families were living in Foundation units. In 1977 a second World Bank loan of US 10.3 million dollars (25.75 million colones) was approved for financing an additional 8,000 progressive development units. Thus, the 1978-1982 Housing Sector Pre-Plan assigns the Foundation 19,700 units in the 5 year period, equivalent to 22 per cent of the Plan's total targeted output.

The bulk of the Foundation's units are attached single family sanitary cores on serviced plots, although increasingly loans in the form of materials are being made available to groups and individual families for unit expansion. However, in the hope of further increasing densities and efficiency of land utilization and reducing costs, in 1975 the Housing Foundation began a small-scale experiment building multi-family mesón type condominiums around the commercial areas of its settlements. In addition, in 1977 it purchased an existing mesón building in San Salvador for conversion into a cooperative condominium as a first experiment in urban rehabilitation. It is not known, however, if such a pilot project will become a large-scale upgrading program in centrally located units or not.

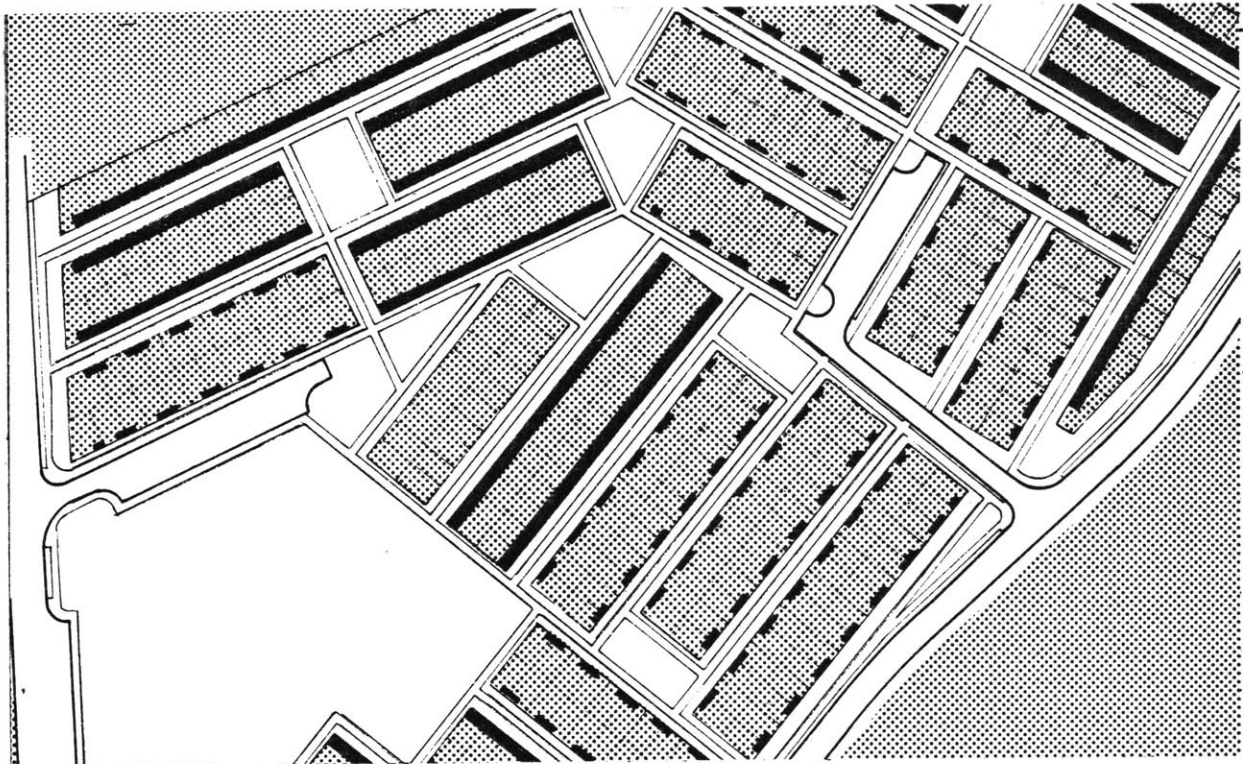
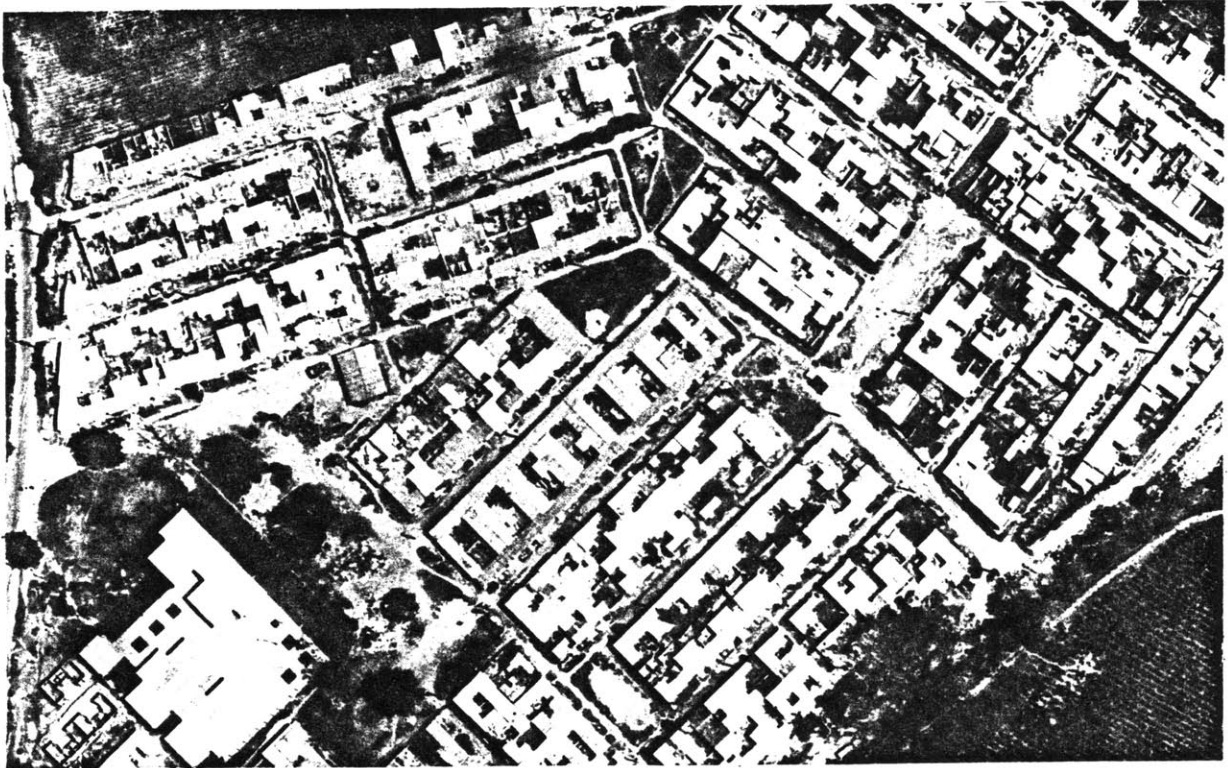
Principal Characteristics of Representative Non-Profit,
Progressive Development Plot Submarket

Type of Unit:	Single family plot with core unit. Lately also condominium mesón type units with shared facilities.
Age:	Initial units illegally built in 1968. First legal subdivision initiated in 1972. Bulk of present units started in 1975.
Location:	Periphery of four principal secondary cities and fringes of Metropolitan Area.
Size of Submarket:	Between 1970 and 1978, 3,600 units were built and 4,000 were under construction.
Tenure:	Ownership and leasehold with equivalent long-term (15-20 year) mortgage. Condominium units rented.
Jural Situation:	Subdivision, plot and house approved by DUA, house and plot with leasehold legal document.
Habitable Space:	15-18 m ² initial core unit with 60-100 m ² plot.
Income Level:	Accessible to US 57-105 dollars (142-262 colones) monthly income, but sometimes families with up to US 140 dollars (350 colones) accepted.
Monthly Payment:	US 6-10.50 dollars (15-26.20 colones) per unit, excluding loan in form of materials, and excluding water and electricity payments.

- Unit Cost:** US 1,360-2,520 dollars (3,400-6,300 colones).
- Financing:** Local and International (IBRD) loans and grants as well as mutual help labor of participant families.
- Owner:** Lower-middle and lower-lower urban households.
- Density:** 490 persons per hectare (80 units per hectare)
- Infrastructure:** Trunk lines fully installed by government and reticulation by Foundation.
- Community Facilities:** Spaces provided for schools and parks according to DUA regulations, facilities built afterwards by corresponding sectoral agencies.
- Construction:** Permanent, formal core units, and both permanent and non-permanent extensions. With wide range of structures and building materials.
- Builder:** Originally the Foundation, lately by competitive bidding of private contractors. Unit expansion by individual households, sometimes as group effort.
- Government Policy:** Guarantee of international loan, review and approval of subdivision plans and installations of trunk infrastructure. 1978-1982 Pre-Plan assigns to this submarket 19,000 units, representing an investment of US 26.9 million dollars (67.25 million colones).

Illustration 3.5

Aerial Photograph and Plan of Representative Non-Profit
Progressive Development Plot Submarket.



(See Illustration 3.5a)

1:2,000

The major focus of government policy since 1950 has been the support of the production of new housing units through various housing and urban development agencies. The projected 1978-1982 Housing Sector Pre-Plan again emphasizes the increased production of new formal units as a major thrust, and no targets are set in the informal settlement sector.

The following table, compiled from the Housing Sector Pre-Plan, estimates the monthly mortgage payment at the 1977 interest rates and the mortgage period of each of the agencies:

TABLE 3.4

PROJECTED FORMAL HOUSING TARGETS 1978-1982 HOUSING PRE-PLAN
AND ESTIMATED MONTHLY PAYMENTS AND INCOME LEVELS

Institution	(1)	(2)		(3)		(4)		(5)	
	Total N° Units Targeted	Total (in millions) US\$	Investment (colones)	Aver. (in thousands) US\$	Unit Pric. (colones)	Estimated Mo. Payment US\$ (col.)		Monthly Fam. Income US\$ (col.)	
FNV	35,120	445.7	(1,114.4)	12.7	(31.7)	140	(350)	935	(2,337)
Fondo Social	22,025	124.8	(312.0)	5.7	(14.2)	51	(127)	339	(847)
INPEP	6,500	20.8	(52.0)	3.2	(8.0)	27	(68)	178	(445)
IVU	13,000	33.2	(83.1)	2.6	(6.4)	20	(50)	132	(330)
Housing Foundation	19,700	27.0	(67.2)	1.4	(3.4)	10	(25)	97	(242)
TOTAL	96,345								

Source: Columns 1-3 taken from: Pre-Plan... 1978-182, op. cit.

Column 4: According to mortgage periods and interest rates prevalent in 1978.
Column 5: estimated as follows: for families earning up to US 120 dollars/month (300 colones), housing payment 10% of income, for families earning US 120-180 (300-450 colones) month, housing payment 15% of income, for families earning US 180-400 dollars/month (450-1,000 colones), housing payment 20% of income.

These targets propose a considerable increase in total formal housing production to over 19,000 units per annum and are based primarily on the following assumptions: 1) a second and already approved World Bank loan to the Housing Foundation; 2) the increased spread of Social Security coverage which will increase monthly deposits above US 1 million dollars (2.5 million colones) per month reached by late 1977; 3) the considerable expansion of the Savings and Loan System through the creation of new affiliates and increased capturing of deposits; 4) the putting into operation of the public employees Social Security equivalent; and 5) a new but unspecified source of financing for the Housing Institute.

If we assume the same income categories as used in the 1971-1980 official housing diagnosis, we find that the lower-lower sector will not have access to formal housing, and only the units of the Housing Foundation will be available to the upper-lower income levels, equivalent to families earning approximately the early 1978 industry and commerce legal minimum salary of US 78 dollars (195 colones) per month. The units of the National Housing Institute and Government Employees' Pension Fund will be affordable for the middle-income levels. The remaining units will only be affordable for the upper and lower-upper income levels.

Government projections of housing demand for the decade 1971-1980 summarized in the following table indicate that, unless formal housing produces units accessible to the lower two thirds, 180,000 informal units will be added during the decade, without taking into consideration the 97,700 families considered in "deficit" housing at the beginning of the period.

TABLE 3.5

 URBAN HOUSING NEED PROJECTED ACCORDING
 TO FAMILY INCOME: 1971-1980

Income Level	Official Estim. Deficit 1970	Projected 1971-1980 Need	Total Needs to 1980	Per Cent	Accumulated Per Cent
Lower-lower	29,812	23,960	53,772	18.7	18.7
Upper-lower	67,921	57,081	125,002	43.4	62.1
Middle	35,592	38,759	74,351	25.8	87.0
Lower-upper	2,861	7,047	9,908	3.5	91.4
Higher-upper	10,573	14,094	24,667	8.6	100.0
	146,759	140,941	287,700	100.0	

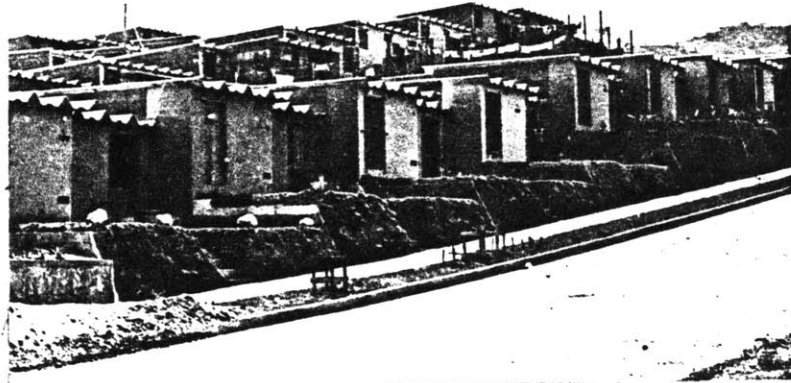
Source: Diagnóstico..., op. cit., p. 160. The income levels signify: Lower-lower = US 0-40 dollars (0-100 colones); upper-lower = US 40-100 dollars (100-250 colones); middle = US 100-240 dollars (250-600 colones); lower-upper = US 240-400 dollars (600-1,000 colones); upper-upper = US 400-dollars (1,000 colones and above). (These figures are also cited in Table 5 of Política Nacional de Vivienda, CONAPLAN, San Salvador, February, 1975, p. 17).

According to these projections, it is possible to infer that the bulk of the housing units that will be added to the 1971 stock by 1980 will have to be in mesones, tugurios and colonias ilegales, since by 1978 none of the formal units - except those of the Housing Foundation - were in fact affordable for the lower two thirds of the urban population.

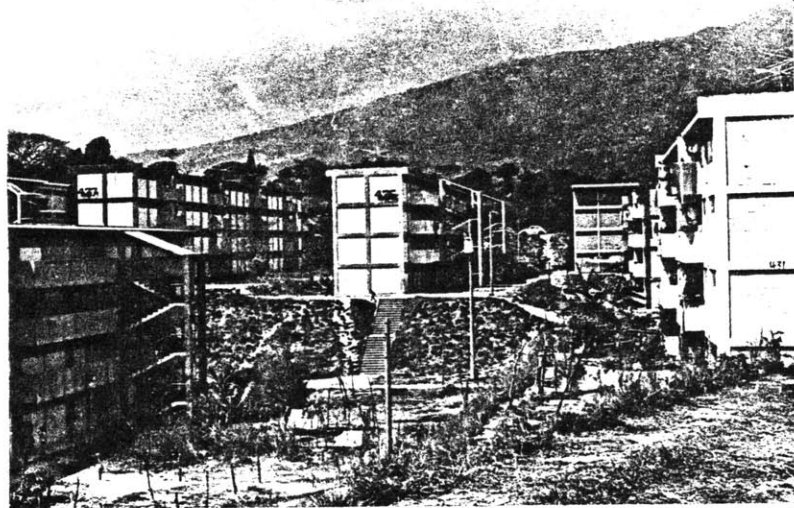
Illustration 3.5a

Photographs of Representative Formal Housing Submarkets

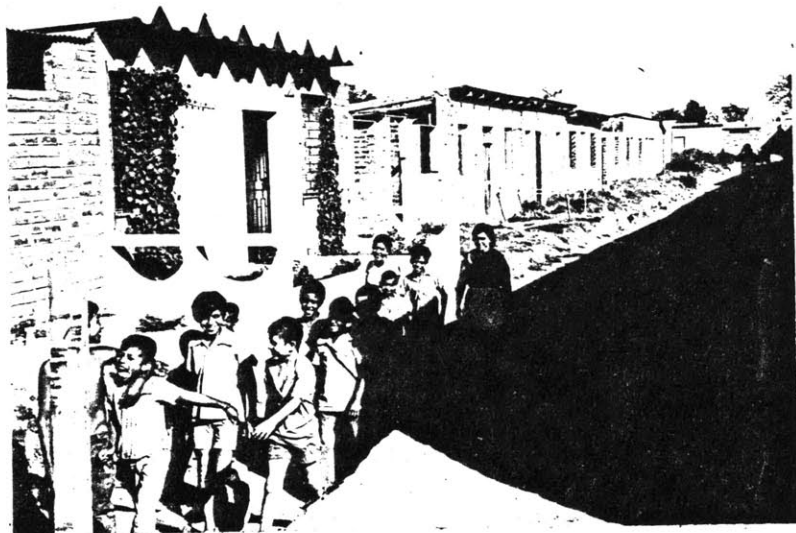
Ciudad Credisa: FNV
Guaranteed Private
Subdivision Submarket



Zacamil: IVU's Multi-
family Public Housing
Submarket



El Pepeto: Housing
Foundation's Progressive
Development Plots



3.4 Informal Land and Housing

Submarkets in 1975

According to the dual housing market concept, the second set of submarkets includes those settlements where over half to three quarters of the urban households live in each of El Salvador's five principal cities. As will be seen below, the informal land and housing submarkets provide some form of shelter to the majority of the lower-income population which, for the most part, cannot afford the monthly payments for units produced by the formal submarkets.

The importance of the informal submarkets in providing housing for the urban households in El Salvador is evident in the following table compiled from 1975 data. That year it was estimated that 63 per cent of the households in the five largest urban areas were already living in in the informal settlements.

TABLE 3.6

TOTAL URBAN POPULATION IN INFORMAL SETTLEMENTS BY URBAN AREA: 1975

Urban Area	Total Urban Population	Informal Settlements Population	Per Cent Informal Settlement
Metropolitan Area of San Salvador	564,967	351,899	62.3
Santa Ana	98,433	65,831	66.9
San Miguel	61,940	37,763	61.0
Usulután	19,783	14,912	75.4
Sonsonate	33,302	18,539	55.7
TOTAL	778,425	488,944	63.0

Source: Based on figures of the "Control Sanitario de Edificaciones Urbanas" of the Registro de Unidades de Salud Locales, Ministerio de Salud, 1975, as reported in Vivienda Popular..., Vol. I, op. cit., p. 153.

Ten types of informal land and housing submarkets are commonly identified, however, for the purposes of this Section they are grouped into three principal submarket categories and an additional category of "others:"

- 1) the mesón tenement room rental submarket, including both the old, converted, central-city housing as well as newly built, more peripheral, mesón type apartments;
- 2) the colonia ilegal or illegal land subdivision submarket, including the older pre-1950 subdivisions, with unclear legal status, as well as the newer, clearly illegally subdivided peripheral lotificaciones;
- 3) the tugurio-invasion submarket, including settlements on individually as well as collectively invaded public lands; and
- 4) other minor informal submarkets that house an unknown but probably small fraction of the urban households, including rental tugurios, boarding rooms, servants' quarters and quasi-rural units.

The following table shows the total number of units by submarket in the five urban areas, but excludes the "other" category for which there are no secondary data:

TABLE 3.7

TOTAL HOUSING UNITS PRODUCED BY THE INFORMAL
SUBMARKETS BY URBAN AREA: 1975

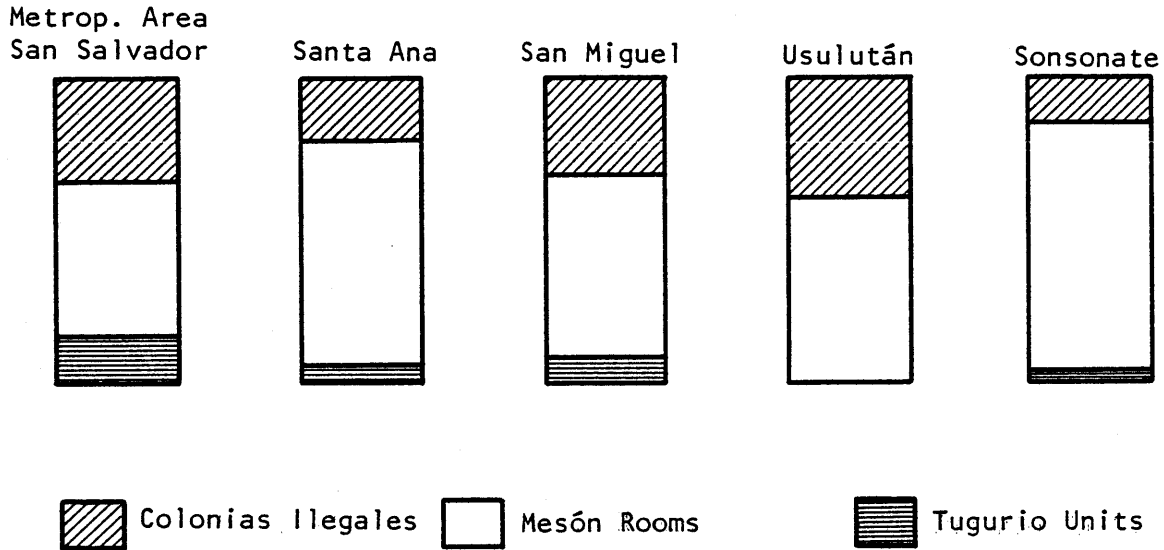
Urban Area	Colonia Illegal Plots	Mesón Rooms	Tugurio Units	Total Informal
Metropolitan Area of San Salvador	22,283 (33%)	35,600 (53%)	9,790 (14%)	67,673 (100%)
Santa Ana	2,580 (20%)	9,728 (77%)	351 (3%)	12,659 (100%)
San Miguel	2,287 (31%)	4,539 (63%)	435 (6%)	7,261 (100%)
Usulután	1,114 (39%)	1,753 (61%)	---	2,867 (100%)
Sonsonate	469 (13%)	3,026 (85%)	70 (2%)	3,565 (100%)
TOTAL	28,733 (31%)	54,646 (58%)	10,646 (11%)	94,025 (100%)

Source: Vivienda Popular..., Vol. I, op. cit., Table 19, p. 154.

The proportions of the foregoing table are represented in the illustration of the following page and demonstrate significant variations in the participation of the different submarkets in the total informal housing stock. These variations are discussed in the following three sections of this chapter for each of the three submarkets.

Illustration 3.6

Proportionate Distribution of Informal Submarkets in
the Five Principal Urban Areas: 1975.



Source: foregoing table.

The three principal submarkets of the informal sector correspond to effective demand levels of similar households although, as will be seen in the following sections, each submarket operates with different rules and produces housing with different price ranges, location, tenure, level of services and physical structures.

The three terms adopted from conventional language: "mesones," "tugurios" and "colonias ilegales," are not entirely mutually exclusive categories, although they describe general submarket characteristics that identify different product ranges. For instance, the term "mesón" typically does

not refer to a settlement or a housing unit, but rather to a building type that contains several rooms that are rented or occupied by individual households. On the other hand, the terms "tugurio" and "colonia ilegal" refer to settlements rather than building types, which contain a wide variety of service levels and very different constructions, ranging from no structures at all, to units built from temporary materials, to rather substantial permanent construction.

Because the term "mesón" refers to buildings and "tugurio" and "colonia ilegal" refer to settlements, the categories overlap somewhat. For instance, during the field research it was found that mesón units were also occasionally found scattered in peripheral districts, within illegal subdivisions and in squatter areas, although their physical characteristics in such locations might be different from the typical converted downtown mesones. In an illegal subdivision, so-called mesón "apartments" seem better constructed than the typical converted mesón and are physically very similar to other constructions in the colonia ilegal where they are located. On the other hand, a rental mesón within a tugurio squatter area consists of a co-yacha or "shanty" unit not unlike the rest of the units in a tugurio settlement, except that it is often built to be sublet in small rooms.

Another settlement overlap is illegal subdivisions where plots of land are only rented to the households who then typically only build a "shanty" unit with little investment. From both a physical and a socio-economic point of view, this settlement is similar to any invasion, but because of the tenure arrangement involving landlord-tenant relations, the settlement is significantly different from other tugurios.

Although it is not common, a tugurio unit can also occasionally be found within illegal subdivisions. This may consist of an individual family

who has found a place to squat within or adjacent to a colonia ilegal, either in a public right of way, a quebrada or ravine, or possibly, in some cases, on private land where the owner is unknown.

Because of these overlaps between categories, most analysis of informal housing in the past simply has divided the total housing market into several more or less homogeneous submarket sets on the assumption that units with similar characteristics are somewhat interchangeable. Thus, informal housing in Latin America has typically been classified according to one or more characteristics. Such classifications often ignore both overlaps and linkages between apparently very different housing types.

Recognising this ambiguity, the household survey and, to some extent the landlord interviews conducted for the research, specified a rather large number of variables of household demand to be able to better determine close substitutes. Although the submarket groups were identified a priori, based on the obvious and observable variables of location, tenure and price, the sample survey was designed to include 159 variables that covered the following groups of characteristics from the demand side:*

a) social characteristics of head of household and family, including origin, migration history before arriving in urban area, marital status, family size and composition, educational level, socio-economic status and participation in community and other organizations;

b) economic characteristics of head of household and family, including: income of head of household, family and per capita income, employment, job stability, location of employment, economic activities in the home, occupation, occupational prestige and overall monthly expenditures; and

c) housing characteristics, including: housing history, resi-

* The 159 variables are described in the code of Appendix IV.

dential mobility, satisfaction with previous and present housing, house and lot tenure, housing payments (rental, down payment, monthly mortgage, interests, payment period, etc.), payments for water, electricity and transport services, cost of lot, cost of house construction, how acquired, financed and built, legal situation of lot and house and relations with landlord.

In addition to the 159 variables in the household survey, several derived or composite variables were constructed.

The household demand survey also addressed the question of substitution by trying to trace housing history before and within the same urban area for the same family. As will be discussed in the following sections of this chapter, a preliminary conclusion to be drawn from the El Salvador experience is that while there seems to be little substitution between the three principal informal submarkets and the formal submarkets (except in the case of the Housing Foundation, or when household income changes significantly so that it can opt for a very different submarket, or when a housing unit deteriorates and is subdivided at lower unit rental costs) there seems to be a large degree of interchangeability between the three formal submarkets which seems to depend largely on household socio-economic characteristics such as income and family size and land or housing price.

The following sections aim to contribute to a better understanding of the structure, dynamics and interrelationship between the three principal informal submarkets and perhaps to begin to define a preliminary model of the underlying processes as these have affected the quality of life of the majority of El Salvador's urban households. First, however, a brief and general description and definition will be attempted of each major informal submarket set outlining the following overall characteristics:

- a) type of unit;
- b) age of submarket and general known historical development during the last few decades;
- c) size of submarket within the informal sectors as well as within the total existing urban housing stock;
- d) location within the present urban areas studied;
- e) habitable space in terms of private interior and exteriors;
- f) unit cost for lot and construction, and for both, and payments;
- g) financing of development, unit acquisition and building;
- h) developer, builder and owner of settlement and units;
- i) level of urban services, including infrastructure and community facilities available;
- j) gross and net densities of settlement and lot;
- k) jural situation of settlement as a whole;
- l) tenure status of the particular housing unit;
- m) construction process and quality of construction;
- n) government attitude or policy, and, in general terms,
- o) social class and household and per capita income.

3.5 Mesón Rental Submarket:

General Characteristics

Mesón is the common name given to the oldest and largest single type of present-day housing for the urban poor in El Salvador. The term is probably a derivation of the same Spanish word originally meaning: "a house for lodging travellers."^{*} Its Latin American equivalent terms include: vecindad in Mexico City, callejón in Lima, palomar in Guatemala City, inquilinato in Bogotá, conventillo in Santiago and cortiços in Rio and Saõ Paulo.^{**}

A widely used generic equivalent for mesón is "inner city slum"

* The Diccionario de la Lengua Española of the Real Academia Española, Madrid, 1970, defines the term as: "(Derived from Latin mansio, onis). Public house where, for money, travellers and carriages are given lodging. Having extraordinary concurrence of guests or foreign people."

** Oscar Lewis in Children of Sánchez, Autobiography of a Mexican Family, Random House, New York, 1961, and "The culture of the vecindad in Mexico City: two case studies," in Actas del III Congreso Internacional de Americanistas, San José, Costa Rica, Vol. 1, pp. 387-402, and Tomasz L. Sudra in "The Low Income Housing System in Mexico City," PhD Dissertation for the Department of Urban Studies and Planning, Massachusetts Institute of Technology, Cambridge, 1976, describe Mexico City's vecindades. Hermes Marroquín, et. al, in La Vivienda Popular en América Latina: Guatemala, Guatemala, 1976, describe the palomares in Guatemala City. Jaime Valenzuela and Georges Vernez in "La Construcción Popular y Estructura del Mercado de Vivienda, El Caso de Bogotá," Revista Interamericana de Planificación, Vol. VIII, N° 31, Sept. 1974, p. 115, describe the inquilinos of Bogotá. John Turner in "Barriers and Channels for Housing Development in Modernizing Countries" in the Journal of the American Institute of Planners, Vol. 34, Nov. 1968, describes the callejones in Lima. Robert N. Merrill in "Towards a Structural Housing Policy: An Analysis of Chile's Low Income Housing Program," PhD Dissertation, Cornell University, Ithaca, 1971, p. 32, describes briefly the conventillos as casas de cita, p. 32. Anthony Leeds in "Lower Income Urban Settlement Types, Processes, Structures, Policies," a paper presented at the "Expert Group Meeting on Lower-Income Urban Settlement Types," United Nations, New York, 1977, p. 23, describes the cortiços of Rio and Saõ Paulo.

or, as proposed recently and perhaps more appropriately, "entrepreneurial rooming houses."^{*} In contrast to the profusion of studies on squatter settlements and with the exception of recent studies in Mexico City, surprisingly little is known of the nature, role, structure and dynamics of this particular urban housing market in Latin America.^{**}

A mesón is typically an old, centrally located, traditional courtyard house that has been informally subdivided into several small, one - and less frequently - two-room rental units which share sanitary and laundry facilities. Occasionally, a pit latrine and washstand may serve as many as a dozen or more families, an access to these facilities is often limited to certain hours of the day. Cooking spaces are also either shared or improvised by installing coal, gas or electric burners in the rooms.

Usually, there is an entire family in each room, depending on its size and on the owner's rules. Overcrowding, measured in square meters per person, is the highest of all housing sectors. Gross densities in mesón districts range above 600 persons per hectare and often up to 2,100 persons per hectare, the highest residential densities in Salvadorean cities, except, perhaps for some parts of older and more consolidated squatter areas.^{***}

Mesones are mostly characterized by the rental nature of their supply: they consist of oldhouses that have typically been subdivided and converted, or, more recently, designed and illegally built, with the objective of creating small rental units for maximum exploitation and with no intention

* This term is adopted from Leeds, Ibid.

** An important exception is the work of Sudra on Mexico City's housing markets, op. cit.

*** A representative mesón district, two mesón buildings and two recently converted houses are illustrated in the pages following this section.

of extending permanent tenure to the household.* Usually, the landlord owning the mesón building, or his administrator, locally called a mesonero, lives on the premises. He not only manages and rents the units but, as will be seen below, also maintains varying degrees of social control.

Contrary to other forms of low-income settlement, mesones most often occur in the established and legally built sections of the city, especially in the inner core areas as illustrated in the plan that follows. As opposed to other forms of low-income housing, mesones tend to be concentrated in districts, but are occasionally found scattered elsewhere in the city. Because of their location, mesones usually have most urban services, although these are shared among all the households in the building. Although mesón buildings cover a wide range of housing qualities and prices, they once constituted mostly standard constructions for middle and upper-income households. As a result, to the outsider, they are not easily distinguishable from other central, traditional buildings which have not been converted into low-income rental units or which have been converted into other non-residential uses, especially commercial.

Mesones are the oldest form of low-income housing in El Salvador, but early records are rather qualitative and uncertain. The first references to mesones in El Salvador occurred in the first quarter of this century;** it was not until 1930, however, that the first estimate was made of the number of mesón units in San Salvador:*** by that year, approximately 50 per cent of

* An exception to this is an experiment initiated in 1977 by the Housing Foundation when it purchased an existing mesón in order to convert it for condominium or cooperative ownership. This will be referred to in greater detail in Chapter VI below.

** Alberto Masferrer, "Mínimum Vital" in Páginas Escogidas, Dirección General de Publicaciones, Ministerio de Educación, San Salvador, 1976, p. 161.

*** Barón Castro, Rodolfo, La Población de El Salvador, Instituto Gonzalo de Fernández de Oviedo, Madrid, 1942.

the population (equivalent to 48,106 persons) was already housed in some 526 mesón buildings. By 1947, a Sanitary Census estimated that 54 per cent of municipal San Salvador's population (equivalent to 61,809 persons) or 40.5 per cent of the Metropolitan Area's population (equivalent to 66,802 persons) was housed in 1,745 mesones.*

Although it is not possible to confirm this because of deficiencies and irregularities in population and housing data before the 1961 Census, it seems that for many decades prior to 1930, mesones had been the only large-scale alternative for lower-income settlement in cities. The gradual displacement of the upper and upper-middle income households to the periphery of urban areas allowed the conversion of old homes into mesones at approximately the same time and pace. However, with the start of the process of urbanization and the increase in national population growth rates brought about by the overall improvement in health conditions, the growth rates of low-income households probably began to surpass the conversion of old houses and this led to the growth of other low-income settlement types, especially the illegal subdivisions and the first squatter settlements.

The 1961 and 1971 Censuses confirm the significance of mesón rentals in the Department of San Salvador and in other Departments with large cities. The 1971 Census estimated, for instance, that 23.3 per cent of the occupied units in the Department of San Salvador were mesones.** More recent and precise estimates of mesón households in El Salvador's five major urban areas demonstrate the continuing predominance of the mesón submarket in housing

* La Vivienda en El Salvador, op. cit., p. 2.

** These figures are low because they include Departamental (provincial) population in addition to municipal population. See: Censo de Vivienda: 1971, op. cit., Table 1, p. 1.

for the urban population: in 1975 between one third and one half of the total housing units, equivalent to one half to five sixths of the informal housing stock in the five principal urban areas was still in mesón units.*

The following table estimates the proportion of mesón units in each of the five principal urban areas:

TABLE 3.8

MESÓN POPULATION AS PROPORTION OF TOTAL URBAN POPULATION
AND OF POPULATION IN THE INFORMAL HOUSING STOCK 1975

Urban Area	Total Urban Population	Population Informal Housing	Mesón Population	
			Per Cent of Total	Per Cent of Informal
Metropolitan Area of San Salvador	564,967	351,899	33.0	53
Santa Ana	98,433	65,831	51.5	77
San Miguel	61,940	37,763	38.4	63
Usulután	19,783	14,912	46.0	61
Sonsonate	33,302	18,539	47.4	85
TOTAL	778,425	488,944	36.5	58

Source: Compiled from Tables 3.6 and 3.7 above.

In spite of these high proportions surprisingly little is known about the structure of mesón demand and supply, except for some characteristics reported in the national Censuses for rental units in general, such as family composition, origin, crowding, etc. A review of the bibliography compiled in 1976 for the Vivienda Popular study reveals, for instance, that of over 200 sources on housing and urban development identified in El Salvador,

* Based on the "Control Sanitario de Edificaciones Urbanas," op. cit., compiled in the following Table.

only one was exclusively or directly focused on the mesón housing market, although mesones are generally mentioned as part of the overall housing problem in other studies.* For the most part, housing studies and research in El Salvador have focused on squatter settlements, following the predominant trend in urban research in other Latin American countries.

The lack of knowledge as well as of research interest in the rental submarket of mesones has been partially responsible for ambiguous and even contradictory public policies towards this important housing market. Although it is widely known that it is illegal to build, finance or even reconstruct mesones, mesón buildings have always been and continue to be fully serviced by public infrastructure networks: water, sewerage, paved streets, storm drainage, etc., and provide access to all important community facilities available in downtown areas, especially schools, hospitals, and other social services. Undoubtedly, the negative attitude of past governments towards mesones has been due to the crowding and the generally unsanitary conditions in mesón buildings. Government has apparently assumed that prohibition on new construction would eventually make all mesones somehow disappear.

Little is known about the socio-economic characteristics of mesón households: Where do they come from? How large are they? How much of their income do they pay for rent? How large a space does a family unit share? What jobs and incomes do mesón households obtain? And finally, how different are mesón households from other low-income households? Although a subsequent section attempts to address these questions, mesón households can be briefly characterized as being significantly smaller than those in other housing sub-

* Two recent exceptions to this are a 1977 mesón reconstruction feasibility study of the Housing Foundation cited above and one of the rehabilitation case studies conducted for the Ministerio de Planificación, EDURES, Rehabilitación, op. cit., pp. 27-29.

markets. Their incomes are the lowest, when measured in terms of family income, but higher than squatter household income when measured in per capita terms. They average as a whole, less than US 10 dollars (25 colones) in monthly rental payment for a mesón room. In addition, the educational levels of mesón households are about average for the low-income population and the distribution of jobs is concentrated in services and casual urban labour.

In the future, growth of the mesón market is likely to be determined more by its profitability, the availability of old houses for conversion and by the growth of the other low-income submarkets, than by government regulations and control or by availability of financing mechanisms.

The following pages illustrate the characteristics of a mesón district in San Salvador and four mesón buildings.

Principal Characteristics of Representative Mesón Districts
in the Metropolitan Area of San Salvador

Type of Unit:	Single room or occasionally two rooms for entire family, usually facing a central courtyard where there are communal sanitary and cooking facilities; normally a one story building.
Age:	Oldest type of low-income urban settlement; unknown origin but earliest records show its existence by the 1920's.
Location:	Built up areas of established urban cores.
Size of Submarket:	58 per cent of informal and 37 per cent of total urban housing stock in 5 cities.
Tenure:	Building legally owned but family units exclusively rental, except for owner or manager who lives on premises.
Jural Situation:	It is illegal to build new mesones, or to convert existing buildings into mesones, but this is not effectively enforced.
Habitable Space:	Average 8 m ² per family in addition to a common patio.
Income Level:	US 91 dollars (228 colones) per family of US 32 dollars (80 colones) per capita monthly.
Monthly Payment:	US 9.72 dollars (24.3 colones) on the average.
Unit Cost:	US 24,000 dollars (60,000 colones) for a complex of 12

units, equivalent to US 2,000 dollars (5,000 colones) per unit, including land and construction.

- Financing:** Building usually inherited or bought out of personal savings as source of rental income.
- Owner/Manager:** Middle and upper-middle income sector: merchants, lawyers, etc.
- Density:** Highest urban residential densities: 660 persons per hectare (128 units per hectare) and up to 2,100 persons per hectare in denser districts.
- Infrastructure:** Fully installed on periphery of mesón building, although internally shared by all families. Not uncommon to find pit latrines. Electricity charged by number of light bulbs or appliances installed.
- Community Facilities:** All available in central or downtown areas.
- Construction:** Wattle and daub (adobe and reed) with wood frame, occasionally masonry, tin or clay tile roofs with wood trusses or beams, earth or cement tile floors.
- Builder:** Unknown, probably semi-skilled and skilled workmen under a building contractor.
- Government Policy:** Combination of contradictory positions ranging from neglect and prohibition to complete servicing.

Illustration 3.7

Approximate Location of Mesón Districts
in the Metropolitan Area of San Salvador.

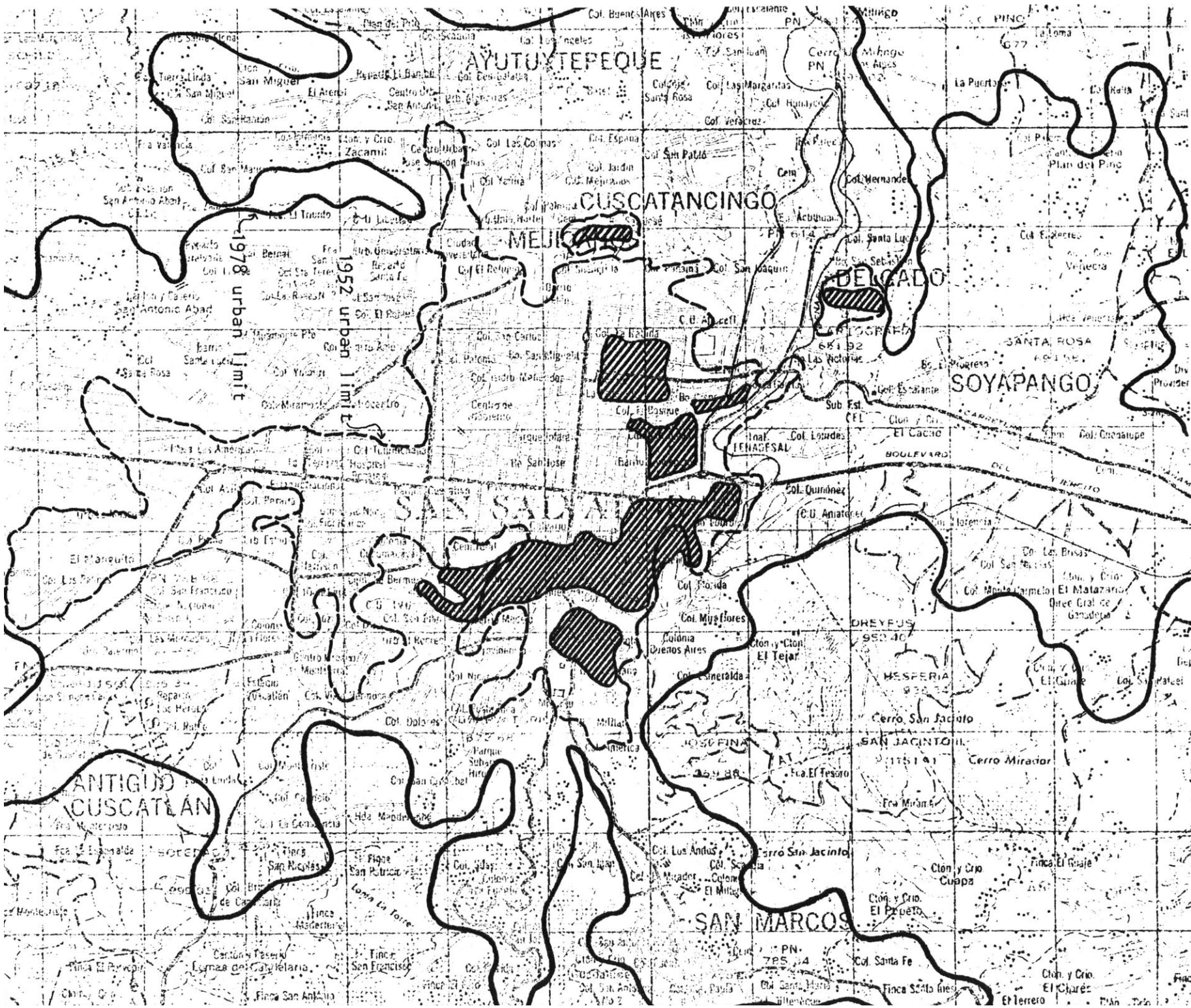
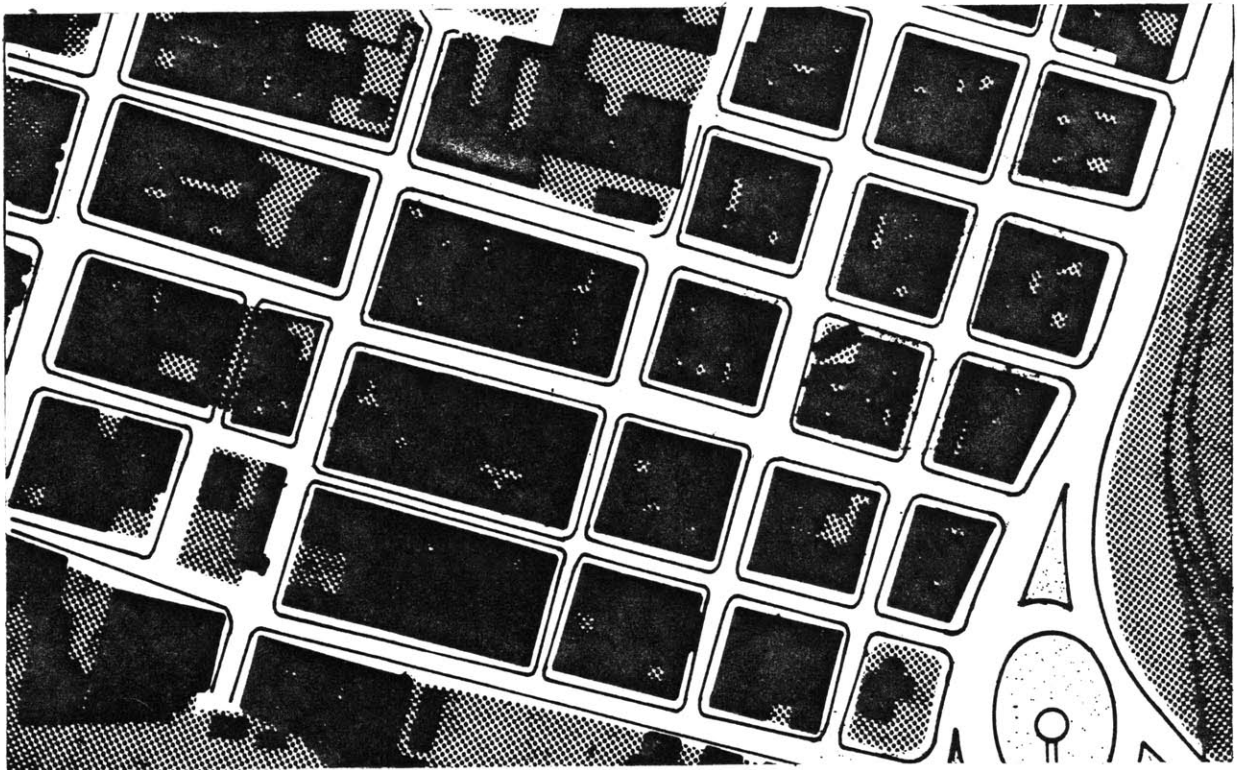


Illustration 3.8

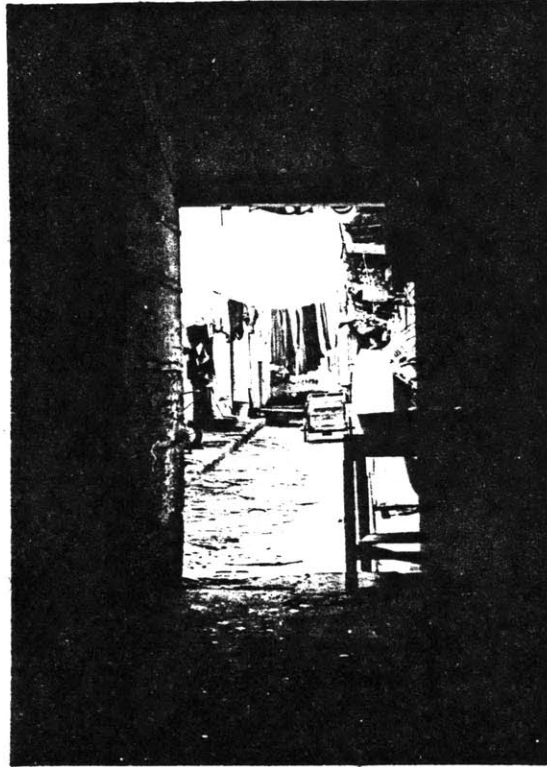
Aerial Photograph and Plan of Representative Mesón District
in San Salvador.



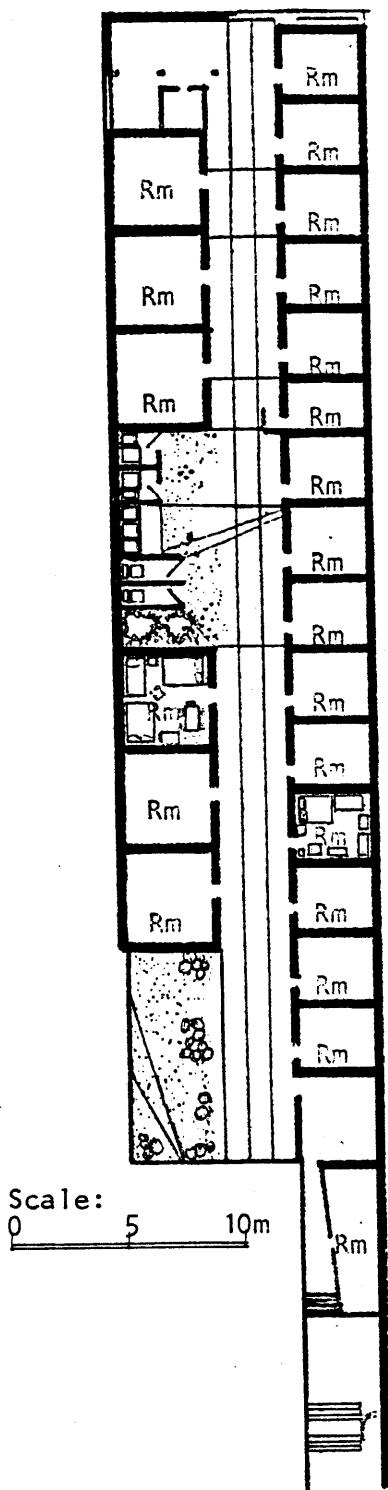
1:2,500

Illustration 3.9

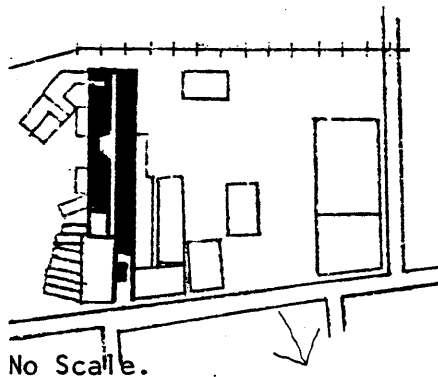
Photographs of
Representative
Mesones in
San Salvador



Plan and Data of Representative Mesón,
Barrio Concepción, San Salvador.



Total Plot Area:	597 m ²
Constructed Area:	323 m ²
Floor Area Ratio:	0.54
Number of Rooms:	23
Number of Households:	23
Net Density:	1,474 persons/hectare
Rental Payments:	US\$ 10 (25 colones) (15 rooms)
	US\$ 13 (33 colones) (7 rooms)
Total Rents:	US\$ 242 (606 colones)
Rent/m ²	US\$ 0.75 (1.87 colones)



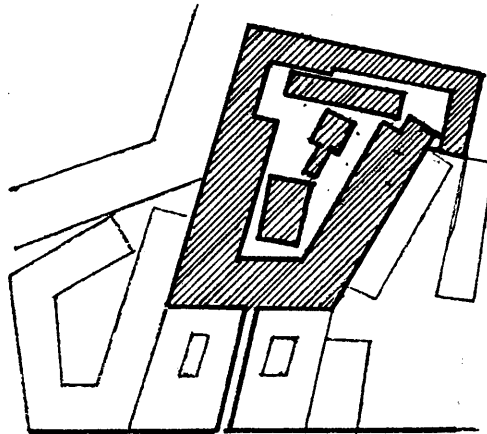
No Scale.

Location: Calle Concepción No.1232.

Plan and Data of Representative Mesón
Barrio Concepción, San Salvador.

Total Plot Area:	1,114 m ²
Constructed Area:	781 m ²
Floor Area Ratio:	0.70
Number of Rooms:	62
Number of Households:	60
Net Density:	2,072 persons/hectare
Rental Payments:	US\$ 10 (25 colones) (22 rooms)
	US\$ 12 (30 colones) (22 rooms)
	US\$ 14 (35 colones) (18 rooms)
Total Rents:	US\$ 736 (1,840 colones)
Rent/m ²	US\$ 0.94 (2.36 colones)

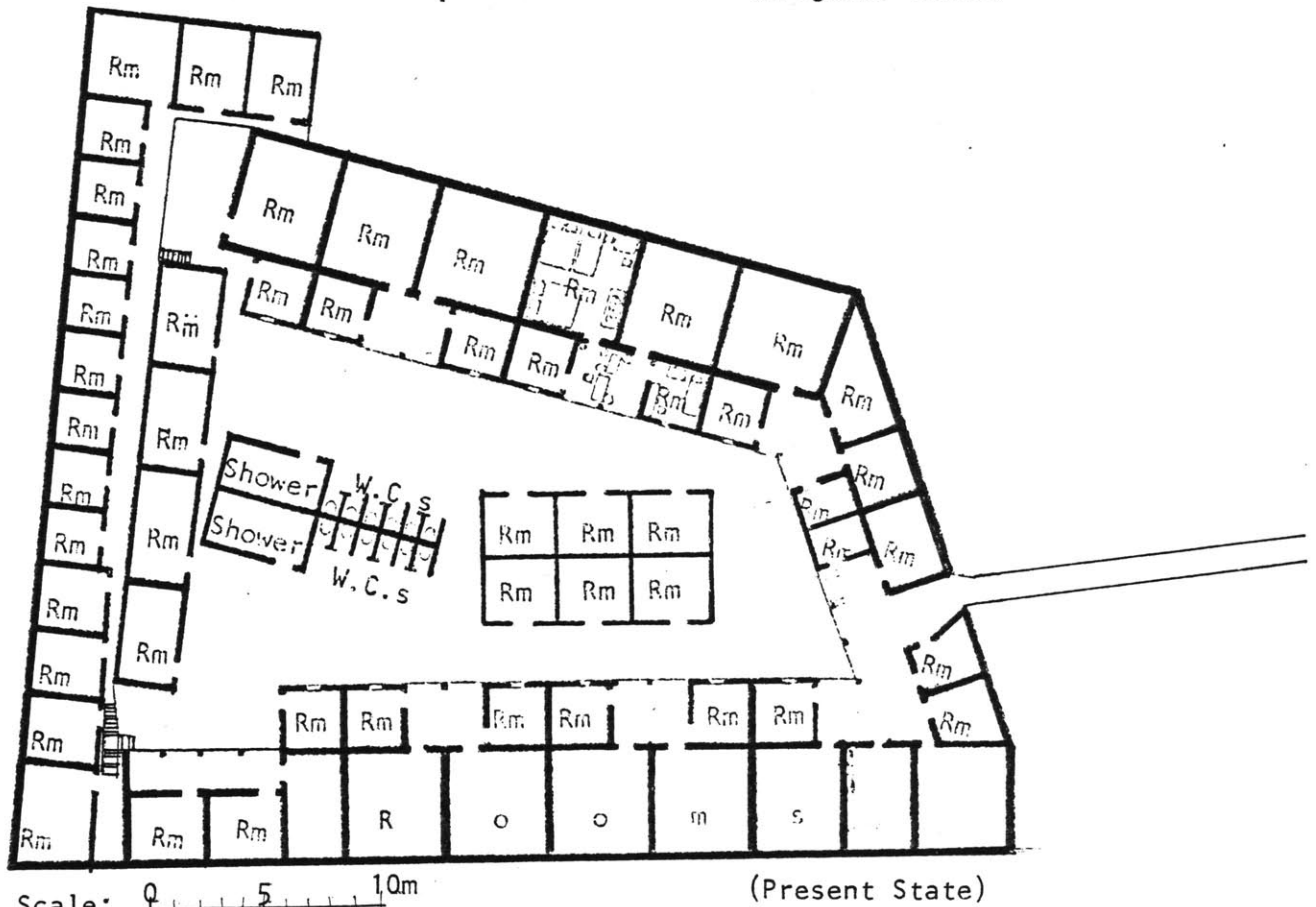
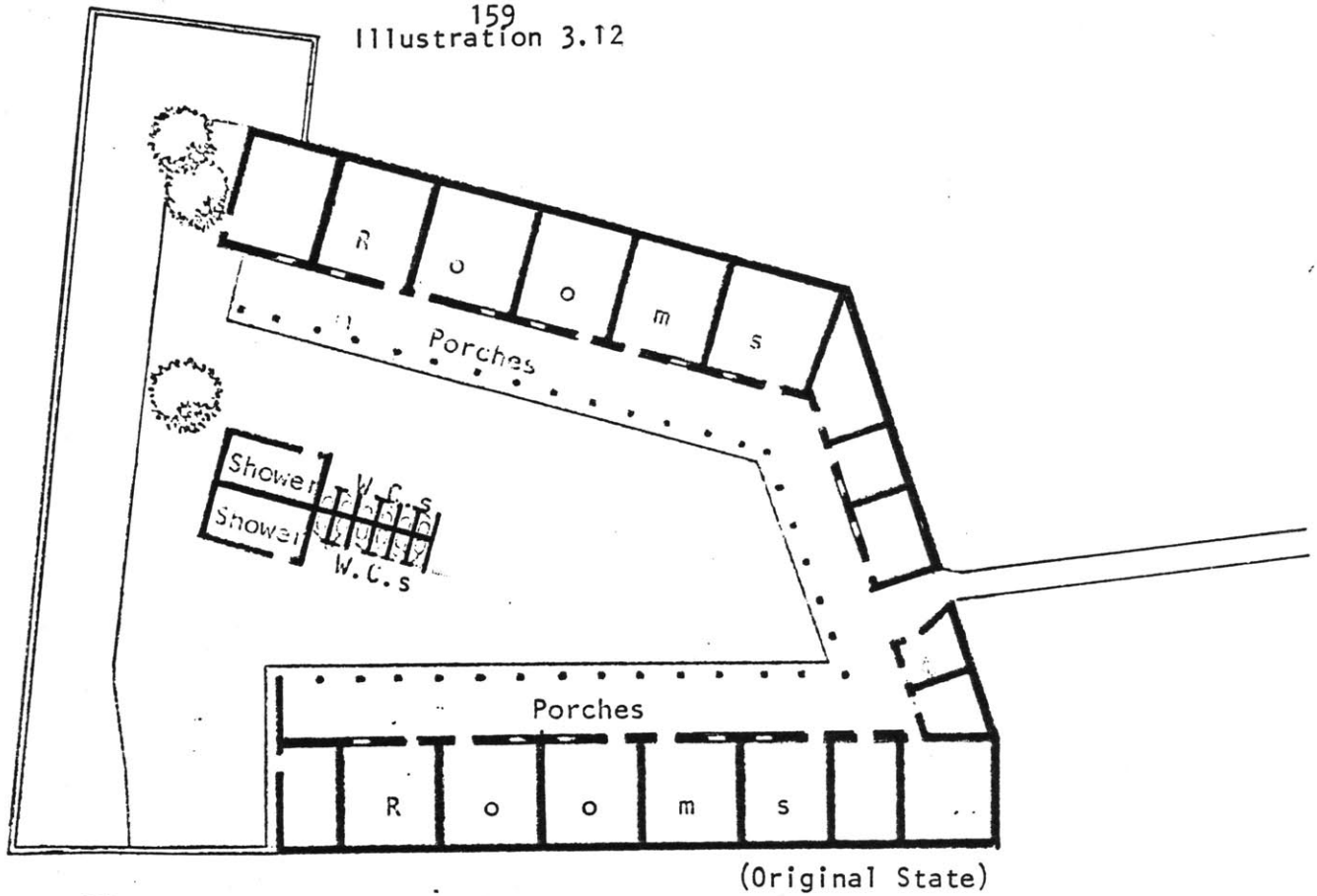
(For Plans see
following page)



No Scale.

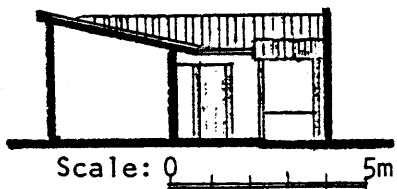
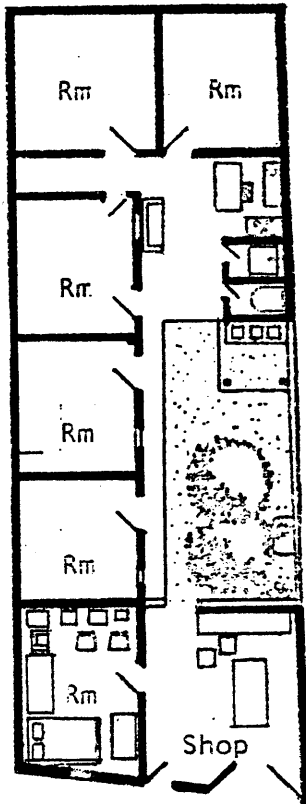
Location: 24 Avenida Norte.

Source: Same as previous illustration.

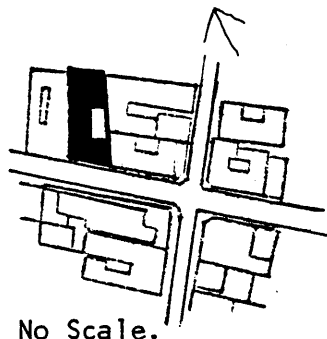


Scale: 0 5 10m
Source: Same as previous illustration.

Plan and Data of Representative Mesón
 Barrio San Jacinto, San Salvador.



Total Area:	142 m ²
Constructed Area:	114 m ²
Floor Area Ratio:	0.80
Number of Rooms:	7
Number of Households:	3 + shop
Number of Persons:	12
Net Density:	845 persons/hectare
Rental Payments:	US\$ 7.3 (3 rooms)
	US\$ 10.0 (2 rooms)
	US\$ 0.0 (2 rooms)
Total Rents:	US\$ 42.0 (5 rooms)
Rent/m ²	US\$ 0.5 (1.29 colones)

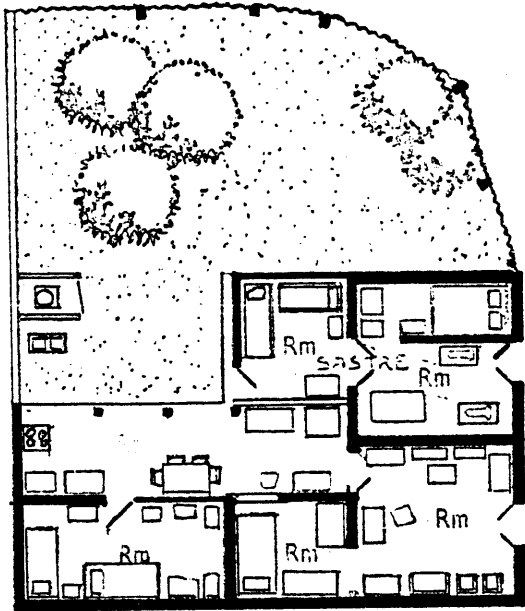


Location: Avenida Cuba y Calle Lara.

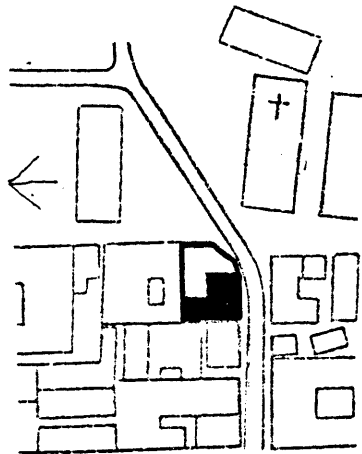
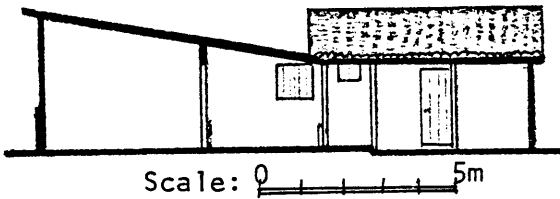
Source: Same as previous illustration.

Illustration 3.14

Plan and Data of Representative Mesón,
Barrio San Esteban, San Salvador.



Total Plot Area:	179.2 m ²
Constructed Area:	91.8 m ²
Floor Area Ratio:	0.51
Number of Rooms	5
Number of Households:	2 + tailor shop
Number of Persons:	10
Net Density:	558 persons/hectare
Rental Payments:	US\$ 6.7 (16.35 colones) (3 rooms)
	US\$ 7.0 (17.50 colones) (2 rooms)
Total Rents:	US\$ 34.0 (85 colones)
Rent/m ²	US\$.37 (.92 colones)



No Scale.

Location: Avenida Cuba y Calle Lara.

Source: Same as previous illustration.

3.6 Colonia Ilegal Submarket:

General Characteristics

Colonia ilegal, urbanización pirata, or lotificación are the more common names given to the newest and, by 1975, the second largest type of low-income settlement for the urban poor in El Salvador. The terms simply translate "illegal land subdivisions,"* and are somewhat similar to the colonias proletarias of Mexico City, the urbanizaciones piratas of Bogotá, the suburbios of Rio and casas clandestinas in Lisbon.**

Although the newer illegal subdivisions often are visually similar to and sometimes indistinguishable from squatter settlements to the outsider, colonias ilegales are quite different in terms of at least one key variable, the actual or, in some cases, perceived jural situation of the

* Colonia, lotificación, reparto or parcelación are all Spanish terms roughly equivalent to "subdivision" or to "suburb." Although the term colonia was originally more associated with fully serviced, upper-income suburbs and the other terms more with middle or lower-income land subdivisions with lower service levels, they are now practically interchangeable in El Salvador. The terms ilegal and pirata, on the other hand, are exactly equivalent to their English "illegal" and "pirate," that is, outside the established legal framework. Thus, any combination of the first set of terms with the second, refers indistinctly to illegal land subdivisions around urban areas.

** Sudra, op. cit., and the author's Master's Thesis, "The Colonias Proletarias of Mexico City: Low Income Settlements at the Urban Fringe," Department of City Planning, M.I.T., Cambridge, 1966, describe Mexico City's colonias proletarias. Valenzuela and Vernez, op. cit., describe Bogotá's urbanizaciones piratas. Anthony Leeds, op. cit., describes both Liston's casas clandestinas as well as Rio's suburbios, although all at very general descriptive levels. I am not aware of other studies in illegal land subdivisions in other Latin American cities, even in such well studied cities as Lima, Caracas or Santiago.

individual plot. Informal agreements equivalent to some form of ownership do exist, especially in the case of households who have signed an arrendamiento con promesa de venta, a "rental with promise of sale" agreement. These are usually unnotarized papers composed of two parts: the first is a normal rental agreement which specifies the use of a plot, not dissimilar to a house rental agreement. The second part is an option to purchase which states that with the last monthly payment, the accumulated rental becomes mortgage payment towards purchase, and, if no default has occurred title transfer can take place.

Usually, when there is a signed paper, the document contains a few clauses: a) names of seller and of "renter-purchaser," b) definition of plot by number or location and sometimes by dimensions; c) amount of monthly payment and total number of payments or years; d) penalty clause establishing that failure to meet one or, occasionally, two monthly payments will cause all previous payments to revert to the status of simple rent for the use of the property; and e) a clause delimiting the landowner's responsibility in the transaction.

The penalty clause is a commonly accepted part of the agreement, whether this is written or verbal. It is the most important part because failure to receive payment, whether by default or because the owner or developer refuses to accept it, will permit cancellation of the agreement without returning any part of the monthly payment even after many years, and the plot can again be offered to another family because the original family has not actually acquired the legal deed. Thus, it is not uncommon to find a plot that has been rented under several agreements to either the same or different households all of whom hoped to become legal owners.*

* In Section 3.10 an analysis is made of the household survey of the actual status of title in colonias ilegales.

This legal situation allows the owner or developer (lotificador) or his representative (encargado) legal control of the land until the last payment is made, often as many as 10 or 15 years after the initial payment. As will be discussed in Chapter IV, this allows varying degrees of social control over households and, as in the mesones, it tends to reinforce the lack of collective interest on the part of the residents.

Although the new Commerce Law has recently equated the "rental with promise of sale" form of contract* to a regular sale with mortgage, the illegal status of a colonia ilegal refers not to the illegality of the title of the individual plot, but rather to the jural situation of the subdivision itself, that is, that plans have not been presented to and approved by DUA, the subdivision and construction Department of the Ministry of Public Works. Thus, in El Salvador, a colonia ilegal is technically any urban land subdivision developed after the 1951 Ley de Urbanismo y Construcción** which did not present plot and infrastructure plans for approval, whatever income level is served. In fact, during the first years after the Law was enacted, even some upper-class, fully serviced subdivisions did not present plans for approval.*** The term, however, refers today almost exclusively to lower-income subdivisions for which plans have not been approved and full infrastructure networks have not been planned.

* See: "Código de Comercio," Arts. 1025 and 1026, published in Diario Oficial N° 140, Vol. 228, July 31, 1970, which in fact equates "rental with promise of sale" agreements to normal "sale with time payments" agreement. It is not known to the author, however, if any purchaser of an illegal subdivision lot has, after the law's enactment, been able to recuperate payments as mortgage.

** Sanctioned by Legislative Decree N° 232 of the 4th of June, 1951, published in Diario Oficial N° 107, Vol. 151, June 11th, 1951.

*** "Colonia Escalón" is the most notorious example of a large, upper-class subdivision in San Salvador, developed since the early 1950's and only legalized in 1977.

Typically, a colonia ilegal is a peripheral, initially low-density, land subdivision possibly designed by an engineering student or topographer, where fairly regular, although rudimentary, streets have previously been demarcated by the owner or developer, whose objective is the "selling" of unimproved plots to individual households for maximum exploitation of the land.*

Since the objective is to sell most of the land in plots, and plans are not submitted for approval to DUA, there are rarely any open spaces left for future community land uses such as schools, playgrounds, clinics, etc. In addition, access roads are rarely adequate for the eventual density of the subdivision. Although plots tend to be somewhat generous, typical "streets" may be only 1.5 metres wide and occasionally so steep as to make steps necessary for circulation. Most important, however, is the lack of any planned water supply, sewerage system or storm drainage. But to be able to sell well, trunk infrastructure is often at a "reasonable" distance from the subdivision. The lack of services, however, places lotificaciones initially at the level of squatter settlements.

While mesones tend to be mostly concentrated in central locations within the legally built sections of cities, colonias ilegales are mostly located at the urban fringe and beyond it. They are usually scattered rather than contiguous, due partly to topography, ownership patterns and proximity to peripheral roads and highways, thus providing a great variety of settlements.** As will be seen below, another important characteristic is that

* See illustrations following this Section showing representative colonias ilegales and three plots.

** Illustration 3.15 following, represents the distribution of colonias ilegales in the Metropolitan Area of San Salvador, around the north, east and south east peripheries.

colonia ilegal plots vary considerably in size and price, depending principally on age and location. Similarly, housing quality and investment varies significantly within and between lotificaciones. Construction within the same subdivision will typically range from rudimentary shanties to constructions requiring a high level of investment, a very different situation from that of mesones and even tugurios. On the average, however, construction investment is above US 1,000 dollars (2,500 colones) per unit, but much higher in the older, more consolidated subdivisions that merge with the formal portions of cities. Thus, rates of improvement vary over time according to the capacities and initiatives of each plot owner. A typical colonia ilegal of medium age may have gross densities as low as 200 persons per hectare, three to ten times less than that found in mesón districts.

Since the development of the colonia ilegal land market is a relatively recent phenomenon, little documentation exists on their origin. The first diagnostic housing study makes no mention of them in 1949, probably because there were no legal subdivision requirements at that time and there could therefore be no "illegality" in any land development. However, the 1954 Master Plan for San Salvador, published several years after the subdivision regulations went into effect does not mention lotificaciones either. The first public reference to colonias ilegales is only found as late as 1969, at the Metropolitan Planning Symposium.*

* See Consejo Nacional de Planificación y Coordinación Económica and Ministerio de Obras Públicas, Documentos Básicos del Simposio de Desarrollo Metropolitano: METROPLAN 1980, Documents N° 9, 13, 16, 19 and 22, San Salvador, 1969; hereinafter referred to as Documentos Básicos. See also a student thesis of that date: Edgar G. Vanegas C. and Eduardo A. Varahona M., "Estudio sobre Urbanizaciones Ilegales en la Ciudad de San Salvador," Facultad de Ingeniería y Arquitectura, Universidad de El Salvador, San Salvador, 1969.

One government study, however, carried out by DUA one year earlier, estimated that 25.8 per cent of the Metropolitan Population (112,282 persons) were already housed in "new, unplanned housing" units developed in the decade between 1958 and 1969, in addition to 22 per cent (95,861 persons) who were housed in "old, unplanned housing" units, or colonias ilegales developed before 1958.* Thus, according to the DUA study 47.8 per cent of the San Salvador population was already in colonias ilegales by 1968. Although this figure might perhaps be questioned, it is reasonable to assume that the first significant growth of the colonias ilegales began a decade earlier, by the mid-1950's.**

It is not altogether clear how the early illegal subdivisions got started, but it is likely that original owners of land at the urban fringe and nearer the poorer sections of cities saw the potential of entering the real estate market without the legal, financial and physical complications that "normal" subdivisions implied, especially because the original subdivision regulations were so inflexible and set such high standards. It seems, however, that by the end of the 1950's, with increasing urbanization and housing demand, and mesón conversion not keeping up with the demand from the lower-income sectors, land subdivisions became a common occurrence at the fringes of most growing urban areas, with little land available for large invasions.

* See, for instance: Manuel Murillo, "Estudio Sobre Tipos de Vivienda Pre-dominante en la Ciudad de San Salvador y sus Alrededores," Ministerio de Obras Públicas, San Salvador, 1968, published under the same title in Estudios Centroamericanos, Nos. 308-309, June-July, San Salvador, p. 379-400.

** In more urbanized countries, such as Mexico and Colombia, the process of illegal subdivision growth began at least two decades earlier. See: Harth Deneke "Colonias Proletarias," op. cit., and Vernez, op. cit.

Soon after, intermediaries also began to enter the market by purchasing peripheral land with only primitive access from surrounding highways and subdividing it into unimproved plots, taking advantage of the inefficacy of enforcement of government regulations and the profitable nature of the illegal land market. No financing was required for such subdivisions because no capital investments were necessary, except in a few cases where the engineering costs for the subdivision's streets and plots were significant. In addition, except for minor collection costs, there were no unavoidable fixed operational costs. Finally, since receipts usually took the form of informal papers, income derived from land sales would not necessarily be declared as taxable income or capital gains.

By 1971, the Census estimated that almost one in five families had a "rental with promise of sale" status in the Department of San Salvador. Thus, large portions of farm or marginal lands with farm values of US 0.10 to US 0.20 dollars (0.25 to 0.50 colones) per square meter, were "sold" for US 1.00 to US 8.00 dollars (2.50 to 20.00 colones) per square meter, depending on location within the city, plot size, topography, age and proximity to the urbanized fringes and most important, perceived proximity to existing trunk infrastructure.*

Although further historical research is needed on the subject,** four possible hypotheses have been proposed for the extensive growth of illegal land subdivisions relative to squatter invasions in cities with rapidly increasing

* The issue of land appreciation will be discussed in greater detail in Chapters IV and VI.

** These hypotheses have been proposed by Valenzuela and Vernez, *op. cit.*, and Harth Deneke, Alberto "Quasi-Legal Urban Land Subdivisions in Latin America: A Solution or a Problem for Low-Income Families." paper presented at the "Expert Group Meeting on Strategies for the Improvement of Low-Income Settlements, New York, Nov. 1977.

demand for low-income housing. These include: a) the nature of the political system and the effectiveness of the police or armed forces in mobilizing against invasions;* b) the lack of land that is easy to invade (either because there is little or no appropriate public land** or because private land is in the form of relatively valuable, intensely cultivated, agricultural properties);*** c) concentrated land tenure which keeps large portions of potentially urban land out of development for speculation with future added value;**** and d) heavy seasonal rainfall which makes it extremely difficult for a family to invade and live without some form of roof made from permanent materials.*****

It is evident, however, that by 1975 the colonias ilegales were probably the fastest growing urban residential land use in El Salvador and already housed a significant proportion of the population in the five principal urban areas: one fifth of the total housing units, equivalent to almost one third of the informal housing stock, was in colonias ilegales. The following table estimates the proportions in each of the five urban areas.

-
- * Up to the beginning of 1978 there had been only one organized urban land invasion in San Salvador, and rural land invasions have been quickly dispersed. In the case of Bogotá, Valenzuela and Vernez, op. cit., p. 92, cite only ten such land invasions in the history of the city, which is a very different situation from Rio, Caracas, Lima, etc., where the majority of the informal sector are reported to be living in squatter settlements.
- ** The only organized invasion in San Salvador occurred in a large piece of land acquired by the Municipal Government for a future "garden cemetery" in Soyapango. Years later, the city abandoned the idea of relocation and purchased another property for the cemetery.
- *** Both Bogotá and El Salvador's principal cities (San Salvador, Santa Ana, Sonsonate, San Miguel and Usulután) are located in fertile valleys with rather high agricultural productivity.
- **** It is perhaps no coincidence that the illegal subdivisions have grown only in areas where peripheral land tenure is broken up.
- ***** This may have only a marginal influence, but is cited by Valenzuela and Vernez, op. cit., p. 93.

TABLE 3.9

COLONIA ILEGAL POPULATION AS PROPORTION OF TOTAL URBAN POPULATION AND
OF POPULATION IN THE INFORMAL HOUSING STOCK, 1975

Urban Area	Total Urban Population	Population in Informal Housing	Colonia Ilegal Population Per Cent of Total	Population Per Cent of Informal
Metropolitan Area of San Salvador	564,967	351,899	20.6%	33%
Santa Ana	98,433	65,831	13.4%	20%
San Miguel	61,940	37,763	18.9%	31%
Usulután	19,783	14,912	29.4%	39%
Sonsonate	33,302	18,539	7.2%	13%
TOTAL	778,425	488,944	19.5%	31%

Source: Compiled from Tables 3.6 and 3.7 above.

Although it is likely that the extent and growth of colonias ilegales, under present tendencies and policies, will make them the principal informal housing submarket in El Salvador's cities by 1980, very little is known about the structure of demand and supply in this market, except for three case studies conducted in the early 1970's as student theses,* the Vivienda Popular

* These are: Mario Francisco Peña, "Planificación de la Vivienda Para la Población de Escasos Recursos Enfocada a Solucionar el Problema de las Colonias Ilegales en el Area Metropolitana de San Salvador," Facultad de Ingeniería y Arquitectura, Universidad de El Salvador, San Salvador, 1970; and Roberto Paredes Martel, "Plan Piloto de Desarrollo Físico de las Colonias Ilegales del Sector Guadalupe, Municipio de San Marcos," Facultad de Ingeniería y Arquitectura, Universidad de El Salvador, San Salvador, 1971, and: Rosa María Sequeira, "Estudio Comparativo de las Soluciones Habitacionales Urbanas Dadas por el Sector Institucional y el Sector Espontáneo en El Salvador," Facultad de Ingeniería y Arquitectura, Universidad de El Salvador, San Salvador, 1972.

and associated case studies in 1975,* and the ongoing UNDP-IBRD sponsored study on housing rehabilitation conducted under the Ministry of Planning.** Usually, housing studies and research have focused on squatter settlements, rather than colonias ilegales or mesones.

In part, this lack of knowledge about the colonias ilegales has also led to indifference and as a consequence, to ambiguous and contradictory policies towards this form of urban settlement. Originally, no infrastructure agency would service an illegal subdivision because it was not a formally approved development and plans for services had not been prepared. FOCCO, the national community development agency was, perhaps, the first to introduce water supplies, sewerage systems, electricity, bridges and schools in colonias ilegales, especially in the secondary cities and the municipalities surrounding San Salvador. FOCCO probably became involved simply because illegal subdivisions were indistinguishable from other settlements in those towns, but also important, was the fact that FOCCO had no legal criteria for its improvement programs and community groups in illegal subdivisions therefore started to turn to FOCCO due to the lack of response they encountered in ministerial and autonomous infrastructure agencies.

Public schools and clinics were the only services to be introduced earlier, however, since programs of the Ministries of Education and Health were based on overall perceived sectoral needs rather than the legality of land development. Similarly, the private power distribution companies,

* See especially the contribution of George Gattoni: "Utilización del Terreno Habitacional en el Area Metropolitana de San Salvador," and Raúl Escobar Castro and Elsy Torres de Meléndez, "Estudios de Caso de Tres Submercados Populares Habitacionales," both in Vivienda Popular, Vol. IV, op. cit.

** EDURES, Rehabilitación..., op. cit.

limited not by subdivision regulations but by the clientele's capacity to pay, began to extend their services, wherever there was demand, to all informal settlements: mesones, colonias ilegales and even tugurios. By the mid-1970's DUA had begun to install trunk infrastructure in some colonias ilegales, mostly in those where the landlord or developer was convinced of the necessity of "legalizing" the subdivision, or where the majority of the households had already become legal plot owners. The bulk of the periphery's illegal land subdivisions, however, still remain outside the "Ley de Urbanismo" and receive none of the principal urban services.

As might be expected, since residence in a colonia ilegal usually involves various economic and social commitments, such as signing a "purchase" agreement, making continuous lot payments, the construction of a building and higher transport costs, they do not, for the most part, house the very lowest-income households nor the most recent arrivals in the city. As will be seen in the following sections, colonia ilegal households on the average earn almost 45 per cent more than families in tugurios and 36 per cent more than families in mesones. They pay approximately US 9 dollars (22.24 colones) per month for their plot, excluding payments for the construction materials, infrastructure and transport costs. In addition, households tend to be more numerous than those found in mesones and have higher educational levels than tugurio households. As a result, they usually have more stable employment, mostly in the services sector.

The following pages illustrate the location and summarize the general characteristics of colonias ilegales and describe some representative subdivisions in San Salvador.

Principal Characteristics of Representative Colonia Illegal Districts
in the Metropolitan Area of San Salvador

- Type of Unit: Single family unimproved plot with clearly demarcated limits, facing a right of way within a land subdivision.
- Age: Most recent type of major informal low-income settlement, emerging in the 1950's but only described in public documents in the late 1960's.
- Location: Peripheral areas of main cities, usually near existing access and expected future urban services.
- Size of Submarket: 31 per cent of informal and 20 per cent of total urban housing stock in 5 cities.
- Tenure: Before subdivision, land is legally owned by developer. Once subdivided, plots are let under formal and informal "rental with promise of sale" agreements, also legal titles and rentals.
- Jural Situation: Do not conform to existing laws and regulations for urban subdivisions, no plans presented for approval.
- Habitable Space: Average 25-60 m² enclosed space per family in addition to yard of similar dimensions.
- Income Level: US 124 dollars (310 colones) per family or US 24 dollars (61 colones) per capita monthly.
- Monthly Payment: US 8.9 dollars (22.2 colones) on the average per plot, excluding infrastructure and housing construction.

- Unit Cost:** US 1,320 dollars (3,300 colones) average per plot and US 1,010 dollars (2,525 colones) for housing construction.
- Financing:** Little or no financing for developer; self or informal financing for household.
- Owner/developer:** Middle and upper-middle income sector: merchants, lawyers, landowners, engineers, etc., assign plots, collect rents and control development.
- Density:** Lowest residential densities of informal settlements; 211 persons per hectare (32.9 units per hectare) on the average, but tending to increase.
- Community Facilities:** Initially none, and no space provided by developer for such facilities.
- Infrastructure:** Initially none, except for rudimentary access roads and occasionally communal water supply; eventually most are put in either by community effort or by formal agencies.
- Construction:** Entire range of systems from most temporary (tugurio-like) to most permanent (middle-income) and entire range of materials.
- Builder:** Units either self-built or contracted out or combinations; subdivision laid out by topographer/engineer.
- Government Policy:** Combination of contradictory positions from prohibition and neglect to partial servicing.

Illustration 3.15

Approximate Location of Colonias Ilegales in the Metropolitan Area of San Salvador.

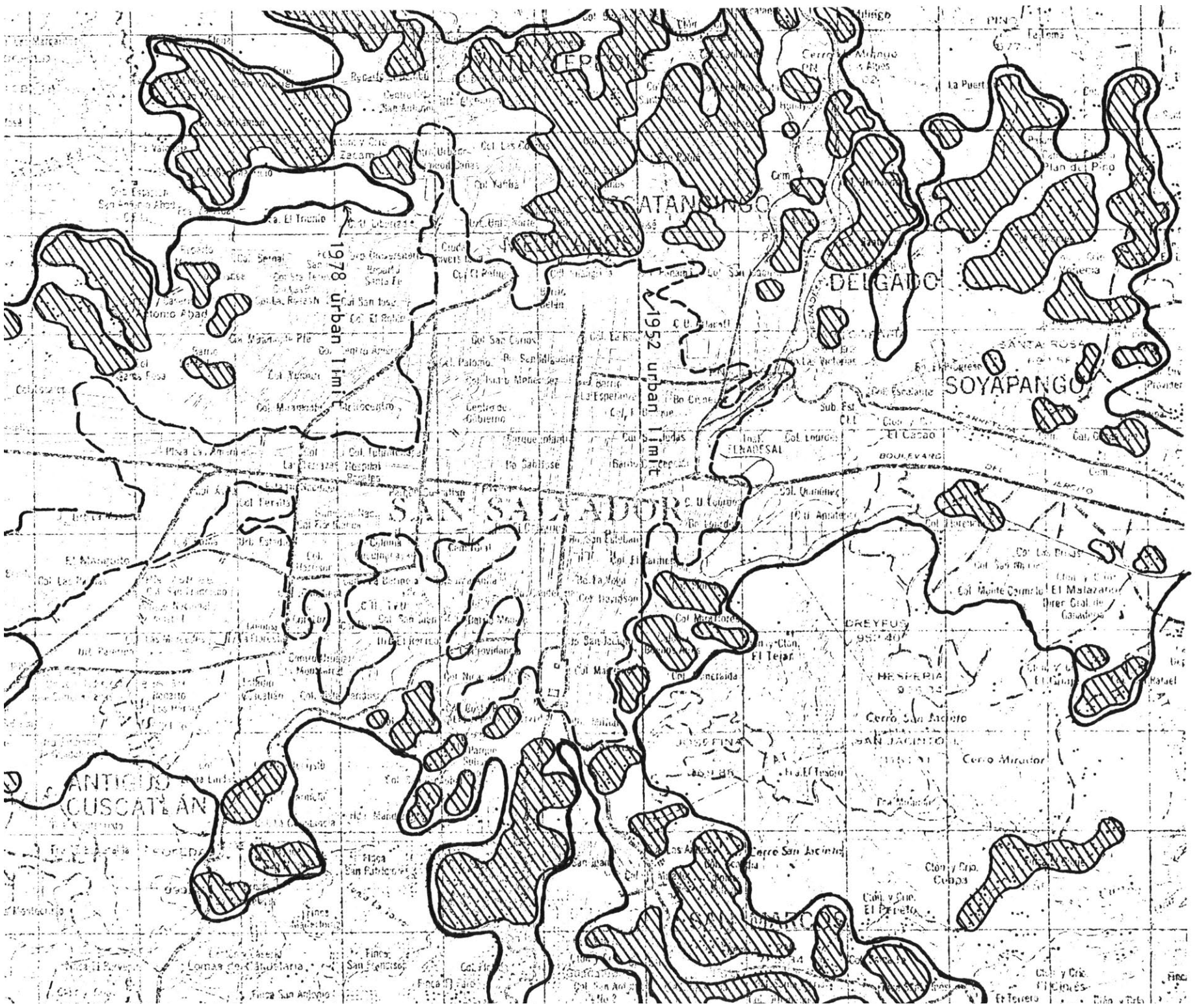


Illustration 3.16

Aerial Photograph and Plan of Representative Colonia Illegal
in San Salvador



Illustration 3.17

Photographs of Representative Colonias Ilegales
in San Salvador

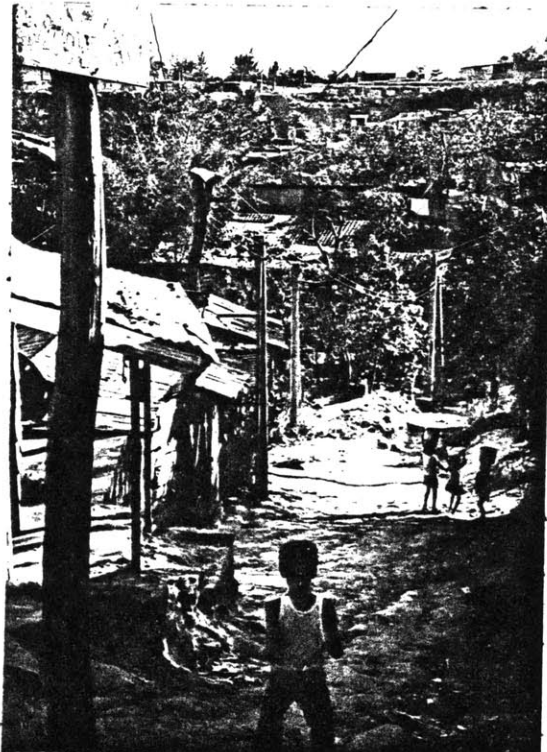
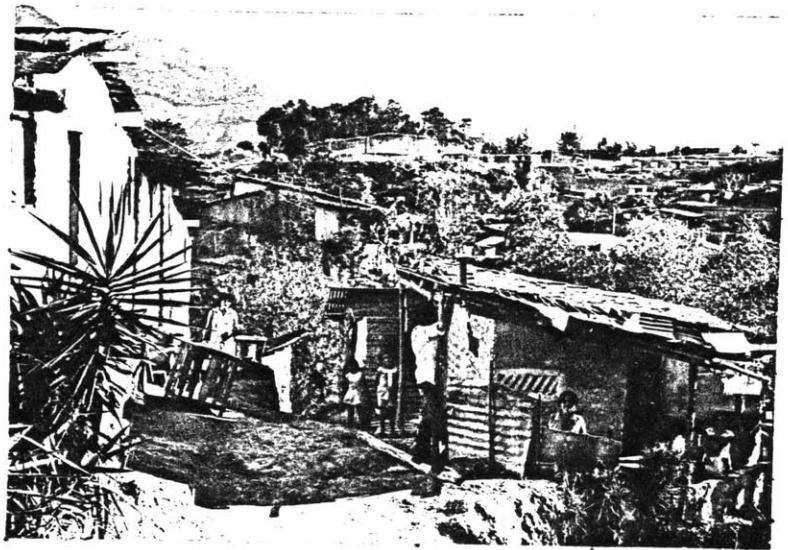
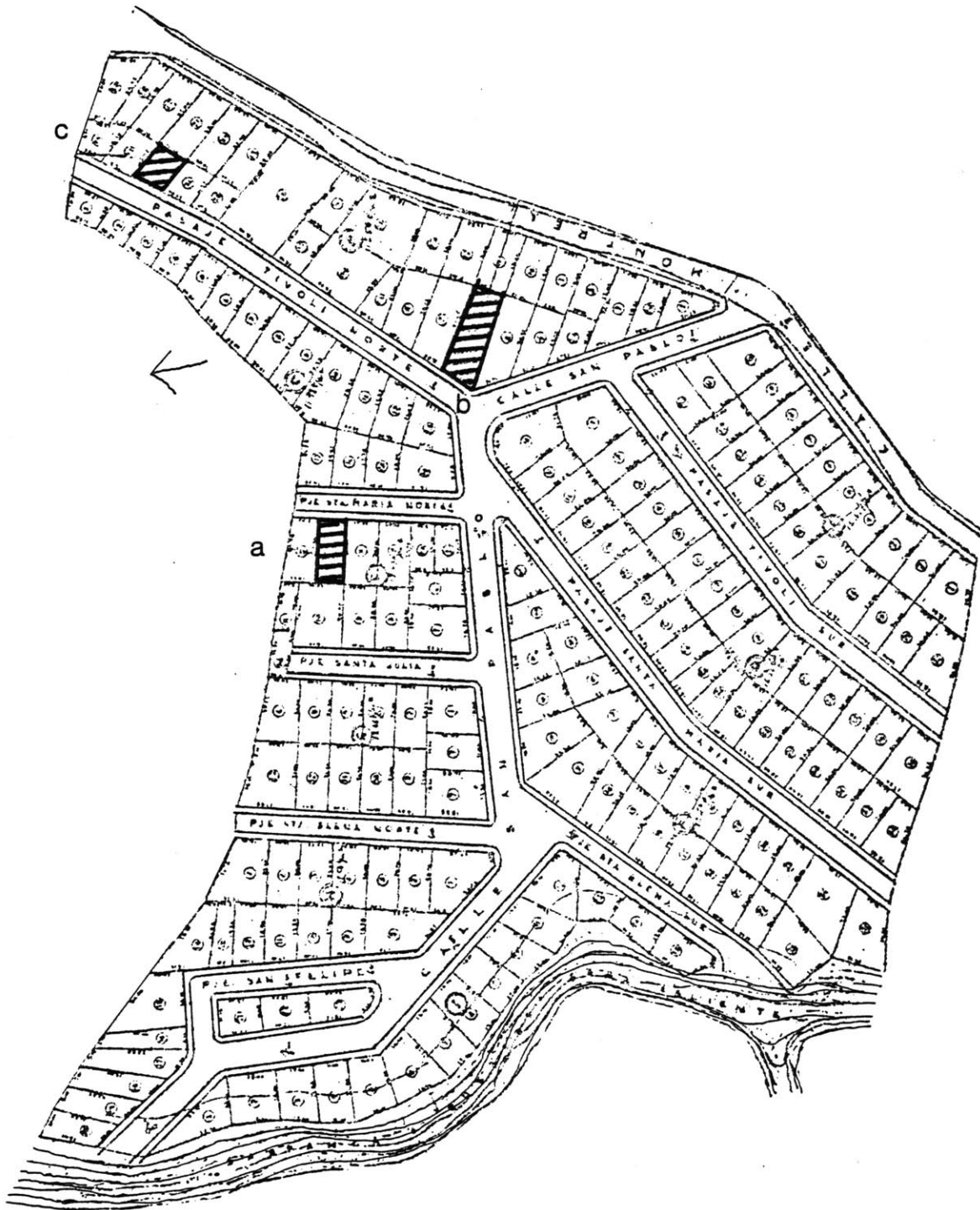


Illustration 3.18

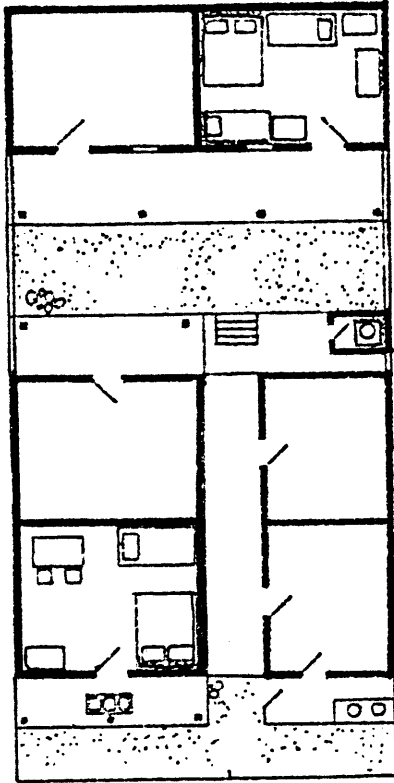
Plan of Representative Colonia Illegal,
Lotificación San Simón, Mejicanos.



Source: Ministerio de Planificación, Rehabilitación... op.cit., n.p.

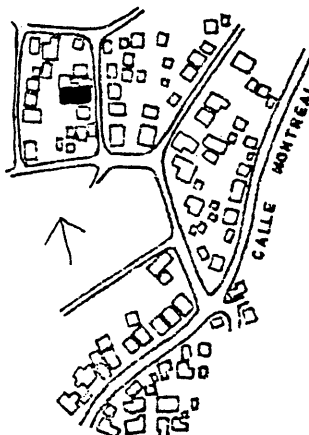
Illustration 3.19

Plan and Data of Representative Colonia Illegal Plot,
 Lotificación San Simón, Mejicanos.

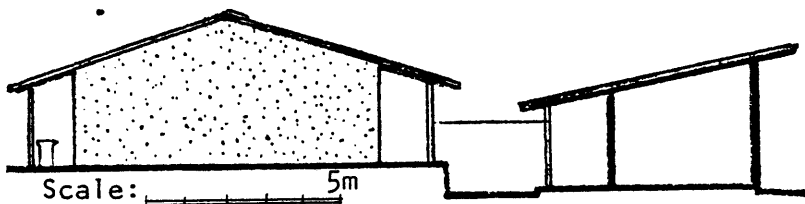


Plot "A"

Total Plot Area:	196.0 m ²
Constructed Area:	127.5 m ²
Floor Area Ratio:	.65
Number of Households:	5
Number of Persons:	25
Net Density:	1,275 persons/hectare
Payment Period:	10 years
Monthly Payment:	US\$ 10 (24 colones)
Total Payment:	US\$ 1,200 (3,000 colones)
Cost/m ² land:	US\$ 6.12 (15.31 colones)



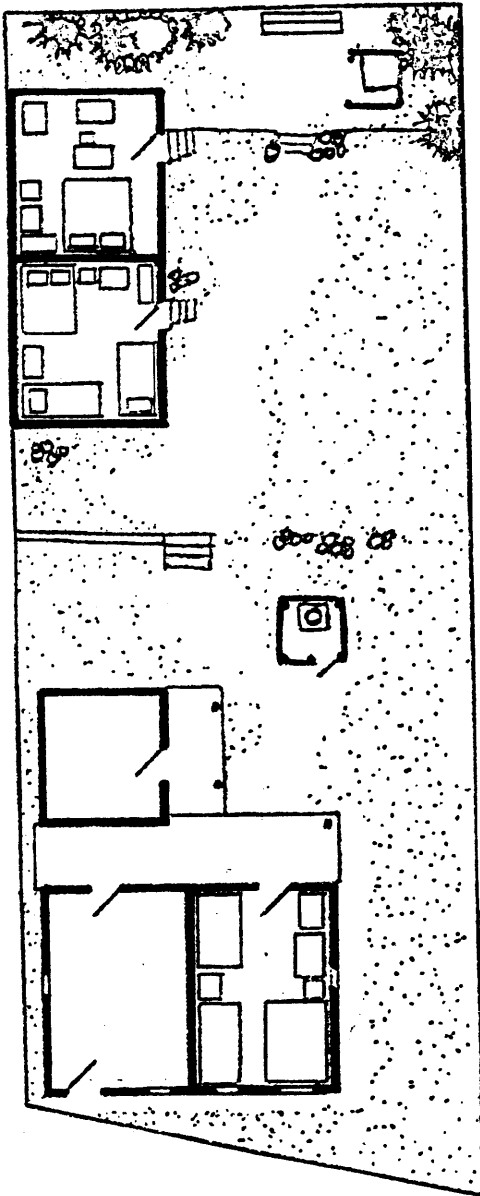
No Scale:



Source: Same as previous illustration.

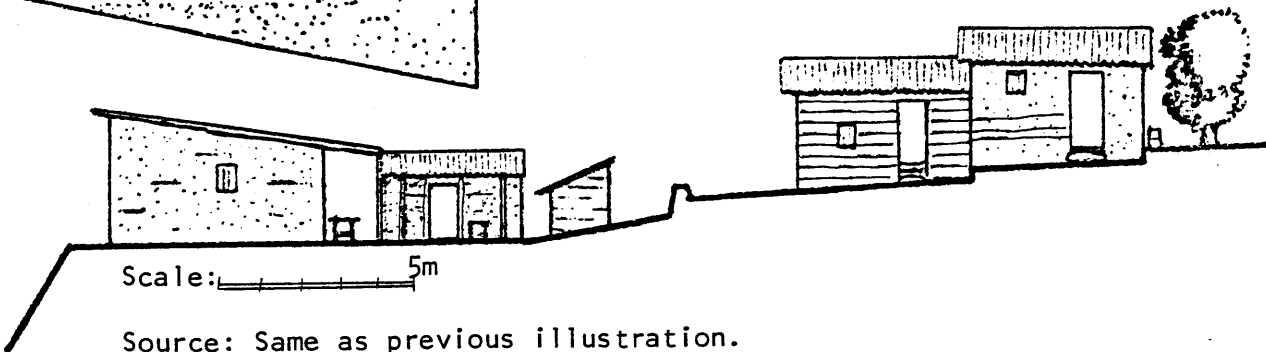
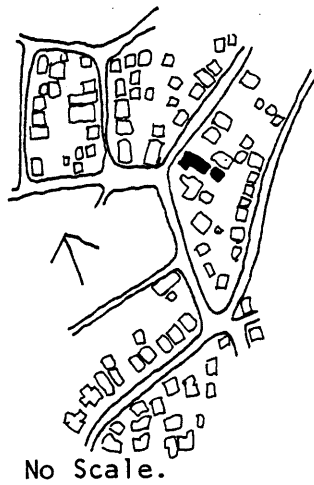
Illustration 3.20

Plan and Data of Representative Colonia Illegal Plot
 Lotificación San Simón, Mejicanos.



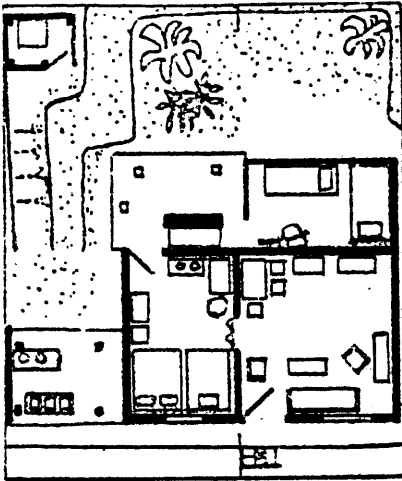
Plot "B"

Total Plot Area:	343 m ²
Constructed Area:	104 m ²
Floor Area Ratio:	.30
Number of Households:	5
Number of Persons:	22
Net Density:	640 persons/hectare
Payment Period:	(rental)
Monthly Payment:	US\$ 15 (38 colones)
Rent/m ² Land:	US\$ 0.04 (.10 colones)



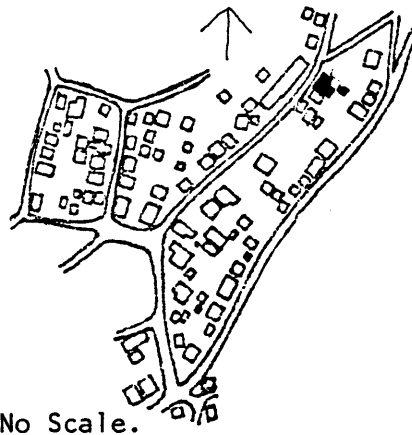
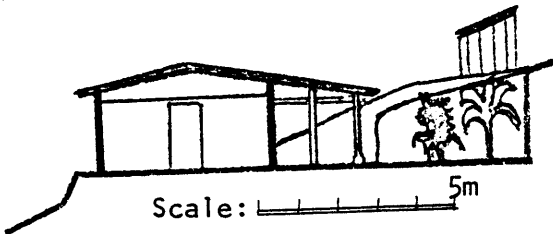
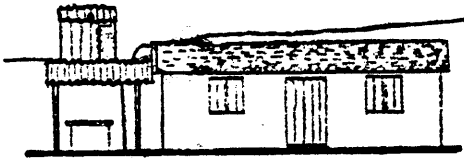
Source: Same as previous illustration.

Plan and Data of Representative Colonia Illegal Plot
Lotificación San Simón, Mejicanos.



Plot "C"

Total Plot Area:	124 m ²
Constructed Area:	40 m ²
Floor Area Ratio:	0.33
Number of Households:	1
Number of Persons:	7
Net Density:	584 persons/hectare
Payment Period:	6 years
Monthly Payment:	US\$ 8 (20 colones)
Total Payment:	US\$ 576 (1,440 colones)
Cost/m ² Land:	US\$ 4.65 (11.61 colones)



Source: Same as previous illustration.

3.7 Tugurio Submarket

General Characteristics

Tugurio is an accepted Spanish term for "small house or shanty."^{i*} In Latin America the term is usually synonymous with "slum area." In El Salvador, however, it is more commonly used to describe a squatter settlement exclusively, rather than any type of low-income or dilapidated housing, and is equivalent to the well-known Latin American terms of: ciudades perdidas or jacales of Mexico, barrios de invasión of Colombia, barrios in Venezuela, barriadas in Perú, or favelas in Rio.^{**}

Tugurio settlements are perhaps the most extensively studied of all low-income urban housing types in El Salvador as well as the most frequently referred to in the mass media, although they do not house significant proportions of the lower-income households. The probable reasons for this are that, as will be seen below, they do house the poorest families within the lower-income sectors and also possibly because they are somewhat visibly located within the built up modern areas of cities, in some cases adjacent to and contrasting with the highest-income residential districts. Tugurios perhaps stand out within the low-income housing market in El Salvador because

* The Diccionario, op. cit., defines the term as: "adjective (derived from Latin tugurium) shepherd hut or cabin. Figurative: small or miserly habitation."

** See Sudra, op. cit., p. 153 for a definition of Mexico City's ciudades perdidas: Valenzuela and Vernez, op. cit., p. 92, for a definition of Bogotá's barrios de invasión: Leeds, op. cit., p. 2, for a definition of Rio's favelas.

they have the lowest level of urban services in addition to the lowest level of construction quality, not entirely unlike some colonias ilegales during the initial stages before consolidation.

Although there are significant variations between and within cities, a tugurio is typically a squatter settlement where families individually and in an unplanned manner have invaded a piece of public land, usually in ravines or rights of way, in order to build a unit constructed of urban waste materials, or less frequently, wattle and daub or a combination of both.

The units themselves are small in size and tend to house one family. Sleeping spaces are usually in the enclosed portion of the unit, and most other family functions (such as eating, cooking, washing, etc.) take place in a porch area or directly outside the unit.*

Sanitary facilities are also usually outside the unit and can be as rudimentary as in rural areas: makeshift pit latrines surrounded by four posts and walls made of plastic sheets, cloth or cardboard. Water is bought by the bucket or barrel and is often carried long distances, except during the rainy season when it is collected from roofs by makeshift gutters and downspouts or in areas where FOCCO in conjunction with the water agency or city government has installed public water taps.

Sanitary conditions are aggravated by overcrowding: tugurios often have higher densities per square meter of habitable space than mesones, even though the overall neighborhood density may be lower because difficult topography may require more space between units. Gross densities are typically around 350 persons per hectare, but in the more central and consolidated tugurios, they may be much higher.

* See illustrations 3.21 to 3.26 which show representative tugurio settlements and units in San Salvador.

In the Metropolitan Area of San Salvador, they are located in small pockets downtown, in peripheral and in intermediate areas. Thus they occupy very varied locations within the urban area, probably because they tend to follow the course and location of the ravines that naturally drain rainwater from the surrounding volcanoes and mountains. They are also located alongside railroads and highways and less frequently on municipal land.

The characteristics differentiating tugurio and other principal forms of low-income settlement in El Salvador and elsewhere is the illegality of land occupation and the consequent insecurity of the owners of the unit. And although land tenure in tugurios does not normally involve a landlord and some form of agreement as in the other principal submarkets,* their legal situation renders them subject to collective eviction by government with the consequent loss of their housing investments, however small. As will be seen below, insecurity of tenure is positively related to low housing investment, because investment in construction necessarily becomes high risk investment if one can easily be evicted from the site. Because of this, the average unit cost in tugurios was found to be much lower than in any other type of informal settlement in El Salvador: approximately US 166 dollars (415 colones).

The jural situation of invasions of rights of way and ravines also contributes to the low level of public services in most tugurios, in contrast with mesones that do have all services or with colonias ilegales whose households eventually do get title and having it can and do pressure for a

* An important exception, of course, are the rented plots in some San Salvador settlements where a landowner assigns areas for temporary housing for monthly fees. Although the appearance of these may be the same as tugurios, their legal situation as rented plots places them somewhere between mesones and colonias ilegales.

water supply, sewerage system, paved roads, schools, electricity and public lighting. To service illegally occupied land means promoting the consolidation and political recognition of invasions. Because of this, it is only recently that some services have been introduced on a communal basis by private community development agencies, and by some government institutions such as FOCCO, under pressure from organized community groups.

Although studies on tugurio settlements are more extensive than on any other housing type in El Salvador, historical records on their beginnings are only sketchy. The 1949 housing diagnosis does not mention squatter settlements at all, although there were probably several built by 1948.* It is likely, however, that the principal growth of tugurios began to occur when mesón conversion and expansion no longer kept pace with urban growth in the mid-1950's. The destruction of several mesón buildings in 1956 by government,** the 1965 earthquake and the San Salvador street widening program in 1977 are also cited as reasons for squatter settlement growth.

As distinct from most well studied squatter settlements in larger Latin American cities, however, El Salvador's tugurios began not in the form of organized, planned, group invasions,*** but rather through the

* Alastair T. White cites as the initiation dates of three of San Salvador's principal squatter settlements: "Colonia Quiñónez" in 1956, "Colonia Morazán" in 1957 and "La Fortaleza" in 1948 or 1949, in "The Social Structure of the Lower Classes in San Salvador, Central America: A Case Study of the Social Consequences of Economic Change," PhD Dissertation, University of Cambridge, Cambridge, 1969, p. 20, 26 and 27.

** Ibid., p. 20.

*** There is only one known exception of planned and organized urban land invasion in El Salvador, the "22 de Abril" settlement that took over part of the property purchased by the Municipal Government of San Salvador for a sanitary fill and future cemetery in Soyapango. This settlement was chosen as the first large-scale project for tugurio upgrading by IVU, after three smaller-scale pilot projects in the early 1970's.

individual efforts of low-income families who sought an unused piece of public land to build a temporary unit, principally as a way of avoiding increasing monthly rents in mesones or plot payments in colonias ilegales. Since there were very few large-scale areas of public land available apart from the quebradas, river beds and strips of land alongside roads and railways, it was in such areas that the majority of tugurios started and grew, especially in the Metropolitan Area where 92 per cent of the urban tugurio units are located.

Although squatting in difficult railway and roadside areas and river beds involved many problems, such as flooding, landslides, the threat of eviction, etc., as will be seen in the following sections, it also permitted the poor family to reduce its housing payments significantly or in most cases to eliminate them altogether: the survey found that of those households who paid rent in the Metropolitan Area, tugurios paid an average of only US 1.20 dollars (3 colones) per month, in addition to an average of US 1.93 dollars (4.82 colones) for water and electricity. It was found, however, that the majority of tugurio households paid no rent at all because they had built the unit themselves, inherited it, or bought it from the previous occupants.

The first government estimate of squatter settlement population (including the "emergency" campamentos created after the 1965 earthquake) was made in a 1968 sample survey where it was found that tugurios housed only 13.6 per cent of the population and occupied 4.4 per cent of the developed land in the Metropolitan Area of San Salvador.* The 1971 Census then estimated that only 2 per cent of the housing stock in all "urban" areas in the country was built from "improvised" materials, equivalent to 13,098 units. This figure is

* The DUA study findings were reported six years later in Murillo, op. cit.

close to the estimate of 10,646 units for the 5 major cities compiled with 1975 data, and shown in the table below.*

Thus, despite conventional wisdom and media emphasis on the invasion problem, tugurios housed only 7 per cent of all urban households in 1975, equivalent to 11 per cent of the total informal housing stock in the five principal urban areas. The following table estimates the proportions in each of the five urban areas:

TABLE 3.10

TUGURIO POPULATION AS A PROPORTION OF TOTAL URBAN POPULATION AND OF POPULATION IN THE INFORMAL HOUSING STOCK, 1975

Urban Area	Total Urban Population	Population in Informal Housing	Tugurio Population	
			Per Cent of Total	Per Cent of Informal
Metropolitan Area of San Salvador	564,967	351,899	8.7	14
Santa Ana	98,433	65,831	2.0	3
San Miguel	61,940	37,763	3.7	6
Usulután	19,783	14,912	0	0
Sonsonate	33,302	18,539	1.1	2
TOTAL	778,425	488,944	6.9	11

Source: Compiled from Tables 3.6 and 3.7 above.

The relatively small number of tugurio units in El Salvador's cities can perhaps be explained by the same hypotheses as those already enumerated that explain the large colonia ilegal growth, although further comparative research is necessary to confirm them. These hypotheses include:

a) the nature of the political system and the effectiveness of the police and

* Table 3, in Censo de Vivienda... 1971, op. cit., p. 6.

armed forces in mobilizing against invasions; b) the lack of availability land that is easy to invade, usually because private land is composed of relatively valuable or intensely cultivated agricultural properties; c) the concentrated land tenure which keeps large areas of carefully guarded, potentially urban land out of development for speculation with future values; and d) the heavy seasonal rainfall which makes it difficult for a family to invade land and live without some form of roof made from permanent materials.*

Although it seems reasonable to assume that, with present tendencies and policies tugurios will continue to form only a small proportion of the urban housing stock, studies on urban problems in El Salvador, especially case studies of particular households and settlements still focus mostly on tugurios. This inordinate emphasis has been due, perhaps, to the fact that they do house the poorest urban families and that they do have the lowest quality of housing construction and urban services.** However, apart from IVU's three pilot projects for upgrading in Acajutla and San Salvador, and the ongoing rehabilitation studies being conducted under the Ministry of Planning, little government policy has emerged on tugurios despite the large number of studies that have been conducted. And although, in the diagnostic section of the 1978-1983 Housing Sector Plan, tugurio formation and its role in housing production is mentioned for the first time, the Plan proposes no specific policies for upgrading and assigns it no resources in spite of the fact that it constitutes one of the objectives of the Plan.***

* See: Harth-Deneke: "Quasi-Legal Land Subdivision..." op. cit., p. 13 and Valenzuela and Vernez, op. cit., p. 92.

** Perhaps the three most important studies on squatter settlements in El Salvador have been: Murillo, op. cit., Vivienda Popular, op. cit., and the ongoing EDURES studies, op. cit.

*** At the time of writing, the official version of the plan had not been made public; the author reviewed only the unpublished "Pre-Plan" version, c. February, 1977.

This has led to contradictory and ambiguous agency policy and action in tugurio areas. Although at first no institution would think of introducing any urban services in tugurios, except for electrical meters installed by the private power distribution companies, when Community Action Departments in the San Salvador municipality under the opposition political party started tugurio improvement and organization programs, national government agencies began to do the same, especially FOCCO, but also the Ministries of Health and Education. In fact, it was while the municipality was under the opposition party's rule that a specific tugurio-oriented organization, OMCOM, was created by the national government. It was modelled on several previous Latin American experiences, especially those in Peru.*

All of these programs, however, seem to have been conceived more as a result of momentary political party motivation than as an explicit national upgrading policy; and all lacked a principal ingredient: regularization of tenure. Most of these programs focused on physical improvement: the installation of communal water taps, pit latrines, laundering areas, schools, clinics, bridges and other facilities traditionally provided by FOCCO. There were also milk programs and vocational training which were carried out by OMCOM. Private agencies and religious groups joined in, and concentrated on vocational training and job creation programs.** Although the latter programs were more closely

* Created as a special unit at Presidential level, the Oficina de Mejoramiento de Comunidades Marginales, OMCOM, seen strictly as an improvement organization, duplicated FOCCO's functions. Most observers feel, however, that it was created with the principal purpose of focusing on San Salvador's tugurios in direct competition with the opposition party's Acción Comunitaria, now dismantled.

** Private groups include: the traditional, settlement house oriented CREFAC (Centro de Rehabilitación Familiar y Comunitaria), the more progressive Episcopal-Anglican Church-endorsed CREDHO and the Fundación Promotora de Cooperativas, among other religious groups.

concerned with the issues of poverty, employment and income, they were also poorly coordinated and tended to be haphazard.

Thus in 1975, the tugurio population had the lowest level of socio-economic indices of all urban households in El Salvador: average family income in tugurios was a low 96 dollars (213 colones), equivalent to a monthly per capita income of US 22.45 dollars (56.12 colones). This is an average per capita daily income of only US 0.75 dollars (1.87 colones) for food, clothing, education, transportation and health expenditures.

Tugurio families were found to be much larger (4.7 members) on the average than mesón families, but slightly smaller than colonia ilegal households. Unemployment of heads of household was highest in tugurio areas than in any other informal settlement type: 20 per cent, in addition to another 21 per cent who held jobs of little permanence. Of those employed, close to two thirds were in services. Educational levels were also consistently lower on the average than in other informal settlements: only 3.6 years of education for heads of households. And, as might be expected, lack of housing payments was the reason most often cited by the majority of the households for choosing tugurio living. In addition, total average investment on housing amounted to only US 166 dollars (415 colones).

And, well over half of the heads of household were born in cities of 5,000 persons or less, and only 10 per cent of tugurio households had previously resided in a tugurio, the majority having moved out of a colonia ilegal or mesón.

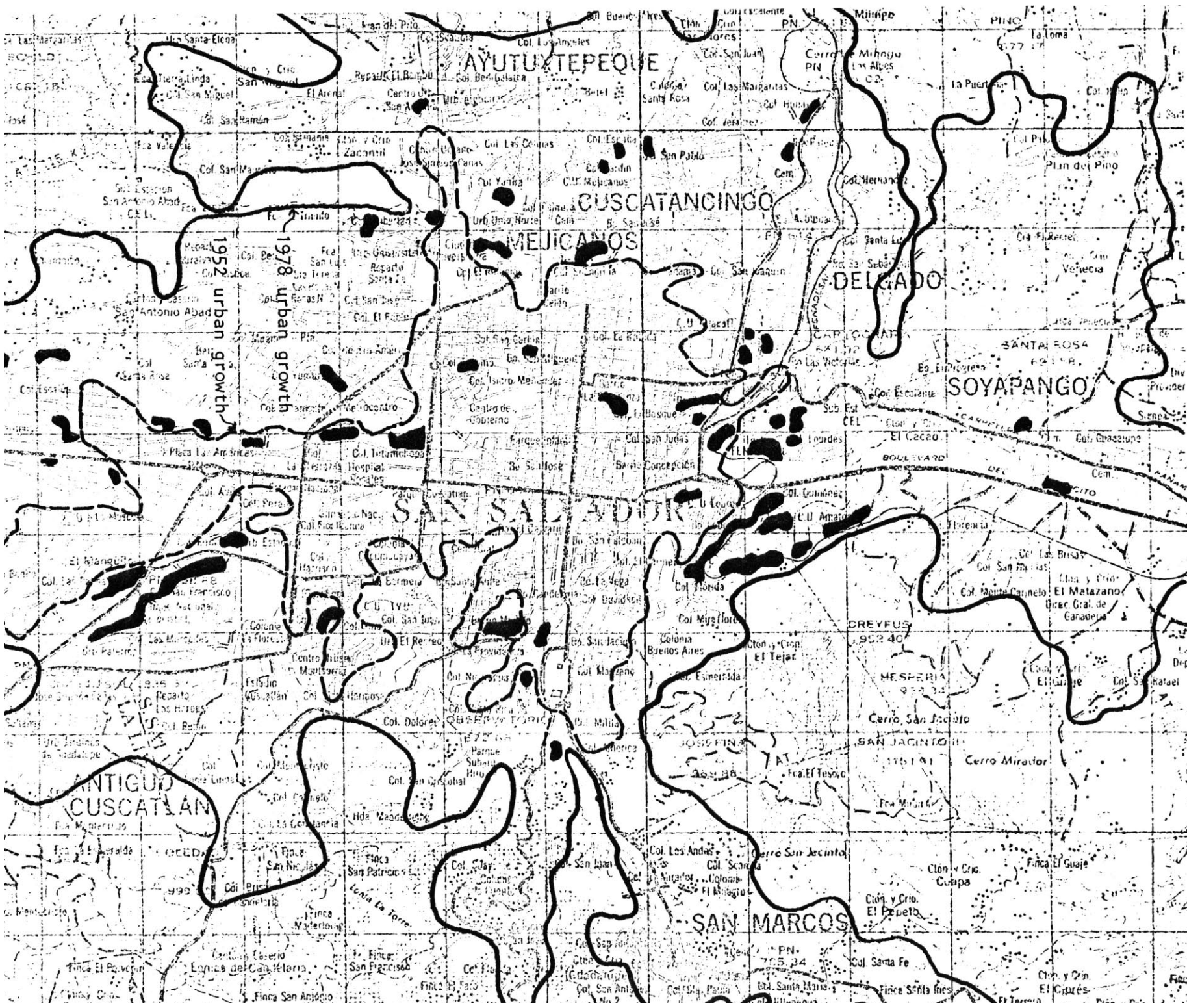
To summarize, the data presented in greater detail in the following sections demonstrate that urban tugurios have the lowest levels of social, economic and physical conditions in El Salvador's cities. The following pages

show the location and summarize the general characteristics of tugurio settlements in San Salvador, and describe some representative tugurio districts.

Principal Characteristics of Representative Tugurio
District in the Metropolitan Area of San Salvador

- Type of Unit: Single family, makeshift, very low quality construction "shanty" on invaded public land.
- Age: First units reported by 1948 but significant growth only during the mid-1950's and 1960's.
- Location: Central, intermediate and fringe areas, usually in ravines or river beds or public rights of way for streets and railroads.
- Size of Submarket: 11 per cent of informal and 7 per cent of total housing stock in 5 urban areas.
- Tenure: Housing units legally owned (occasionally rented) but land invaded.
- Legal Situation: Illegally built units and illegally possessed land.
- Habitable Space: Average 10-15 m² private per family in addition to yard of similar dimensions.
- Income Levels: US 96 dollars (213 colones) per family of US 22.45 dollars (56.12 colones) per capita monthly.
- Monthly Payment: Usually none; however, when rent is paid it is a low US 1.20 dollars (3 colones).
- Unit Cost: US 166 dollars (415 colones) average per unit, excluding invaded land.

- Financing:** Personal savings, sweat equity, informal loans.
- Owner/developer:** The very lowest-income urban families acting individually.
- Density:** 348 persons per hectare (535 units per hectare), but varying according to age and topography.
- Community Facilities:** Usually those available in formal parts of cities adjacent to tugurios; more recently communal facilities publicly and privately sponsored in few visible tugurios.
- Infrastructure:** None, except rudimentary footpaths. More consolidated tugurios have public water taps, public pit latrines and wash areas, provided by community, private and public agencies.
- Construction:** Lowest quality, permanence and cost of all informal settlements: usually urban waste materials (cardboard, plastic) and rural housing materials (bamboo, reed, wattle and daub, etc.).
- Builder:** Family self-built, occasionally part contracted.
- Government Policy:** Combination of contradictory positions ranging from prohibition and neglect to partial servicing.



Approximate Location of Tugurios
 in the Metropolitan Area of San Salvador.

Illustration 3.22

Illustration 3.23

Aerial Photograph and Plan of Representative Tugurio
in San Salvador.

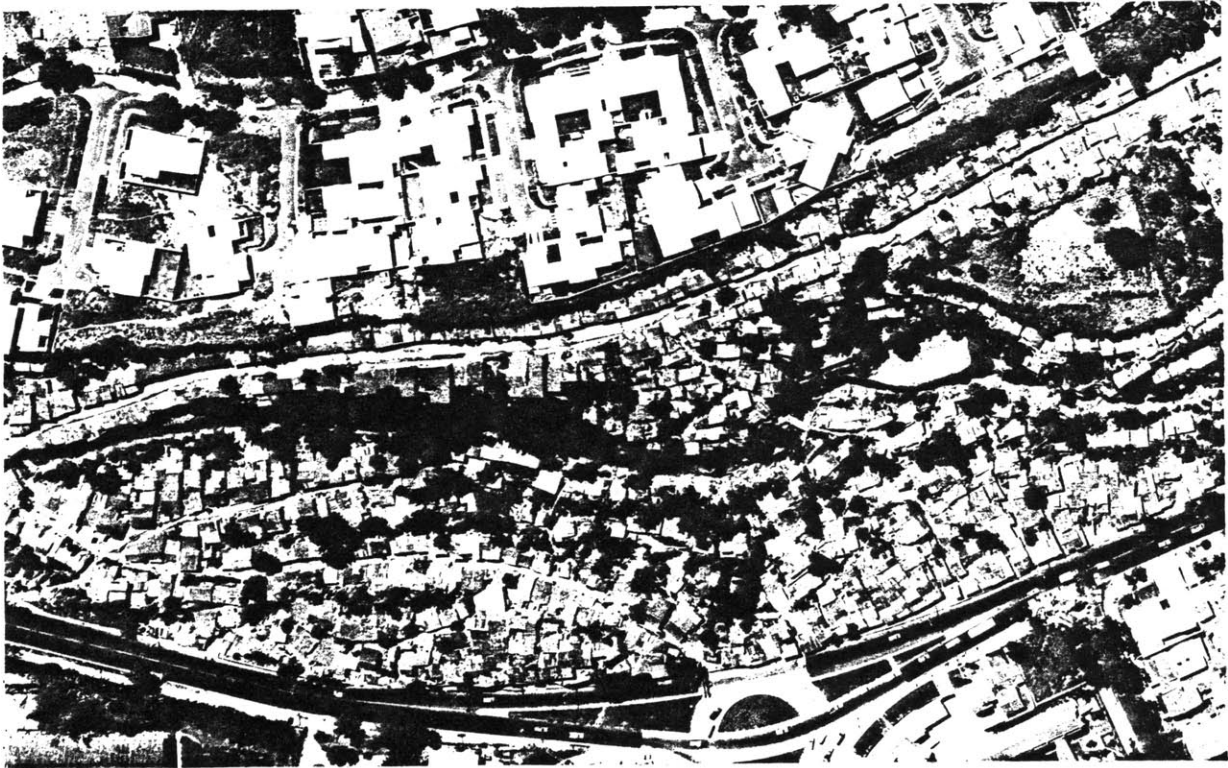


Illustration 3.24

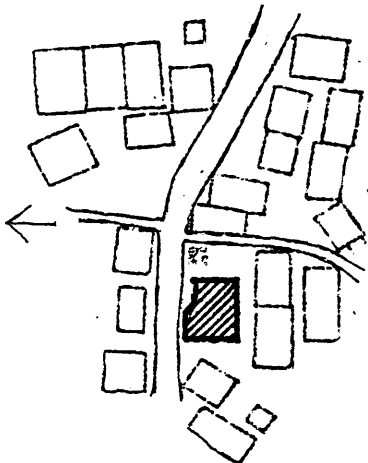
Photographs of Representative Tugurios
in San Salvador



Illustration 3.25

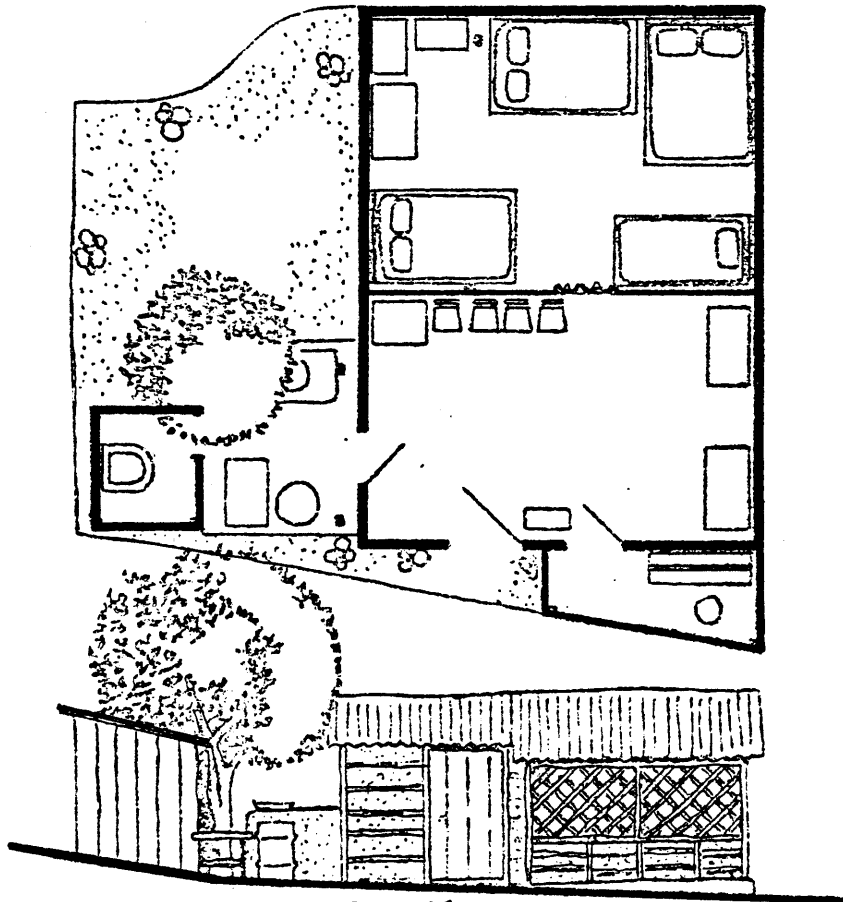
Plan and Data of Representative Tugurio,
La Fosa, San Salvador.

Total Plot Area:	62.5 m ²
Constructed Area:	41.6 m ²
Floor Area Ratio:	0.58
Number of Households:	1
Number of Persons:	9
Number of Rooms:	2
Net Density:	1,440 persons/hectare
Plot Rental:	US\$ 0
Construction Value: (estimated)	US\$ 400 (1000 colones)



No Scale.

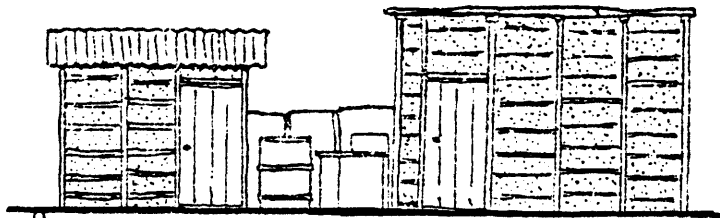
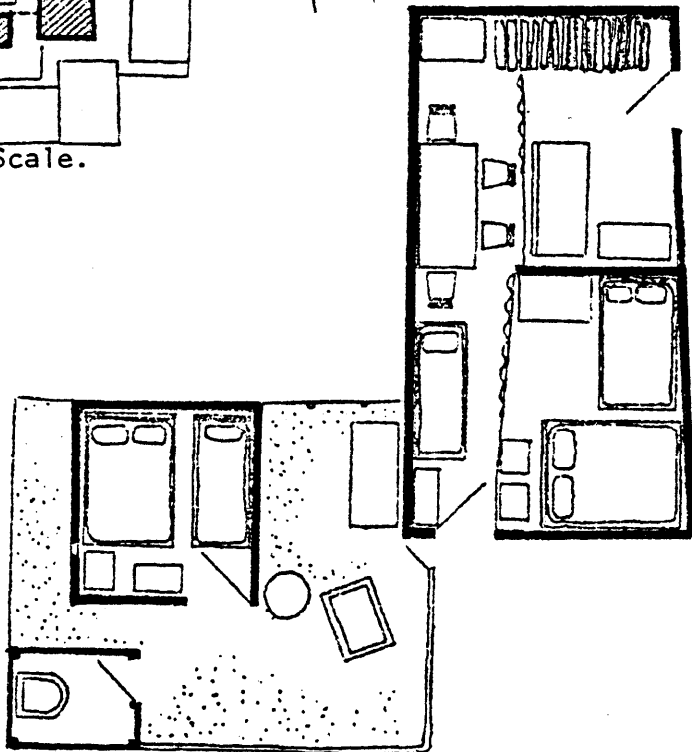
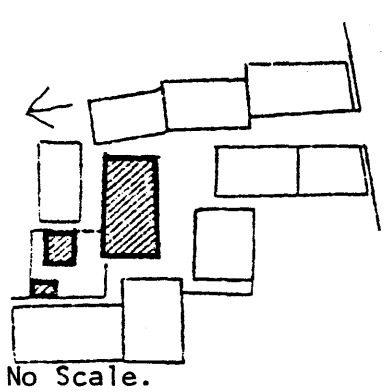
Scale: 0 ————— 5m



Source: Ministerio de Planificación,
Rehabilitación..., op.cit., n.p.

Plan and Data of Representative Tugurio,
La Fosa, San Salvador.

Total Plot Area:	48.2 m ²
Constructed Area:	32.5 m ²
Floor Area Ratio:	0.67
Number of Households:	1
Number of Persons:	8
Number of Rooms:	3 + shop
Net Density:	1,660 persons/hectare
Rental Payment:	0
Construction Value: (estimated)	US\$ 400 (1,000 colones)

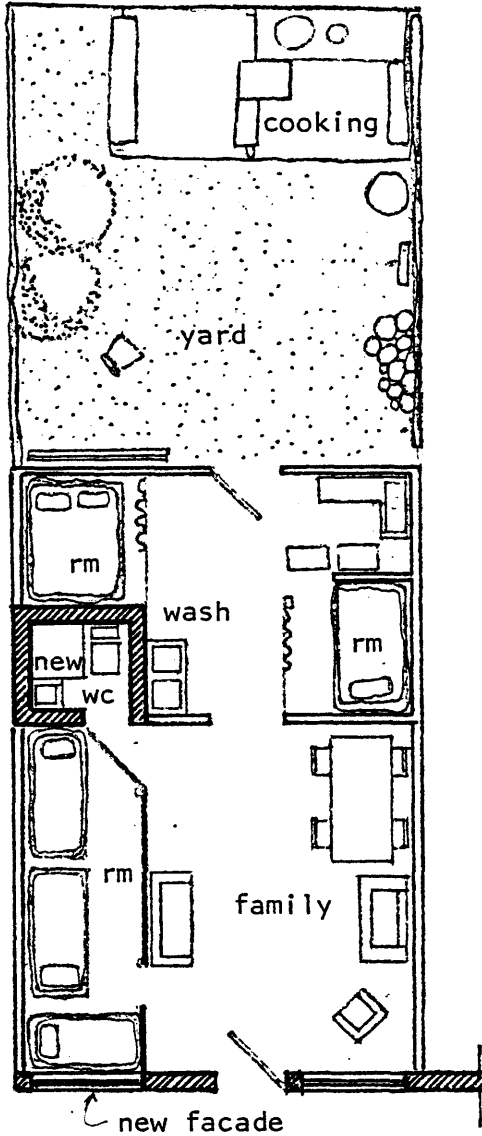


Scale: 0 5m

Source: Same as previous illustration.

Illustration 3.27

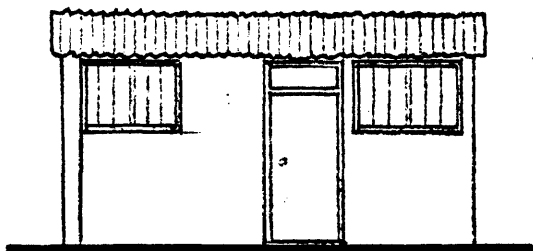
Plan and Data of Upgraded Tugurio
Tutunichapa, San Salvador.



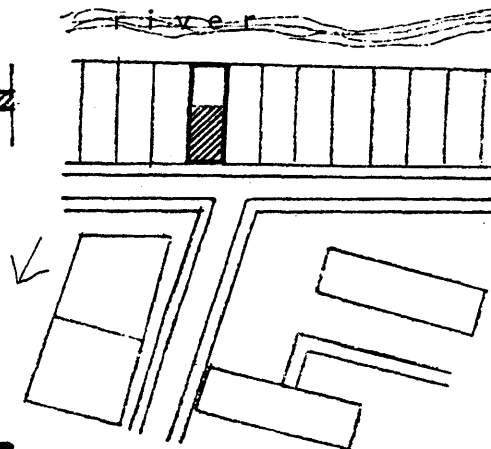
Total Plot Area:	70 m ²
Constructed Area:	48 m ²
Floor Area Ratio:	0.57
Number of Households:	1
Number of Persons:	8
Number of Rooms:	4
Net Density:	1,143 persons/hectare
Upgrading Payment:	US\$ 5.6 (14 colones)*
Water Payment:	US\$.8 (2 colones)
Electricity Payment:	US\$ 2.0 (5 colones)
Land and Improvements:	US\$ 670 (1675 colones)**

* 20 year mortgage with IVU.

** Includes, facade, roof, sanitary unit, infrastructure connections and land value.



Scale: 5m



No Scale.

Source: Same as previous illustration.

3.8 Social Characteristics of Demand

The social characteristics included in the demand survey of the households in the principal types of informal settlements in the three cities covered the following sets of variables:

- a) origin and migration history of head of household;
- b) family size and composition;
- c) age, sex and marital status of head of household;
- d) educational level; and
- e) participation in associations and activities.

The majority of these characteristics were cross-tabulated for each of the three settlement types (mesones, colonias ilegales and tugurios) as well as for each of the three cities (San Salvador Metropolitan Area, San Miguel and Sonsonate). The following subsections summarize the results of the analysis performed.

Origin of Head of Household^{*}

Of the population interviewed, only 21.2 per cent were born in the present place of residence, the remaining 78.8 per cent were born elsewhere in the country, which seems a high proportion considering the low urbanization rates of El Salvador evident in the first half of the 1970's.

The place of birth for a high proportion of the informal sector was a small town: 26.3 per cent of the migrants were born in cities with

* Question 8, Variables 30 and 31.

a population of less than 2,000 and in rural areas, an additional 13.9 per cent in cities with a population of between 2,000 and 5,000 and 11.5 per cent in cities with a population of between 5,000 and 10,000. That is, a cumulative frequency of 51.7 per cent of the heads of household were born in small towns and rural areas. On the other hand, 25.5 per cent of all heads of household interviewed were born in the Metropolitan Area.

In the case of the mesón sample, the place of birth was predominantly a larger urban area: two thirds of the heads of household interviewed were born in urban areas larger than 5,000 and only one third in smaller cities and rural areas. By contrast, only half of the heads of family interviewed in colonias ilegales and tugurios were born in cities larger than 5,000 inhabitants.*

Contrary to what is found in the literature of other Latin American countries,** mesones with central rental locations do not seem to be the principal choice for migrants of smaller cities in El Salvador; the tugurio and the colonia ilegal are the main choices, probably because the mesón is not usually the cheapest form of urban housing in El Salvador nor the least dense.

* By urban area the proportions of heads of household in mesones born in urban areas larger than 5,000 were 67.9 per cent in San Salvador, 57.4 per cent in San Miguel and 54.9 per cent in Sonsonate. The proportions for colonias ilegales were: 52.6 per cent in San Salvador, 52.2 per cent in San Miguel, and 47.9 per cent in Sonsonate. And the proportions for tugurios were: 50 per cent in San Salvador, 33 per cent in San Miguel, and 60.9 per cent in Sonsonate.

** William A. Flinn states: "If intra-city migration is a two-step process, we would expect to find the immigrants first move to the central city, especially inquilinatos... and then later to barrios clandestinos" in "Rural and Intra-Urban Migration in Colombia: Two Case Studies in Bogotá" in Rabinovitz and Trueblood, Latin American Urban Research, Vol. 1, Sage Publications, Beverly Hills, 1971, p. 87. Vernez, op. cit., p. 119, cites data on Bogotá indicating that "The majority of immigrants move initially into rental housing units in most cases inquilinatos --the cheapest form of rental housing."

Migration History*

Four additional questions on migratory history were asked besides place of birth: the number of intermediate places of residence, last place of residence, who accompanied the migrant to the city, and who he stayed with.** According to the data in the following table, over half of those who migrated came directly to the present place of residence, that is, without first living in other areas.

TABLE 3.11
TYPE OF MIGRATION OF HEAD OF HOUSEHOLD

Type of Migration	Percentage
1. Non-migrant	21.2
2. Arrived directly, did not live in other places	41.9
3. Lived in other places before arriving at present place of residence	36.9

Source: Vivienda Popular... Vol. 1, p. 231.

Thus, step migration occurs for only half of the urban households in the informal sectors. It is interesting to note that of those who migrated, only one fifth came from a city of less than 5,000; another fifth came from cities with a population of between 5,000 and 50,000; 11 per cent came from cities with a population of 50,000 or more, and the remaining half came from the Metropolitan Area.

With respect to who accompanied the migrants to the city, the survey found that almost half of the migrants (40.7 per cent) came alone to

* Questions 9-12, Variables 32-37

** An additional question concerning type of housing unit in previous urban area is analyzed in Section 3.10 (Variables 30 to 38).

the present place of residence, and the majority of the remaining half came with family members. As would be expected, those who migrated alone tended to choose first a mesón room or a squatter area, rather than a colonia illegal plot:

TABLE 3.12
PERSON WHO ACCOMPANIED HEAD OF HOUSEHOLD TO
PRESENT PLACE OF RESIDENCE BY SUBMARKETS

Housing Submarket	Percentage Alone	Percentage with Relatives	Percentage with Friends
Mesones	46.6	49.3	4.1
Colonias ilegales	30.5	68.7	0.8
Tugurios	30.5	59.0	1.6
TOTAL	-	-	-

Source: Vivienda Popular... Vol. 1, p. 232.

Family Size*

The mean number of members reported per family was low: 4.4, compared to other countries and to the 5.4 persons per family for urban areas reported in the 1971 Housing Census of El Salvador.** This figure is low since families are usually larger in the lower and working classes than in the urban population as a whole. Surprisingly, only 6 per cent of the households had more than eight members, while 41 per cent had three or less.

* Question 19A, Variable 83.

** Censo de Vivienda: 1971, op. cit., Table 0, p. XXIX and Table 8, p. 23.

TABLE 3.13

FAMILY SIZE OF POPULATION IN HOUSING SUBMARKETS

N° of Persons	Percentage Families	Cumulative Proportion
1	7.3	7.3
2	16.2	23.5
3	17.9	41.4
4	14.5	55.8
5	14.5	70.3
6	12.2	82.5
7	6.8	89.3
8	4.7	94.0
9	2.8	96.8
10	1.8	98.5
11	0.4	99.0
12	0.2	99.2
13	0.6	99.7
14	0.1	99.8
15	0.0	99.8
16	0.2	100.0
N=741		

Source: Vivienda Popular..., Vol. 1, p. 225.

If we examine the relative differences in family composition among the three settlement types in the following table, we may deduce that family size is possibly an important variable in the choice of a housing submarket. As will be seen below, this is verified by a stepwise regression analysis using the settlement as a dependent variable. Family size is the single most important explanatory variable in terms of the probability of a lower-income family living in a mesón or colonia ilegal.

TABLE 3.14

AVERAGE FAMILY SIZE BY SUBMARKETS

Housing Submarket	Average Family Size
Mesones	3.80
Colonias ilegales	5.84
Tugurios	4.70
TOTAL	4.43

Source: Vivienda Popular..., Vol. 1, p. 226.

The very low mean number of members in a mesón household is possibly explained by two factors: firstly, the comparatively small size of mesón rooms in general and the difficulty of increasing the space available except by paying for another room; secondly, as will be seen in Section 3.11, the control that the mesonero has over the occupant's use of rooms, since he often limits the maximum number of persons per room by charging per person, and in some cases even prohibits the rental of rooms to families with children.

Family Composition*

The differences between family composition in the three principal submarkets shown in the following table reflect the previously discussed differences in family size. For instance, in the case of the mesón submarket, the survey reported that 22 per cent of the households were composed of a single person or a couple, while this only occurred in 5 per cent of colonia ilegal households and in 10 per cent of tugurio households.**

* Question 19B, Variable 84.

** By urban area, the proportions of mesones with only one or two members were: 34.2 per cent in San Salvador, 22.2 per cent in San Miguel and 25 per cent in Sonsonate. The proportion of colonias with two members or less were: 7.2 per cent for San Salvador, 13 per cent in San Miguel and 12.5 per cent in Sonsonate. For tugurios it was: 18.3 per cent in San Salvador, 14.3 per cent in San Miguel and 21.3 per cent in Sonsonate.

On the other hand, the nuclear and extended family situation is less prevalent in mesón rooms than it is in both colonias and tugurios. In general, the largest households were found in colonias ilegales, which is explained, in part, by their physical and legal situation: lots are more spacious and clearly defined; also, families in such settlements own their lots or have the opportunity of buying them, which is not the case in the typical tugurio or mesón.

TABLE 3.15
FAMILY STRUCTURE BY SUBMARKETS

Percentage	Mesones	Lotificaciones	Tugurios
Head (only one person)	12.1	0.6	3.3
Couple	9.8	4.4	6.7
Nuclear Family	52.4	58.4	53.1
Extended Family	22.0	28.4	32.3
Heads and Relatives	3.7	8.1	4.7

Source: Vivienda Popular..., Vol. 1, p. 226

Sex, Age and Marital Status*

Of the heads of household interviewed in the three settlement submarkets, 33.8 per cent were female; that is, one third of the principal wage earners were women. However, the proportion of female heads was lower in lotificaciones and in tugurios. In sum, households with female heads were more apt to choose a mesón, possibly because of its central location and ease of transport in the city and because renting a room requires no down payment or family labor for building, in contrast to a typical

* Questions 1, 19C, Variables 8, 159.

colonia ilegal plot or tugurio unit.*

TABLE 3.16
SEX OF FAMILY HEAD BY SUBMARKETS

Housing Submarket	Percentage Male	Percentage Female
Mesón	63.0	37.0
Colonia Ilegal	71.7	28.3
Tugurio	66.3	33.7
TOTAL	66.0	34.0

Source: Vivienda Popular..., Vol. 1, p. 228.

As will be seen below, sex of head of household is among the ten independent variables that help to explain the variance between housing options. In the multiple regression analysis using the settlement variable as dependent, it was the fourth most important explanatory variable in the case of mesones and colonias ilegales, and in the case of tugurios, the third most important variable.

Age was not found to be as significant in explaining access to housing as other variables. In general, however, heads of household were young. Average age was 40.2 years, 28 per cent of the heads being under 30 years of age, and 22 per cent being over 50 years of age. Only in the mesón submarket were there some differences in age, the head of household being younger there than in the rest of the population. This is congruent with the smaller family

* By urban area, the proportion of households interviewed in mesones with female heads were: 36.6 per cent in San Salvador, 32.1 per cent in San Miguel and 45.1 per cent in Sonsonate. Female heads in colonias ilegales represented: 27.7 per cent in San Salvador, 34.8 per cent in San Miguel and 20.8 per cent in Sonsonate. Tugurio proportions of female heads were: 34 per cent in San Salvador, 20.8 per cent in San Miguel and 21.7 per cent in Sonsonate.

size found in that sample.

Although marital status did not seem to have any importance in explaining variance in submarket choices, about half the persons interviewed (47.9 per cent) were acompañados, only 32.1 per cent were married or divorced, and the remainder, few in number, were either single (12.6 per cent) or widowed (6.4 per cent).

Educational Level*

The demand survey established the educational level of the head of household only. Although this was not established for the entire household, it is one of the social variables explored in relation to housing choice and to the structural limitations in housing demand.

Close to one tenth of the heads of household interviewed never finished the first grade. An additional 54.6 per cent finished only fourth grade, which is often considered equivalent to functional illiteracy after only a few years. Only forty per cent had finished sixth grade, and only 15 per cent had studied beyond the sixth grade level. Finally, not one head of household interviewed had gone beyond the 9th grade. This is significant in view of the fact that low overall educational levels are an important variable in determining access to job opportunities and, as a consequence, the ability to pay for better housing. The following table shows the number of years of education of the head of household.

* Question 5, Variable 10-15.

TABLE 3.17
LAST GRADE COMPLETED BY HEADS OF HOUSEHOLD

Last Grade	Percentage	Cumulative Percentage
0	8.8	8.8
1	4.7	13.5
2	9.3	22.7
3	12.9	35.6
4	9.9	45.6
5	10.0	55.6
6	29.6	85.2
7	3.4	88.6
8	4.2	92.8
9	7.2	100.0

Source: Vivienda Popular..., Vol. 1, p. 229.

The following table differentiates between the mean school grade completed by heads of household in each of the three housing submarkets. The tugurios show the lowest levels of schooling and the mesón the highest levels of schooling with the colonias ilegales in between. That is mesón heads, on the average, spent 59 per cent more time at school than tugurio heads.* This is perhaps related to the fact that mesón household heads tend to be younger and unmarried, or recently married couples.

* By urban area, the mean number of years of schooling for mesón heads of household was: 4.6 in San Salvador, 3.6 in San Miguel and 4.5 in Sonsonate. For heads of households in colonias, the mean was: 4.7 in San Salvador, 4.6 in San Miguel and 4.0 in Sonsonate. In tugurio households, the proportion was lowest except in Sonsonate: 3.7 in San Salvador, 3.3 in San Miguel and 5.8 in Sonsonate.

TABLE 3.18
YEARS OF EDUCATION BY SUBMARKETS

Housing Submarkets	Primary Education
Mesones	6.60
Colonias Ilegales	5.41
Tugurios	4.16
TOTAL	5.16

Source: Vivienda Popular..., Vol. 1, p. 230

In a multiple regression analysis using settlement as the dependent variable, education of head of household was only important as an explanatory variable in the tugurio population. In that subsample it was the second most important variable in explaining variance.

Participation*

Even though the survey included three questions and nine variables designed to explore the levels of participation outside the family unit, the results in all were statistically insignificant for the universe as well as for the specific settlements. For instance, 96 per cent of the heads of household said they did not belong to any organization of any type: cultural, communal, political, labor union, religious or others, and only 15.3 per cent responded that they turned to neighbors when they had problems.

In terms of participation in specific types or organizations, only 2.9 per cent were members of and participated in sports associations, 3.5 belonged to and participated in religious groups and activities, 0.2 in cooperative associations, 0.1 per cent in labor unions, 0.9 per cent in political

* Questions 36 to 38, Variables 149 to 157.

organizations, 2.7 in community organizations, and 2.7 in other types of associations. On the other hand, 4.1 per cent stated they often participated in community activities and 11.6 per cent stated they participated only occasionally. Except for the last type of participation, however, the frequencies do not seem to be statistically significant.*

Although other studies on community participation in urban settlements in El Salvador have pointed in the same direction,** more conclusive evidence is necessary to confirm levels and variance with respect to participation and its relationship to other socio-economic variables.

Case studies conducted for this study indicate, however, that with the exception of the very few situations where there is no landlord involved (for instance, the small number of tugurio families and the small number of colonia ilegal households that actually had a legal deed) El Salvador's low-income households seem to take great care to maintain good relations with the landlord for fear of eviction, to the point of not acting in any way that interferes with the landlord's real estate or rental business, such as participating in or organizing households around community or political issues.***

Through the monthly payment collection system in both colonias ilegales and mesones, developers and mesoneros are able to keep track of all the households in the settlement, and since they are operating in a sellers' market, landlords often pick and choose prospective households, both in mesones

* By urban areas, the higher participation levels in all types of associations were consistently found in San Salvador, and in Sonsonatesmesones.

** See Universidad Centroamericana "José Simeón Cañas," Informe Provisional, Investigación Evaluativa de los Programas Habitacionales y de Desarrollo de la Comunidad de la Fundación Salvadoreña de Desarrollo y Vivienda Mínima, November 1975, Tables 47.54, pp. 139-143.

*** This is discussed in greater detail in Section 3.11 which presents a brief analysis of selection criteria used by landlords.

and in colonias ilegales, and are thus able to achieve varying degrees of social control.

3.9 Economic Characteristics of Demand

The economic characteristics not directly related to housing payment included in the demand survey of households in the principal settlement types in the three cities, covered the following sets of variables:

- a) per capita, head of household, household income and family earnings;
- b) employment characteristics, including stability, type, location, etc.
- c) occupational characteristics and prestige;
- d) monthly family expenditures; and
- e) composite socio-economic status.

As with the social characteristics, a number of these variables were cross-tabulated for each of the settlement submarkets as well as for the three urban areas. The following subsections summarize the results of the analysis performed.

Family, Head of Household and Per Capita Income*

According to the survey, mean income of heads of household was a low US 60.8 dollars (152 colones) per month and varied considerably between and within the three settlement submarkets. Heads of household in mesones had

* Questions 19H and Variables 85 and 158.

an average monthly income of US 61.6 dollars (154 colones), close to the sample mean. However, heads of household in colonias ilegales averaged as a whole 11 per cent higher incomes, while tugurio heads of household had income 15 per cent lower than the mean incomes.

Another variable, total household earnings, included reported earnings of all family members and showed similar relationships in the three submarkets. Total average family earnings were a still low, US 100.8 dollars (252 colones) for all the households interviewed, although 63 per cent higher than head of household income. Mesones were again somewhat lower (10 per cent) but closer to the mean and colonias ilegales had significantly higher (23 per cent) family earnings. Tugurios were again the lowest, with the same proportion (15 per cent) less than the mean family earnings in all the informal settlements.

In terms of per capita income, the differences between the three submarkets were more pronounced, and fell on different sides of the informal sector's mean income, principally because of differences in family composition. For instance, over a fifth of the households in mesones had only two or less members, which makes mean per capita income higher for that subsample. Mean per capita income for the entire informal settlement population was again very low, US 28.4 dollars (71 colones) per month; that is, less than an average of US 1.0 dollar (2.5 colones) per day per person for all living expenses. Mesones were 27 per cent higher than the average, rather than lower as they were in other income variables. On the other hand, both colonias ilegales and tugurios reported lower per capita income levels than the mean: 14 and 21 per cent respectively.* These data are summarized in the following table:

* (See footnote in the following page).

TABLE 3.19

MONTHLY INCOME OF HEAD OF HOUSEHOLD
FAMILY EARNINGS AND PER CAPITA INCOME

Housing Submarket	Mean Monthly Income of Head of Household	Mean Monthly Family Earnings	Mean Monthly Per Capita Income
Mesones	US\$61.6 (Ø154)	US\$91.2 (Ø228)	US\$32.0 (Ø80)
Colonias Ilegales	68.4 (171)	123.6 (309)	24.4 (61)
Tugurios	52.4 (131)	85.2 (213)	22.4 (56)
TOTAL	US\$60.8 (152)	100.8 (252)	28.4 (71)

Source: Vivienda Popular..., Vol. 1, p. 239.

As would be expected, there are wide income variations within a particular settlement type. For instance although the median mesón per capita income is higher than that in tugurios or colonias, one quarter of the mesón families had incomes of less than US\$16.9 dollars (42.2 colones) or approximately half of the median income. Or, for instance, 42 per cent and 31 per cent respectively of the households in mesones have incomes lower than the median per capita income for the colonias and tugurios.**

* Per capita incomes by urban area were: for mesones US 34 dollars (85 colones) in San Salvador, US 22.5 dollars (56.25 colones) in San Miguel and US 26.2 dollars (65.50 colones) in Sonsonate; for colonias ilegales, US 24.72 dollars (61.80 colones) in San Salvador, US 20.5 dollars (51.25 colones) in Sonsonate; and for tugurios, US 22.9 dollars (57.25 colones) in San Salvador, US 12.61 dollars (31.52 colones) in San Miguel, and US 13.9 dollars (34.75 colones) in Sonsonate. That is, incomes in the Metropolitan Areas were consistently and significantly higher than in the secondary cities.

** Estimated in Vivienda Popular..., Vol. 1, p. 240.

TABLE 3.20
DISTRIBUTION OF MONTHLY PER CAPITA INCOME BY
SUBMARKET

Submarkets	25% lower US\$/(\text{Ø})	26-50% US\$/(\text{Ø})	51-75% US\$/(\text{Ø})	76-100% US\$/(\text{Ø})	Mean Monthly US\$/(\text{Ø})
Mesones	Less than 6.8 (16.9)	6.8-12.9 (16.9-32.2)	12.9-19.0 (32.2-47.4)	More than: 19.0 (47.4)	12.86 (32.16)
Colonias Ilegales	" "	4.8 4.8- 9.8 (12.1) (12.1-24.5)	9.8-14.7 (24.5-36.8)	More than: 14.7 (36.8)	9.78 (24.45)
Tugurios	" "	3.9 3.9- 8.3 (9.7) (9.7-20.8)	8.3-12.8 (20.8-31.9)	More than: 12.8 (31.9)	8.32 (20.80)
TOTAL	" "	5.7 (14.2) (14.2-28.7)	(28.7-43.1)	More than: (43.1)	11.46 (28.65)

Source: Vivienda Popular..., Vol. 1, p. 240.

As would be expected, income, especially family earnings or household income, were among the most important variables in explaining differences among settlement submarkets. Keeping the settlement type as dependent variable in a stepwise regression analysis, household income was the second most important variable in the case of both colonias ilegales and mesones. In the case of tugurios, however, per capita income was the fourth highest explanatory variable.*

Employment and Employment Stability**

In addition to the income variables, the employment and occupation variables perhaps represent the most important structural limitations

* The following section will look at the housing payment variable which, in the case of tugurios, explains 25.62 per cent of the variance.

** Questions 6 and 7, Variables 19, 21, 25, 26, 27, 28 and 29.

for the low-income sectors of El Salvador's cities. At the time of the interviews, a very high proportion of the heads of household, 17.4 per cent, were unemployed; an additional 7.75 per cent were street vendors, and 25.75 only had a sales stand, both considered rather unstable forms of employment. These employment and occupation data seem to be confirmed by an employment and occupation sample survey carried out in the Metropolitan Area the same year.* In response to the question concerning stability of employment of head of household, 26.3 per cent thought their job was temporary. That is, over one third (36.48 per cent) of the population interviewed in the informal settlements were either unemployed or had a job that was considered unstable. The principal reason given for employment instability by two thirds of the respondents was fluctuations in the demand for their type of work. And for those not employed, the principal reasons given for their unemployed situation at the time of the survey were: 30.5 per cent could not find a job; 23.4 per cent were limited by age requirements, 17.9 per cent left their job because they had to take care of personal matters; in 9.9 per cent of cases the place of employment had closed down, 8.8 per cent had become ill, and 7.6 per cent were not working because they had other income with which to meet their living expenses.

As might be expected, the distribution of employment frequencies also varied significantly between and within the different settlement submarkets. For instance, unemployment among the mesón heads of household was found to be 16.3 per cent, or somewhat lower than the mean for the entire population. On the other hand, the proportion of unemployed heads of household in colonias

* See PREALC, op. cit. The 1971 Census also reported similar unemployment, 16.5 per cent in urban areas. See, Consejo Nacional de Planificación y Coordinación Económica y Social, Dirección General de Estadística y Censos, Indicadores Económicos y Sociales, San Salvador, June, 1971.

ilegales was higher (18.6 per cent) and, the highest proportion was in tugurios: 20 per cent.* Stability of employment varied similarly between the three submarkets: 23.2 per cent of heads of households in mesones, 29 per cent in colonias and 34.8 per cent in tugurios had unstable jobs.** Thus, in general, the mesón heads of household showed least unemployment and least instability, while the tugurio heads of household showed the highest levels of unemployment and instability of employment. Stability of income, however, was not a statistically significant independent variable, making settlement the dependent variable in a regression analysis.

Location of Employment

According to the following table, of those employed, very few heads of household held jobs in their place of residence, but a quarter were either street vendors or were self-employed and had a sales stand. The remaining employed heads of household either worked in a firm (41.16 per cent) or in a government institution (24.90 per cent).

TABLE 3.21
PLACE OF WORK OF HEADS OF HOUSEHOLD***

Place of Work	Percentage
Street Vendors	7.75
Place for Own Business Outside of Home (Sales Stand)	25.75
Government or Municipal Institution	24.90
Firm	41.16
Home	0.45
	100.0

* By urban area, unemployment in informal settlements was 17.6 per cent in San Salvador, 15.2 per cent in San Miguel and 17.2 per cent in Sonsonate.

** By urban area, employment instability was higher in San Salvador (27 per cent) than in the secondary cities of San Miguel (23.3 per cent) and Sonsonate (20.7 per cent).

*** Source: Vivienda Popular..., Vol. 1, p. 238.

Even though few considered their home as the principal place of employment, a significant proportion (23.6 per cent) did have some form of economic activity within the home which was managed by someone other than the head of household. The type of economic activities within the home varied according to type of settlement as follows:

TABLE 3.22
TYPE OF ECONOMIC ACTIVITY IN THE HOME BY SUBMARKETS

Type of Activity	Percentage			Total
	Mesones	Colonias	Tugurios	
Commercial	39.2	31.4	51.7	38.9
Handicraft	5.9	30.6	13.5	14.8
Services	29.6	24.3	13.8	25.4
Production and Sale of Food	25.3	13.6	21.0	21.0
Total Number	92	53	29	174

Source: Vivienda Popular..., Vol. 1, p.239

In general, the colonias ilegales' economic activities in the home are inclined towards small-scale production or handicraft,^{*} while in tugurios and mesones it is centered around commercial enterprises.

Occupation and Occupational Prestige^{**}

According to the following table, the principal occupations in the informal sectors are, in order of importance, 30.6 per cent in commerce, 27.9 per cent in services, 21 per cent in manufacturing and 10.9 per cent in construction. The proportions reported were different between and within the

* By urban areas, the highest proportions of economic activities within the home were: 39.4 per cent (commercial) in San Salvador, 47.1 per cent (commercial) in San Miguel, and 38 per cent (services) in Sonsonate.

** Question 6, Variables 19, 20, 23, 24.

different submarkets. For instance, tugurios and mesones had higher proportions of employment in commerce and lower proportions in services than the mean; the opposite was true for colonias ilegales, where the highest proportion of occupations was in services. This could be explained by differences in location between submarkets. On the other hand, there were more heads of household with more stable manufacturing occupations in mesones than in lotificaciones and tugurios, which might be explained by the higher educational levels in mesones and reflected in higher incomes.

TABLE 3.23
COMPARISON OF OCCUPATION OF HEADS OF HOUSEHOLD
IN THE THREE SUBMARKETS

Occupational Sector	Percentage			Total Percentage
	Mesones	Colonias	Tugurios	
Agriculture	1.3	2.4	6.4	2.2
Manufacturing Industry	24.2	17.6	13.9	21.0
Construction and Related Occupations	7.9	14.0	17.4	10.9
Transport and Storage	3.1	3.2	5.5	3.5
Electricity, Gas, Water, Telephone	0.9	3.5	0.0	1.5
Commercial	33.5	22.9	34.4	30.6
Community and Social Services	25.6	36.3	19.9	27.9
Financial Services	2.5	0.0	1.6	1.7
Other	0.9	0.0	0.8	0.6
	100	100	100	100

Source: Vivienda Popular..., Vol. 1, p. 237

Occupational prestige was a derived variable based on a classification of 10 occupational categories, zero being the lowest prestige and 9 being the highest. The mean prestige level in the entire informal settlement universe was 2.914. According to the following table, mesones came just below that figure. However, tugurios were much lower than the mean prestige level, and, as expected, colonias ilegales came out much higher in occupational prestige.

TABLE 3.24

OCCUPATIONAL PRESTIGE OF HEADS OF HOUSEHOLD BY
SUBMARKETS

Submarkets	Mean Prestige
Mesones	2,875
Colonias ilegales	3,169
Tugurios	2,496
TOTAL	2,914

Source: Vivienda Popular..., Vol. 1, p. 235

Occupational prestige is related to income of head of household: colonias ilegales had both higher paying jobs and higher prestige, while tugurios had the lowest paying jobs with the least prestige, with mesones in between.*

Monthly Expenditures**

Realizing that techniques for insuring reliable data on household expenditures were beyond the resources and scope of the research, the household demand survey only attempted to estimate general monthly expenditures according to seven principal categories: housing,*** food, transport, fuel, electricity, water and others. Food represented the single most important item in the household budget at the low overall absolute income levels of the informal settlements: 84.5 per cent of the families spent more than a quarter of their income on food, and 41.7 per cent spent more than half of their income on this item. The second most important item in the budget was housing

* As might be expected, by urban areas, occupational prestige of head of household was higher in San Salvador than in San Miguel or Sonsonate.

** Question 20, Variables 87, 94.

*** Housing and related expenditures are reviewed in Section 3.10 below.

(except for tugurio households): 37.7 per cent spent more than 10 per cent of their income on housing and 8.5 per cent spent more than a quarter of their income on housing. Next in order of importance in the household budget were expenditures for fuel and transport.

As might be expected, there were wide variations in budgets between and within the three settlement submarkets. For instance, mesón households, with the highest incomes for heads of household, spent more of the budget on housing than households in colonias ilegales. On the other hand, 93 per cent of tugurio households spent less than 5 per cent of the budget on housing. Colonias ilegales families spent higher proportions of their income on transport due to greater average commuting distances. Tugurio families spent the most on food, as reflected by overall low average per capita and household incomes. The following table summarizes the expenditure categories according to proportion of household budgets by settlement type.

TABLE 3.25
MONTHLY EXPENDITURE BY ITEM

Type of Expenditure	Expenditure Category					Total %	N
	0-5%	6-19%	19-25%	26-50%	More than 50%		
Mesones							
Housing	21.23	28.29	37.78	11.51	1.25	100	250
Food	7.41	0.00	10.06	47.74	34.63	100	250
Transport	67.30	19.67	9.16	3.32	0.55	100	250
Fuel	75.20	12.25	8.84	2.80	0.73	100	250
Electricity	98.64	0.78	0.39	0.13	0.00	100	250
Water	99.41	0.00	0.59	0.00	0.00	100	250
Colonias Ilegales							
Housing	48.22	22.76	24.84	3.43	0.73	100	250
Food	4.60	0.00	8.24	44.06	42.95	100	250
Transport	64.70	21.28	11.07	1.6	0.74	100	250
Fuel	62.88	15.75	18.80	1.83	0.24	100	250
Electricity	93.89	2.32	2.32	1.47	0.00	100	250
Water	91.16	4.78	4.06	0.00	0.00	100	250

TABLE 3.25
MONTHLY EXPENDITURE BY ITEM
(Continued)

Type of Expenditure	Expenditure Category					Total %	N
	0-5%	6-19%	19-25%	26-50%	More than 50%		
Tugurios							
Housing	93.21	5.74	0.52	0.00	0.00	100	248
Food	5.59	0.00	9.60	35.60	49.20	100	248
Transport	63.16	19.21	15.26	1.84	0.00	100	248
Fuel	59.59	13.21	18.65	5.96	1.81	100	248
Electricity	96.86	2.61	0.52	0.00	0.00	100	248
Water	95.10	1.80	2.32	0.00	0.00	100	248

Source: Vivienda Popular..., Vol. 1, op. cit., pp. 241-242.

Socio Economic Status

A composite index was constructed to find out the personal socio-economic status of head of household. It was composed of the following variables: years of education, occupational prestige and income of head of household, and was defined by the following relationship:

$$SSEPER = \frac{ED_i - \bar{X}_{ED}}{\sigma_{ED}} + \frac{OP_i - \bar{X}_{OP}}{\sigma_{OP}} + \frac{INC_i - \bar{X}_{INC}}{\sigma_{INC}}$$

Where ED_i = Number of years of education of head of household

OP_i = Occupational Prestige of head of household

INC_i = Income of head of household

\bar{X} = Population mean

σ = Standard deviation of variable

The following table presents the result of the analysis and the tugurio head of household had a significantly lower level than the mean, however, there is little significant difference between mesones and colonias ilegales:

TABLE 3.26

PERSONAL SOCIO-ECONOMIC STATUS BY SUBMARKETS

Submarket	Index
Mesones	1.47
Colonias Ilegales	1.10
Tugurios	- 0.62
TOTAL	0.62

Source: Vivienda Popular..., Vol. I, op. cit.,
p. 236.

3.10 Housing Characteristics

The following eight sets of housing variables were included in the demand survey of households in the three informal settlement submarkets:

- a) tenure of plot and house, and expressed security of tenure by head of household;
- b) acquisition and financing of both plot and house;
- c) construction process and participation;
- d) cost of plot and house construction;
- e) monthly housing payments and payment terms, and charges for water, power, transport, etc.;
- f) residential mobility within city where presently residing;
- g) satisfaction with present and past housing; and
- h) relationship with landlord.

As with the social and economic variables, many housing characteristics were also cross-tabulated according to settlement type and urban area. The following subsections summarize the results of the analysis performed.

Tenure

A series of questions* was asked on the tenure situation of the plot and the house, the type of document pertaining to the legal situation of

* Questions 15, 16 and 19, Variables 43, 61, 76-79 and 115.

both and the perceived security or stability of settlement tenure.

After initial questionnaire testing, it was decided that the following five principal categories of plot tenure would cover the range of possibilities: 1) purchased and fully paid for;* 2) rental with promise of sale;** 3) straightforward rental;*** 4) occupation without ownership document;**** and 5) on loan or other forms of plot tenure. *****

As might be expected, it was found that of the three settlement types, colonias ilegales included the highest proportions of purchased and paid for plots (25.2 per cent) and of plots rented with promise of sale (69.9 per cent). That is, nine out of ten families in the colonias either had legal title to the land or the prospect of it, if no default occurred and the landlord put the agreement into effect.

On the other hand, the highest proportions of rented plots, that is, those in the third category, were found in mesones, with almost 8 out of 10 families belonging to that submarket. A surprising 11.8 per cent of tugurio units, however, were also found in the rented category.

The highest proportions of plots occupied without ownership document were found in tugurios: 86.6 per cent of the units, although these represented only a small proportion of the entire informal submarket. Finally, a surprising 20.3 per cent of mesón heads of household responded that they had other forms of plot tenure; for example, that the plot was "on loan." However, this might not be a significant answer since it is very possible

* Propio ya cancelado.

** Arrendamiento con promesa de venta.

*** Alquilado.

**** Ocupado sin documento de propiedad.

***** Comodato.

that those renting mesón rooms did not clearly perceive the difference between rental and tenure of land or room.

The following table summarizes the distribution of settlement types by type of plot tenure:

TABLE 3.27
TENURE OF PLOT BY SUBMARKET

Housing Submarket	Type of Tenure				
	Purchased and paid for	Rental w. Promise of sale	Straight-forward Rental	Occupied Without Document	Other or "On Loan"
Mesones	0.0	0.0	79.7	0.0	20.3
Colonias Ilegales	25.3	69.9	0.2	0.0	4.7
Tugurios	0.0	1.4	11.8	86.6	0.2
TOTAL	16.6	16.6	4.9	28.8	3.4

Source: Unpublished tabulation of three-city household sample survey, 1975.

It is interesting to note that in San Miguel, larger proportions of households in colonias ilegales (51.2 per cent) had achieved plot ownership titles compared to the proportion in San Salvador (22.3 per cent) and in Sonsonate (12.2 per cent). This is possible due to the fact that more land is available in San Miguel and to developers' attempts to attract clientele. In addition, it was found that the rental of tugurio plots only assumed significant proportions in San Salvador (12.3 per cent), where there seems to be a tighter land market than in either San Miguel (2.2 per cent) or Sonsonate (2.3 per cent), and where there is marginally economic land available for squatting, such as ravines.

Tenure of the house itself was designed as a separate variable from plot tenure in the demand survey although, as will be seen, it is not

certain whether this difference was perceived by all of the respondents. After initial testing of the questionnaire, however, the following four categories of house tenure were arrived at: 1) ownership;* 2) rental;** 3) occupation without ownership document and without paying rent;*** and 4) "other forms of tenure."

Almost all of the mesón rooms were reported as rented, with the exception of insignificant proportions of owner-occupied and untenured units, probably "on loan." On the other hand, eight out of ten houses in lotificaciones were considered to be owned by the present head of household, and 13.7 per cent were rented. A small proportion of houses in colonias were untenured; these were probably on loan.

Finally, it is interesting to note that only 8.3 per cent of tugurio houses were considered to be owned by the head of household. An additional 6.8 per cent in tugurios were considered to be rented units. The majority of households, however, reported that they occupied their tugurio units without having a property document and without paying rent.**** The following table summarizes the distribution of categories of house tenure in the three submarkets.

* Propia.

** Alquilada.

*** Habitada sin documento de propiedad y sin pagar alquiler.

**** Again, this may be due to confusion in the separation of house and plot tenure, or possibly to the terminology of the questionnaire. "Occupied without property document and without paying rent" perhaps could have been more clearly designated "property owned without document and without paying rent."

TABLE 3.28

TENURE OF HOUSE BY SUBMARKET

Housing Submarket	Type of Tenure		
	Owned	Rented	Untenured
Mesones	0.5	97.9	1.6
Colonias	81.1	13.7	5.2
Tugurios	8.3	6.8	84.9
TOTAL	24.7	61.5	13.5

Source: Unpublished tabulation of three-city household sample survey, 1975.

House tenure varied somewhat by urban area in some of the submarkets. For instance, untenured mesón rooms represented 7.7 per cent of the stock in Sonsonate, compared to 1.6 per cent for the mesón universe. On the other hand, rented houses in colonias ilegales were more prevalent in San Salvador (14.2 per cent) and San Miguel (11.1 per cent) than in Sonsonate (6.4 per cent). Finally, rented tugurio units only reached significant proportions in San Salvador (6.7 per cent) and San Miguel (8.7 per cent) compared to the figures for Sonsonate or for the tugurio universe.

In addition to questions on the types of tenure for plots and houses, several control questions were administered on the kind of document that "protected" the property* and the perceived security or stability of tenure.

The question concerning the type of legal document held was applied only in the colonia ilegal subsample, since the presample confirmed that families in mesones and tugurios had no such document. The types of plot

* The word used in the questionnaire is the commonly used legal term of ampara, which is equivalent to "protects," "guarantees," "defends," etc.

tenure document found in colonias ranged from installment receipts,* copies of the "rental with promise of sale" contract and mortgage deeds to no documents of any sort, and other unspecified categories.

The frequency of distribution of such documents confirmed the information obtained from the previous questions on plot tenure administered in colonias. For instance, 70.9 per cent of households reported having a rental with promise of sale agreement as evidenced either by installment receipts (16.3 per cent) or a copy of the rental/sale document (54.6 per cent). The questionnaire, however, did not determine what proportion of the rental/sale documents were formal and legal, and what proportion were unnotarized informal papers. Only an additional 26 per cent either had a legal deed with mortgage (12.9 per cent) or a fully paid deed (13.1 per cent). That is, at the time of the interview, only one quarter of the colonia ilegal plots were protected by a legal deed document, whether fully paid for or with pending mortgage payments. The following table summarizes the distribution of types of documents by urban area.

Two principal variations by urban area were found in tenure documents: San Miguel had a fairly high proportion of fully paid deed compared to the mean in all colonias ilegales. This could be due either to the lower price of land in San Miguel, which makes it possible to pay off a mortgage quickly or, as mentioned previously, to active attempts by landlords in this area to attract clientele. On the other hand, Sonsonate had a comparatively high proportion of installment receipts as the only proof of tenure,

* Letras o recibos cancelados is the local legal term used for the receipt one signs when purchasing on installments, although it is not necessarily a formal, notarized agreement. The equivalent English legal terms are "bill of exchange" or "sight draft."

which would imply less security of tenure for higher proportions of the colonia ilegal population in that city.

TABLE 3.29
DOCUMENT SUPPORTING COLONIA ILEGAL PLOT TENURE

Urban Area	Only Installment Receipts	Copy of Rental/ Sale Contract	Deed with Mort- gage	Full Legal Deed	Unknown
San Salvador	15.7	55.7	13.9	11.3	3.5
San Miguel	17.9	46.2	2.6	33.3	0.0
Sonsonate	37.5	47.5	2.5	10.0	2.5
TOTAL	16.3	54.6	12.9	13.1	3.1

Source: Unpublished tabulation of three-city household sample survey, 1975.

The survey also addressed the question of perceived permanence in relation to the possibility of eviction.* The question, however, was administered only to tugurio heads of household and the answers were classified according to perception of complete security, little security or no security.** The reasons given for the degree of security perceived were also classified.

Only a quarter (25.4 per cent) of the tugurio heads of household felt that their tenure was completely secure. An additional 18.1 per cent perceived little security of tenure. The remaining majority 56.4 per cent perceived no security at all in their present settlement. That is close to three quarters of the tugurio population felt that they had little or no

* "What are your chances of being able to stay here as long as you like, without being moved out?"

** Bastante, poca, ninguna seguridad.

security of tenure. This is in direct contrast to what has been found by researchers in other Latin American countries where squatter populations form significant proportions of the urban housing stock, and where land has been acquired through organized invasions and such invasions have been supported by the political system.*

When the respondents who felt their tenure was secure were asked why they felt that way, the distribution of answers was interesting: 29 per cent stated that security was derived from the fact that tugurios constituted a significant part of the population and that relocation would generate political problems. Another 16 per cent derived security from the fact that there had never been any evictions. An additional 23 per cent felt that they had institutional backing. Finally, 9 per cent felt that the length of time the settlement had been in existence was the principal reason for feeling secure.

When respondents in tugurios who felt little security or no security at all were asked why they felt this way, the distribution of answers was similar for both groups. In terms of importance the answers were: over three quarters felt they were subject to eviction because they were occupying land that belonged to someone else; another one tenth to one fifth felt that they had no institutional backing; and the remainder gave other reasons.

Acquisition and Financing of Plot and House**

The question concerning acquisition and financing of plot and

* See, for instance, David Collier, Squatters and Oligarchs, Authoritarian Rule and Policy Change in Perú, Johns Hopkins University Press, Baltimore, 1976, p. 37.

** Questions 15 and 16, Variables 44-46, 52, 53, 62 and 63.

house was administered only to those households that did not rent; that is, principally to families in colonias ilegales and tugurios, since it seemed obvious that the occupants had acquired the unit through a lease agreement.*

Those who already owned the plot they were living in had acquired it mostly through purchase (90.4 per cent). The remainder, had inherited the plot from relatives. Of those who had purchased it, over a quarter (26.3 per cent) had paid for it in cash,** and the majority, 68.7 per cent, on credit.

More than eight out of ten families who already owned the house they were living in, had acquired it by building it themselves (82 per cent). Only one in seven families had bought the house already built (14.1 per cent) and only a small fraction had inherited the house (3.9 per cent). Of those who had purchased the house already built, almost two thirds (63.9 per cent) had used savings, one quarter had taken out loans, and the remainder used a combination of both. Similar financing was found to be used by those families who had built their own house. House construction was financed mostly through savings (65.3 per cent) although one in five families had taken out loans (21.2 per cent) and the remainder had used both savings and loans.

Families in units that fell in the category "occupation without ownership document" were also asked how the unit was acquired, and for those who had purchased it, how it had been financed. The majority of these units were in squatter settlements. Almost half (48.8 per cent) said they

* This variable was not cross-tabulated by urban area.

** Al contado ('cash').

had purchased the squatter unit outright. A similar proportion (43.5 per cent) had built it themselves and in the case of the remainder (7.7 per cent) the unit had been ceded to them. Of those that had bought the unit an overwhelming majority (84.9 per cent) had paid for it in cash. Only one in ten (9.6 per cent) had paid for it in installments.

Construction Staging and Participation*

The questions concerning the staging of the construction process and who participated in it were only administered to families who owned the house or who occupied it without any form of document and without paying rent. That is, renter-occupied units were excluded on the assumption that the staging and participation questions would not apply to that subsample. Almost three quarters of the owners of units (73.8 per cent) said the units had been built in stages; the remainder responded that the units had been built in a single process.

In answer to the question "Who built the house?" an overwhelming majority of tugurio households (62.8 per cent) and almost half (45.2 per cent) of the owners in colonias ilegales responded that they had built it themselves with the help of their family. Between a quarter and a fifth of both types of unit were built through a mason or contractor. The remainder used a mixture of both family and contracted labor. The following table summarizes the frequency distribution of construction participation:

* Question 15, Variables 47, 48, 58 and 59.

TABLE 3.30

PARTICIPATION IN HOUSE CONSTRUCTION BY TYPE OF TENURE

Type of Participation	Occupant-Owned Houses	Untenured Houses
Worked on it themselves	45.2	62.8
Contracted outside labor	25.4	17.7
Both of the above	29.4	11.3
Others (Friends, etc.)		8.3

Source: Unpublished tabulation of three-city household sample survey, 1975.

The higher proportion of occupant labor in tugurio units is probably explained by the more temporary nature of the construction, as well as by the lower overall incomes which do not permit this sector to pay for skilled labor. It is interesting to compare this answer with that given to the question, "If you were considered for a housing program would you be willing to help build the house in your spare time to reduce the down payment?";* where an overwhelming eight out of ten answered that they would be willing. Of the one in five families who answered that they were not willing to build part of the house themselves, 87 per cent stated age or physical impossibility, 12.7 per cent lack of time and a negligible proportion (0.3 per cent) lack of interest.

Cost of Plot and of
House Construction**

The question concerning the total cost of acquiring the plot was administered to households who were neither renters nor squatters; that

* Question 33, Variables 139 and 140.

** Question 15 and 16, Variables 49, 57, 60, 72.

i, they occupied only plots that had either been purchased previously or were presently under a rental/sale form of agreement in colonias ilegales. Mean total cost of an unimproved and unserviced plot was a rather high US 1,324 dollars (3,311 colones); there was, however, a wide distribution of prices as can be seen in the following table. About 3 out of 10 plots were sold for under US 800 dollars (2,000 colones) but another 3 out of 10 cost twice that much, over US 1,600 dollars (4,000 colones); that is, close to 6 out of 10 plots cost between US 800-1,600 (2,000-4,000 colones).

TABLE 3.31

TOTAL COST OF PLOTS IN THE PROCESS OF ACQUISITION THROUGH
RENTAL WITH PROMISE OF SALE AGREEMENTS IN COLONIAS ILEGALES

Proportion of Plots		TOTAL COST	
Percentage	Cumulative Percentage	US Dollars	Colones
2.2	2.2	0.4 - 400	1 - 1,000
14.0	16.2	400 - 600	1,000 - 1,500
11.0	27.2	600 - 800	1,500 - 2,000
11.2	38.4	800 - 1,000	2,000 - 2,500
10.7	49.1	1,000 - 1,200	2,500 - 3,000
8.0	57.1	1,200 - 1,400	3,000 - 3,500
11.4	68.5	1,400 - 1,600	3,500 - 4,000
11.5	80.0	1,600 - 1,800	4,000 - 4,500
8.5	88.5	1,800 - 2,000	4,500 - 5,000
7.8	96.3	2,000 - 2,400	5,000 - 6,000
3.7	100.0	2,400 - 3,960	6,000 - 9,900

Source: Unpublished tabulation of three-city household sample survey, 1975.

For the rental with promise of sale plots, average monthly payments were US 13 dollars (32.5 colones) with a mean down payment of US 60.3 dollars (150.7 colones), an average mortgage period of 8.9 years, and an average interest rate of 12 per cent.

For those who had already acquired their plot in the past,

the mean reported price was lower than for those who were in the process of acquiring it: US 1,364.8 dollars (3,412 colones) with an average US 93.8 dollars (234.6 colones) down payment, average monthly payments of US 14.4 dollars (36 colones) and an average mortgage period of 7.35 years.

A question concerning cost of construction, excluding plot price, was administered to both tugurio and colonia ilegal non-renters. For tugurio households, the mean total construction cost was a very low US 166.4 dollars (415.93 colones). This is equivalent to only two times monthly income. Almost 60 per cent of the units in tugurios fell between US 40 and US 200 dollars (100 and 500 colones), and an impressive twenty per cent of the families had paid less than US 40 dollars (100 colones) for their unit in a tugurio.

TABLE 3.32

TOTAL COST OF HOUSE CONSTRUCTION IN TUGURIOS
FOR UNITS OCCUPIED WITHOUT DOCUMENT OR RENT PAYMENTS

Proportion of Units		Total Cost			
Percentage	Cumulative Percentage	US Dollars		Colones	
4.6	4.6	00	- 20	00	- 50
7.7	12.3	20	- 30	50	- 75
6.9	19.2	30	- 40	75	- 100
14.9	34.1	40	- 60	100	- 150
9.4	43.5	60	- 80	150	- 200
14.8	58.3	80	- 120	200	- 300
9.9	68.2	120	- 160	300	- 400
18.5	76.8	160	- 200	400	- 500
10.5	87.3	200	- 320	500	- 800
6.6	93.9	320	- 400	800	- 1,000
4.8	98.7	400	- 720	1,000	- 1,800
1.3	100.0	720	- 1,800	1,800	- 4,500

Source: Unpublished tabulation of three-city household sample survey, 1975.

For colonia ilegal households, the reported cost of house

construction without the plot was, as expected much higher than in squatter settlements. The mean reported value was US 1,010 dollars (2,526 colones), with 50 per cent of the units falling between US 120 and US 1,520 dollars (300 and 3,800 colones). It is interesting to note, however, that almost three in ten colonia ilegal houses cost the same as the mean tugurio unit. The following table summarizes the distribution of house construction costs:

TABLE 3.33

TOTAL COST OF HOUSE CONSTRUCTION FOR OWNER-OCCUPIED
UNITS IN COLONIAS ILEGALES

Proportion of Units		Total Cost	
Percentage	Cumulative Percentage	US Dollars	Colones
10.1	10.1	00 - 80	00 - 200
15.7	25.8	80 - 120	200 - 300
11.1	36.9	120 - 200	300 - 500
12.1	49.0	200 - 360	500 - 900
11.1	60.1	360 - 640	900 - 1,600
14.4	74.5	640 - 1,520	1,600 - 3,800
15.7	90.2	1,520 - 3,200	3,800 - 8,000
9.8	100.0	3,200 - 4,000	8,000 - 10,000

Source: Unpublished tabulation of three-city household sample survey, 1975.

If we add mean plot cost and mean house construction cost for colonia ilegal households, we arrive at an average total cost of US 2,334 dollars (5,837 colones) excluding infrastructure improvements. This is equivalent to 22 times the average monthly income and to more than twice the average cost of a fully serviced, progressive development unit of the Housing Foundation. Surprisingly, however, when respondents were asked for how much the head of the household would be willing to sell both the house and the plot, the average reported price was somewhat lower than the average reported cost of a colonia ilegal plot and house: US 2,010 dollars (5,026.3 colones).*

Monthly Rental and
Service Payments**

A question concerning monthly rental payment was administered to all heads of household who rented. These were mostly in mesones, but also included some units in colonias ilegales and tugurios.***

For all renters, average monthly reported payment was US 11.6 dollars (29 colones). Sixty per cent of renters, however, paid between US 7.2 and 15.2 dollars (18 to 38 colones) per month. The distribution of rent payments is shown in the following table:

TABLE 3.34

MONTHLY PAYMENT FOR RENTAL UNITS
IN THREE SUBMARKETS

Proportion of Units		Rental Payment	
Percentage	Cumulative Percentage	US Dollars	Colones
10.1	10.1	00 - 06	00 - 14
10.0	20.1	06 - 07	14 - 18
10.4	30.5	07 - 08	18 - 20
20.3	50.8	08 - 10	20 - 25
15.3	66.1	10 - 12	25 - 30
12.4	78.5	12 - 14	30 - 35
10.5	89.0	14 - 16	35 - 40
6.1	95.1	16 - 22	40 - 55
4.9	100.0	22 - 39	55 - 98

Source: Unpublished tabulation of three-city household sample survey, 1975.

* This figure includes, however, all of the universe sampled; that is, mesones, tugurios and colonias ilegales. The question was phrased: "If it were yours, for how much would you sell this house including the plot, supposing you decided to sell it?" (Question 17).

** Question 15, Variables 50 and 51.

*** There were 46 examples of tugurio plot rentals where the occupants paid a mean US 5.7 dollars (14.3 colones) per month just for the use of the unimproved plot. Payment mode however was US 8 dollars (20 colones).

Mesón renters, however, paid on the average US 2 dollars (5 colones) less than renters as a whole. By urban area, mesón rents varied somewhat: in San Salvador, average monthly payment was US 12 dollars (29.4 colones), equivalent to 12.7 per cent of monthly income. In San Miguel, mesón rents were 25 per cent less than in San Salvador and were equivalent to 11 per cent of family income. In Sonsonate, mesón rentals were 10 per cent less than in San Salvador and were equivalent to 11.3 per cent of family income.

TABLE 3.35

AVERAGE MONTHLY PAYMENT FOR ROOM AND PROPORTION
OF FAMILY INCOME, IN MESONES

Urban Area	Housing Payment		Income		Percentage Payment/Income
San Salvador	US\$11.8	₡29.4	US\$93	₡232	12.7
San Miguel	6.7	21.7	78	196	11.1
Sonsonate	10.6	26.4	93	233	11.3
N= 250	9.7	24.3	91	228	10.7

Source: Vivienda Popular..., Vol. 1, op. cit., p. 168.

The average mesón rental payment also included water payment in one out of four units and both water and electricity payment in 54.8 % of the units. That is, for three quarters of the families, mesón payments included water or both water and electricity. In only a small fraction of the units was only electricity included in the rents, and in 13 per cent no services were included in the rent.

TABLE 3.36

SERVICES INCLUDED IN RENT OF MESON ROOM

Services	Percentage
Only electricity	6.8
Only water	25.4
Electricity and Water	54.8
(Sub-total)	(87.0)
No services	13.0
TOTAL	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 169

When rental price did not include services, households reported that they paid the following amounts for water and electricity, by urban areas:

TABLE 3.37

AVERAGE MONTHLY EXPENDITURES OF MESON RENTERS
FOR SERVICES WHEN NOT INCLUDED IN RENT

Urban Area	Electricity US\$ (colones)	Water US\$ (colones)
Metropolitan Area of San Salvador	0.60 (1.50)	0.40 (1.00)
San Miguel	1.00 (2.50)	No information
Sonsonate	2.16 (5.41)	No information

Source: Vivienda Popular..., Vol 1, op. cit., p. 169

Monthly Purchase Installments
and Service Payments*

Installments were reported both for tugurio units that had been

* Questions 15 and 16, Variables 54, 64-71, 73, 75.

purchased over a period of time (9.6 per cent of the tugurio sample) and for colonia ilegal plots that had been purchased under a rental with promise of sale agreement.

For tugurio units purchased in installments, mean monthly payment was US 8.4 dollars (21.1 colones) per month. Almost three in ten families were paying installments of less than US 2.4 dollars (6 colones) per month or more than US 12 dollars (30 colones).^{*} On the other hand, for colonia ilegal plots that had been purchased under a rental with promise of sale agreement families were paying US 13 dollars (32.5 colones) per month on the average, excluding services and house improvements:

TABLE 3.38

MONTHLY INSTALLMENTS PAID FOR COLONIA ILEGAL PLOTS

Proportion of Plots		Installments	
Percentage	Cumulative Percentage	US Dollars	Colones
19.9	19.9	00 - 06	00 - 15
13.3	33.2	06 - 09	15 - 22
16.4	49.6	09 - 13	11 - 32
20.7	70.3	13 - 16	32 - 40
21.3	91.6	16 - 20	40 - 50
8.4	100.0	20 - 40	50 - 99

Source: Unpublished tabulation of three-city household sample survey, 1975.

Thus, only one in five families was making monthly payments of less than US 6 dollars (15 colones) and three in ten were paying more than US 16 dollars (40 colones) monthly for an unimproved plot. The purchase terms also included an average of 60.3 dollars (150.7 colones) in down

^{*} This is not a representative sample since only 19 observations were recorded in the tugurio-rental subsample.

payment, and a period of approximately 8.9 years (the mode was 10 years) was the usual length of time over which payments were made.* An interest rate had been included in 80.7 per cent of plot payments and was reported as an average 12 per cent per annum.**

By urban area, distribution of monthly plot installments presented smaller proportions of family income, excluding construction and utilities and was as follows:

TABLE 3.39
AVERAGE MONTHLY PAYMENT FOR PLOT AND PROPORTION
OF FAMILY INCOME

Urban Area	Monthly Payment		Income		Percentage Payment /Income
	US\$	(colones)	US\$	(colones)	
Metropolitan Area of San Salvador	9.3	(23.3)	130	(325)	7.2
San Miguel	5.9	(14.8)	87	(217)	6.8
Sonsonate	5.4	(13.4)	94	(235)	5.7
	8.9	(22.2)	124	(309)	7.1

Source: Vivienda Popular..., Vol. 1, op. cit., p. 187

Electricity and water payments, although low in absolute terms, were higher in colonia ilegal plots than in tugurio or mesón rentals. For the entire informal settlement sector mean electrical payments were US 1.2

* Terms were slightly different for families in colonia ilegal plots who had finished paying their installments, that is, for plots that were already owned. Price was approximately the same (about US 40 dollars less), but the families had paid 50 per cent more as down payment, and 10 per cent less monthly payments.

** It is likely, however, that interest rate was only guessed at, since it is not usual to specify it in a rental/sale document. This means that at that rate and 8.9 years payment period, present value of a plot costing US 1,324 dollars (3,310 colones) would be only US 483 dollars (1,207.50 colones).

dollars (3 colones) per month and water was US 0.8 dollars (2 colones) per month.

TABLE 3.40

AVERAGE MONTHLY EXPENDITURES ON SERVICES WHEN AVAILABLE IN THE PLOT

Urban Area	Electricity		Water	
	US\$	(Colones)	US\$	(Colones)
Metropolitan Area of San Salvador	2.20	(5.50)	1.92	(4.80)
San Miguel	1.32	(3.30)	--	--
Sonsonate	2.12	(5.34)	--	--

Source: Vivienda Popular..., Vol. 1, op. cit., p. 188

As we saw in Section 3.9 above, transportation costs were higher in lotificaciones than in mesones or tugurios. Mean monthly transportation expenditures for the entire informal settlement sector were US 5.18 dollars (12.96 colones) per month:

TABLE 3.41

MONTHLY TRANSPORTATION COST AS PROPORTION OF TOTAL MONTHLY EXPENDITURES

Housing Submarket	P E R C E N T A G E					Total
	0-5	6-10	21-25	26-50	Over 50	
Mesones	67.3	19.7	19.2	3.3	0.5	100
Colonias Ilegales	64.7	21.3	11.1	1.6	0.7	100
Tugurios	63.2	19.2	15.3	1.8	0.0	100

Source: Vivienda Popular..., Vol. 1, op. cit., p. 241-2.

Unfortunately, it was not possible to gather reliable data on average monthly payments for construction in colonias ilegales from families who had built their own house.

In addition to the question on housing payment a value question was asked:^{*} "Do you consider you are paying a fair price for this house/plot?" Of those who answered, almost three out of ten said it was not a fair price and the remaining seven said that it was.

Of all the variables associated with housing characteristics, housing payment was among the most important in explaining difference between settlement choices. In a stepwise multiple regression analysis, with the settlement variables as dependent, housing payment was the only important characteristic and explained 21.94 per cent of the variance in tugurios. In the case of mesones and colonias ilegales, housing payment was the third most important variable for explaining variance.

Residential Mobility

Within City of Present Residence^{**}

The heads of household were asked to identify their previous settlement in the same city by name, as well as the previous type of housing. Of the entire universe, 8.7 per cent reported that they came from colonias ilegales, while 60.5 per cent reported that they came from mesones. Only 7.1 per cent came from tugurios and the remainder, 23.7 per cent, reported that they had moved from another type of unit.

For the subsample presently living in mesón units, great residential mobility was reported: two thirds had changed residences within the same city, and of those who had changed, 70 per cent came from other mesón rooms. The remaining mesón households either came from colonias ilegales (27.3 per cent) or from tugurios (2.7 per cent). As will be seen below, the

* Question 26, Variables 111 and 112.

** Question 12, Variable 38.

high proportion of families that had previously lived in colonias and now lived in mesones can perhaps be explained either by distance and travel costs or by default problems.

For the subsample presently living in colonias ilegales, significant changes in housing choice were also reported, although this incidence was not as high as in mesones: for instance, four out of ten of the families in colonias came from a mesón room, three out of ten came from other types of urban housing and only 13.6 per cent came from other colonias ilegales. One out of ten had previously been living in rural areas and the remaining one out of twenty came from an urban tugurio unit.* That is, over three quarters came from a different type of housing submarket before arriving at the present colonia ilegal plot.

Finally, the subsample presently in tugurios was found to be the most mobile: four fifths had previously lived in units other than tugurios. The highest proportion, 39 per cent, came from mesón rooms. An additional 28.2 per cent came from other types of urban housing, 12.8 per cent from colonias ilegales and 12.1 per cent from rural areas. Only 7.9 per cent came from other tugurios.**

The following table summarizes previous housing type by present submarket:

* Table 33, Vivienda Popular..., Vol. 1, op. cit., p. 182.

** Ibid., p. 199.

TABLE 3.42

PREVIOUS DWELLING BY PRESENT HOUSING SUBMARKET IN THE SAME CITY

Previous Dwelling in the City	Present Housing Submarket		
	Percentage Mesón	Colonia Ilegal	Tugurio
Mesón Room	70.0	42.4	53.3
Colonia Ilegal Plot	5.8	17.1	5.3
Tugurio Unit	2.7	9.8	21.2
Other	21.5	30.7	20.2
TOTAL	100.0	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 233.

Thus, while 70 per cent of mesón households had previously lived in a mesón, only 17.1 per cent of colonia ilegal households and 21.1 per cent of tugurio households had previously lived in the same submarket. An estimation of probability of housing choice, eliminating those not moving to one of the three submarkets, obtained the following results: mesón to mesón, .696; colonia to colonia, .516; tugurio to tugurio, .406; colonia to mesón, .406; tugurio to colonia, .364; tugurio to mesón, .230; mesón to colonia, .184; mesón to tugurio, .120; and lotificación to tugurio, .084.*

In sum, the highest probabilities of residential mobility were within the same submarket. In addition, the probability of moving from a tugurio unit to a mesón room is twice that of the reverse, from mesón to tugurio. The lowest probabilities were for moving from another submarket to a tugurio unit. These probabilities are confirmed in the following subsection which analyzes responses to the question concerning satisfaction with present residence in relation to previous housing choice.

* Ibid., p. 199

Present and Past

Housing Satisfaction^{*}

As we have already seen, significant residential mobility occurs both between and within cities in the informal settlement population. Approximately half of the interviewed heads of household had come from another city before arriving at the present place of residence.^{**} Once they had arrived in the city, close to three quarters (73.8 per cent) had lived in two or more places in the same city, before arriving at the present place of residence. In order to assess why residential change had occurred a question concerning satisfaction with present and previous housing choice was administered to different sections of the demand survey.^{***} As might be expected, in many cases, problems encountered in previous housing had been solved by moving to the present housing. Thus, housing dissatisfaction, was reported as the reason for moving by 40 per cent of mesón and colonia ilegal heads of households.

For the entire informal settlements sample, four out of ten heads of household either responded that they did not know (15.4 per cent) or did not mention any advantages or disadvantages for the previous housing (26.6 per cent). For the 60 per cent that did perceive disadvantages in their previous housing choice, however, almost two thirds (62.2 per cent)

* Questions 13, 14, 27 and 28, Variables 39-41, 113 and 114.

** Previous city residence was distributed in the following manner: 45 per cent had lived in mesones, 28 per cent in other types of urban housing, 15 per cent in colonias ilegales, 5 per cent in tugurios, and the remainder in rural housing.

*** "What were (are) the principal advantages that your previous (present) housing offered (offers)?" and "What were (are) the three principal disadvantages that your previous (present) housing offered (offers)?" and "Is it because of one of these disadvantages that you decided to move to the present place?"

responded that those disadvantages were the principal reason for moving.*

For the mesón subsample, of those who mentioned disadvantages, the highest frequency (45.2 per cent) was "lack of tranquility," meaning general dissatisfaction with their surroundings; 29.8 per cent of respondents, however, cited transportation and utility problems. One quarter of all respondents, however, reported no disadvantages and another quarter did not answer the question at all.

TABLE 3.43

MESONES: DISADVANTAGE OF PREVIOUS DWELLING

Disadvantage Mentioned	Adjusted Frequency	Relative Frequency
No disadvantages	--	25.2
No information	--	25.2
Lack of "tranquility"	45.2	22.4
Lack of electricity and/or water	15.3	7.6
Relationship problems	15.3	7.6
Lack of access to place of work	14.5	7.2
Payment of rent or high price	5.7	2.8
Payment without tenure	3.2	1.6
Home could not be used as place of work	0.8	0.4
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 166.

With respect to the advantages of the present housing, mesón heads of household cited more tranquility in 28 per cent of the sample, and as might be expected, three out of ten mentioned better access to job opportunities. That is, almost three times as many households in mesones mentioned

* It is interesting to note that of those who mentioned reasons other than housing dissatisfaction for the move, the highest proportion mentioned changes in family structure (22.5 per cent). The second and third most important reasons mentioned, however, were housing related: 10 per cent said it was to save on rent, and 11.3 per cent mentioned accessibility of work opportunities and other activities.

accessibility of work as an advantage, than households in the other two sub-markets, which is congruent with the fact that in general mesones are the most centrally located housing type in El Salvador's cities. Only a small proportion of respondents, one in ten, cited low rental (9.6 per cent) or access to water or electricity (12.4 per cent) as advantages:

TABLE 3.44

MESONES: ADVANTAGES OF PRESENT HOUSING

Advantage Mentioned	Adjusted Frequency	Relative Frequency
No Advantage	--	9.6
No Information	--	3.2
Good access to place of work	32.6	28.4
More "tranquility"	32.1	28.0
Availability of electricity and/or water	12.4	10.8
Low rent	9.6	8.4
Home can be used as place of work	6.9	6.0
Vicinity of relatives	4.6	4.0
Does not pay rent	1.8	1.6
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 166.

On the other hand, disadvantages of the present mesón housing mentioned were lack of "tranquility" (54.6 per cent) and lack of water or electricity, 24.1 per cent, a surprising proportion. That is, even though mesones tend to be centrally located and near central city infrastructure, the occupants' access to private water and electricity was often found to be restricted by the landlords or mesoneros.

As seen in the following table, insignificant proportion of mesón tenants mentioned lack of tenure or high rents as disadvantages of mesón living:

TABLE 3.45

MESONES: DISADVANTAGES OF PRESENT HOUSING

Disadvantages Mentioned	Adjusted Frequency	Relative Frequency
No information	--	38.4
No disadvantages	--	5.2
Lack of "tranquility"	54.6	30.8
Lack of water and/or electricity	24.1	13.6
High rent	6.4	3.6
Relationship problems	6.4	3.6
Lack of access to place of work	5.7	3.2
Payment without tenure	2.8	1.6
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 167.

For the colonia ilegal subsample, as might be expected, frequency responses of satisfaction were somewhat different. In addition to lack of "tranquility" which was the reason most often given for changes, a significant proportion (over one in five respondents), mentioned lack of access to tenure as a disadvantage of the previous housing choice:

TABLE 3.46

COLONIAS ILEGALES: DISADVANTAGES OF PREVIOUS HOUSING

Disadvantages Mentioned	Adjusted Frequency	Relative Frequency
No disadvantages	--	26.8
No information	--	14.8
Lack of "tranquility"	26.7	15.6
Payment without tenure	21.9	12.8
Payment of rent or high price	16.4	9.6
Relationship problems	16.4	9.6
Lack of access to place of work	8.9	5.2
Lack of electricity and/or water	8.9	5.2
Home could not be used as place of work	0.7	0.4
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 185.

As a further confirmation of the importance of tenure, over one third of colonia ilegal respondents mentioned as the principal advantage of a colonia plot, "living in one's own place." Another 10.9 per cent mentioned not having to pay rent. That is, close to half the respondents in colonias mentioned tenure or not paying rent as an advantage of living in colonias ilegales.

TABLE 3.47
COLONIAS ILEGALES: ADVANTAGES OF PRESENT HOUSING

Advantages Mentioned	Adjusted Frequency	Relative Frequency
No information	--	2.4
No advantage	--	9.2
Lives in own place	35.3	31.2
More "tranquility"	30.8	27.2
Good access to place of work	11.8	10.4
Does not pay rent	10.9	9.6
Availability of water and/or electricity	5.0	4.4
Low rental payment	4.1	3.6
Home can be used as place of work	1.4	1.2
Proximity to relatives	0.9	0.8
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 186.

In terms of the disadvantages of living in a colonia ilegal plot, the most frequent response (given by over two thirds of respondents) was lack of urban infrastructure: 38.1 per cent mentioned lack of water and/or electricity; and 28.6 per cent lack of accessibility to place of work.

TABLE 3.48

COLONIAS ILEGALES: DISADVANTAGES OF PRESENT HOUSING

Disadvantage Mentioned	Adjusted Frequency	Relative Frequency
No information	--	28.8
No disadvantage	--	4.0
Lack of electricity and/or water	38.1	25.6
Lack of access to place of work	28.6	19.2
Lack of "tranquility"	23.2	15.6
Payment without tenure	4.2	2.8
High rent	2.4	1.6
Relationship problems	2.4	1.6
Home could not be used as place of work	1.2	0.8
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 186.

For the tugurio subsample, the response frequencies for questions on present housing satisfaction were significantly different than the answers given in colonias or mesones, except that once again one quarter of respondents mentioned lack of "tranquility" in previous housing as a reason for moving to present place of residence. However, almost one in five mentioned lack of water or electricity, and 14.2 per cent mentioned paying rent without access to tenure as disadvantages of living in a tugurio. In comparison to other submarkets, however, the distribution of frequencies suggest no obvious tendency in terms of previous housing satisfaction.

For tugurios, the distribution of responses for opinions on present housing was diverse except, as might be expected, for the importance given to lack of housing payments. An overwhelming majority (58.2 per cent) mentioned as the principal advantage of their present housing not having to pay rent, although tugurios are only 11 per cent of the total informal housing stock. Another 12.4 per cent mentioned accessibility to jobs as an advantage

to tugurio units, and another 15.1 per cent mentioned more 'tranquility' as an advantage.

TABLE 3.49

TUGURIOS: DISADVANTAGE OF PREVIOUS HOUSING

Disadvantage Mentioned	Adjusted Frequency	Relative Frequency
No information	--	29.0
No disadvantage	--	16.9
Lack of 'tranquility'	26.1	14.1
Lack of electricity and/or water	19.4	10.5
Communication problems	18.6	10.1
Payment of rent without tenure	14.2	7.7
Payment of rent or high rate	10.5	5.7
Lack of access to place of work	9.7	5.2
Home could not be used as place of work	1.5	0.8
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 202.

TABLE 3.50

TUGURIOS: ADVANTAGES OF PRESENT HOUSING

Advantage mentioned	Adjusted Frequency	Relative Frequency
No advantage	--	6.1
No information	--	3.2
No payment of rent	58.2	52.8
More 'tranquility'	15.1	13.7
Access to place of work	12.4	11.3
Low rent	5.3	4.8
Availability of electricity and/or water	3.6	3.2
Home can be used as place of work	3.1	2.8
Lives in own house	1.8	1.6
Relatives nearby	0.4	0.4
	100.0	100.0

Source: Vivienda Popular..., Vol 1, op. cit., p. 203.

Distribution of responses for the disadvantages of living in tugurio units are shown in the table below. An overwhelming majority

(67.5 per cent) of the respondents mentioned lack of "tranquility" as main disadvantage. Tugurios thus being the only subsample where the distribution is much higher than the mean for this particular disadvantage. This may be due to the lack of territorial definition, as well as to the very high overall density in El Salvador's tugurios and the lack of adequate construction materials that can be used as barriers between units.

TABLE 3.51

TUGURIOS: DISADVANTAGES OF PRESENT HOUSING

Disadvantage Mentioned	Adjusted Frequency	Relative Frequency
No information	--	26.61
No disadvantage	--	10.08
Lack of "tranquility"	67.5	42.74
Lack of electricity and/or water	13.4	8.47
Communication problems	8.3	5.24
Access to place of work	7.0	4.44
Home cannot be used as place of work	1.9	1.21
Payment without tenure	1.9	1.21
	100.0	100.0

Source: Vivienda Popular..., Vol. 1, op. cit., p. 203.

To summarize, according to household responses mesones seem to provide the greatest advantages in terms of accessibility to jobs, "tranquility" and availability of water and electricity. On the other hand, colonias ilegales present problems with respect to both access to work opportunities and lack of services, but offer the advantage of a possibility of ownership in addition to capitalization of housing payments. Tugurios seem to provide the greatest advantages in terms of not necessitating rental payments, and to a lesser extent in terms of accessibility to work, but have the highest response rate for lack of tranquility of all housing choices.

Relationship with Landlord*

Although the subject requires additional research and it was not intended that three questions in a sample survey should provide definitive information on tenant-landlord or tenant-manager relationships, an initial approach to the question seemed justified, since for the majority of El Salvador's urban poor, squatter housing does not seem to be as viable an alternative on a large scale as it is in other Latin American cities.

When asked who is in charge (encargado) of the settlement or the mesón building, over six out of ten (62.3 per cent) of those that rented or had leasehold said it was the landlord himself. Only one in five families (21.9 per cent) said it was one of the residents who acted as manager; and an additional 16 per cent mentioned an employee of the landlord. That is, in only one third of the cases the person in charge was a representative of the mesón or lotificación landlord.

When asked about their relationship with the person in charge, an overwhelming majority (69.2 per cent) mentioned "good" relations. Only less than a quarter (23.4 per cent) reported "reasonable" relations. And less than one in ten (7.3 per cent) reported "bad" relations.

Those who reported "good" relations were asked why they were good, and 60.6 per cent gave as the reason the fact there were no problems in dealing with the person in charge. An additional 30.9 per cent responded that the person in charge "is a considerate person." Finally, 7.8 per cent said that the good relations were due to friendship with the landlord. Of those that reported "reasonable" ** relations with landlord, 46.7 per cent

* Questions 23, 24, and 25, Variables 105-110.

** In Spanish, the word "regular" may mean "not so good," "all right," or "not so bad."

gave as the reason that there were no problems and 13.2 per cent reported that relations were only "reasonable" because the person in charge was inconsiderate or unfriendly towards tenants. Finally, those that reported "bad" relations said that they were due to the person in charge being inconsiderate and unfriendly (60.8 per cent) or to other relationship problems (39.2 per cent).

An additional question was administered to check landlord-tenant relationships. The question concerned what the person in charge did if the tenant was late with his payments. Of the 35.2 per cent who said they were occasionally late with payments, eight out of ten (79 per cent) said the landlord took a "wait and see" attitude, while 14.3 per cent said that the landlord waited a few days and then proceeded to evict according to law and the contract clauses. Only 6.7 per cent said that the landlord proceeded immediately with eviction proceedings when arrearage occurred.

Knowledge of National Housing Programs*

The final characteristic related to housing that was explored in the demand survey concerned the respondents knowledge of the existence of national housing programs and any steps taken to apply to them. These questions were asked, in part, to test the hypothesis that traditional government-backed housing programs were so far out of reach of the popular sectors in the informal settlements, that those sectors had never considered applying for a government built unit, or had no knowledge of government housing programs.

Approximately half of the heads of household interviewed, said

* Questions 30 and 31, Variables 116 to 135.

they did not know if there were any institutions in the country that helped poor people acquire housing;* 34.5 per cent mentioned one institution and only 12 per cent mentioned two. The respondents who answered that they did know of such institutions, were then asked "Which?". The distribution of responses was as follows: about one third mentioned the Housing Foundation or the Fondo Social; four out of ten mentioned IVU; and, as might be expected, only 6.1 per cent mentioned the Savings and Loan System.**

Respondents were then asked if they had ever tried to acquire a house through any of these institutions, and if so, through which of the institutions. Respondents were also asked if they had actually ever submitted an application form. Only a surprisingly low 4 per cent answered that they had attempted to acquire a house from one or more of the national institutions.

The respondents who answered that they had never attempted to acquire a formal housing unit were asked why not. Three in ten (30.8 per cent) stated either that they could not afford the payments or that their economic situation did not permit them to do so. An additional one in ten (9.3 per cent) of the respondents said that they did not meet the requirements. That is, four out of ten considered that they were not eligible, while over a third (35.90 per cent) stated that they either had no interest or were satisfied with their present house.

* By settlement type, as might be expected, tugurio respondents had the highest frequencies of "no knowledge of housing agencies." However, in a stepwise regression analysis, knowledge of housing institutions was not statistically significant in explaining variance in the three settlement types. By urban area, San Salvador's frequency of response "Yes, I do know of such institutions," was twice that of both San Miguel and Sonsonate.

** An insignificant number of respondents mentioned local government (0.8 per cent) or OMCOM (2.6 per cent).

3.11 Differences Between Urban Areas

Although this subject perhaps merits further research, the data and field observations on the size and growth of the various informal housing submarkets in different cities seem to indicate several intervening variables of the local and national dynamics of such submarkets, apart from those demand variables already examined, such as income and preferences.

Among the principal local-based intervening variables are:

a) the structure of the urban economy and local employment generation and its changes over time in relation to the national economy; b) the overall population growth of the city (including migration) and its impact on the structure and size of housing demand; c) the availability of land for conversion into profitable colonias ilegales in comparison to existing non-urban uses, or availability of old houses for conversion into mesón rooms and the desire of speculators to enter into the rooming house submarket; and e) the supply of very low-cost housing in the formal sectors, especially sites and services units, on a significant scale to open up the housing market.

The structure of the urban economy and local employment generation, and their relationship to the national economy, will have a direct influence on the growth of an urban area, through the employment and income opportunities generated and through the internal migration they bring about. For instance, in the case of Sonsonate, the employment and income generated by the port facilities in Acajutla seem to have had a significant impact on Sonsonate's growth (the second fastest growing urban area as well as the

second highest proportion of migrants in the country) and a significant impact on the stability and type of employment in that city as compared to San Miguel. On the other hand, the structure of employment and income, as well as overall urban growth and migration, directly increase the demand for housing and services.

The availability of accessible land for conversion into colonias ilegales will influence the supply of such settlements. The marked growth of the population in colonias ilegales in Usulután (29.1 per cent) compared to Sonsonate (7.3 per cent) and Santa Ana (13.6 per cent) as shown in the following table, seems to be related to the availability of peripheral land and of speculators to convert them into unimproved plots, since as will be seen in Chapter IV, they produce a better return on investment than that derived from agricultural uses.

TABLE 3.52

NUMBER OF UNITS IN COLONIAS ILEGALES AND
PROPORTION OF URBAN POPULATION LIVING IN THEM

Urban Area	Total Urban Population	Urban Population in Colonias	Per Cent in Colonias	Total No. of Colonias
Metropolitan Area of San Salvador	564,967	115,871	20.5	380
Santa Ana	98,433	13,420	13.6	44
San Miguel	61,940	11,895	19.2	39
Usulután	19,783	5,795	29.1	19
Sonsonate	33,302	2,440	7.3	8
TOTAL	778,425	149,421	19.2	490

Source: Vivienda Popular..., Vol. 1, op. cit., p. 191.

On the other hand, the increased growth of population in tugurios almost exclusively in San Salvador is related to the availability of marginally economic land in the form of many ravines as well as abandoned rights of way, compared to those found in the other major urban areas:

TABLE 3.53
NUMBER OF UNITS IN TUGURIOS AND PROPORTION
OF URBAN POPULATION LIVING IN THEM

Urban Area	Total Urban Population	Urban Population in Tugurios	Per Cent in Tugurios	Total No. N° of Tugurios
Metropolitan Area of San Salvador	564,967	50,908	9.01	150
Santa Ana	98,433	1,825	1.85	3
San Miguel	61,940	2,266	3.66	7
Usulután	19,783	---	--	-
Sonsonate	33,302	364	1.09	5
TOTAL	778,425	55,363	7.11	165

Source: Vivienda Popular..., Vol. 1, op. cit., p. 206

Finally, the high proportion of mesón population in Santa Ana (51.3 per cent), Sonsonate (47.2 per cent) and Usulután (46 per cent), has to do with the availability of old houses for conversion and the desire of landowners to enter the rooming-house business. Santa Ana, for instance, is a city which at one point in time housed the majority of the coffee-owning families and managers in Western El Salvador. Similarly, Sonsonate has been the livestock center for that part of the country and Usulután has been the urban center of the cotton-producing coastal plain. With the migration of many owners and managers to San Salvador during the last two decades, many housing units became available for conversion or filtered down to middle-

income sectors who in turn vacated their previous homes. Thus, it is possible that this migration to San Salvador by higher income groups had a direct influence on the proportion of available mesón rooms in these secondary cities.

TABLE 3.54

NUMBER OF MESON ROOMS AND PROPORTION
OF URBAN POPULATION LIVING IN THEM

Metropolitan Area	Total Urban Population	Urban Population in Mesones	Per Cent in Mesones	Total No. N° of Mesones
Metropolitan Area of San Salvador	564,967	185,120	32.7	4,000
Santa Ana	98,433	50,586	51.3	1,086
San Miguel	61,940	23,602	38.1	510
Sonsonate	33,302	15,735	47.2	340
Usulután	19,783	9,117	46.0	197
TOTAL	778,425	284,160	36.5	6,133

Source: Vivienda Popular..., Vol. 1, op. cit., p. 172.

A last hypothesis concerning the differential growth of the various informal settlement submarkets is related to availability of formal housing units produced in each of the cities. As was seen in Chapter II, the availability of formal housing units in any price range in secondary cities has been practically negligible, except for those built by the Housing Foundation between 1974 and 1978. Similarly, the availability of affordable units in the price range of colonias ilegales and mesones, has also been negligible in all cities, including San Salvador, again except for those recently built by the Housing Foundation. Although the latter are few in number, have only recently been built and are mostly still in the process of construction, it

is possible to estimate their potential impact on the local informal housing market, through the considerable increase in the number of similarly priced units that the Housing Foundation provides for the public.

For instance, in the city of Santa Ana alone, approximately 1,200 sites and services units (equivalent to a population of 7,200) became available for occupation in 1977 at a price range of US 6 to 12 dollars (15-30 colones) per month in mortgage payments. According to a 1977 survey in mesones, in Santa Ana, two thirds of Santa Ana's mesón population, equivalent to 6,600 households, then paid US 8 dollars (20 colones) for a room.* In other words, the mesones and the Housing Foundation were basically offering units at the same effective demand level. As soon as units became available, 1,200 families moved into the Foundation's settlement, leaving their mesones. This means that 18 per cent of the mesón rooms in that price range were vacated in Santa Ana in one year. Although no studies have been conducted on the market impact, a vacancy rate of one in five mesones will surely have an impact on both the profitability of mesón buildings and the prices of mesón rooms in that city.

In sum, significant differences were reported in the proportionate share of the various submarkets in the five cities. Their relative growth seems to be determined by certain differences in both supply as well as demand factors, although further comparative research is probably needed to confirm these hypotheses.

* Fundación Salvadoreña de Desarrollo y Vivienda Mínima, "Estudio Socio-Económico de Santa Ana," San Salvador, Febrero de 1977.

3.12 Agents Influencing the Supply of Informal Settlements

Although several supply variables were identified in the household survey and have been discussed in the previous sections (for instance: rents, service levels, location, magnitudes, payment terms, etc.), there are other supply components that play an important role and could only be explored through interviews with landlords or through secondary data.

These include: a) the nature and role of the principal agents influencing supply: developers of colonias ilegales and landlords in mesones; b) constraints on land supply and the related constraints on trunk infrastructure extensions; c) financing mechanisms operating in the production of informal settlements and d) other legal, regulatory and policy constraints.

This section extends the discussion of the first component, the role of landlords and land developers, since the others are included in the discussion of issues in Chapter IV.

The principal agents influencing the supply of each of the three principal informal settlement types are quite diverse. In the case of mesones, the principal agents tend to be owners and managers of buildings located in decaying central areas of cities, who for the most part, have been in the rental business for long periods of time and see it as an investment for fairly permanent income. On the other hand, the principal agents in the

land conversion process for colonias ilegales tend to be professional land speculators who manage each colonia only for the transition period and whose only aim is to obtain its excess profits. Finally, the principal agents in the supply of tugurio settlements are the households themselves who, acting individually, have invaded a piece of economically marginal and usually public land. They are, of course, agents in both supply and demand for the latter type of informal settlement production and have been discussed in the previous sections of this chapter.

Two especially designed exploratory questionnaires* were administered to mesoneros and colonia ilegal developers in three cities and, although it was not a large enough sample and therefore the results cannot be interpreted to represent the universe of landlord-developers, some indications of their role in informal housing supply were explored.**

The principal areas covered in the landlord interviews were: social and economic characteristics; income from real estate; years in the housing business; who intervened in the production and management of units; how the unit was financed; level of services provided and controls imposed on their use, intentions of expanding future real estate business; tenant selection; perceived advantages and disadvantages of his clientele; general policy support; and in the case of colonia developers, alternative forms of land rent.

* The questionnaires are shown in Appendices V and VI.

** Although the questionnaire was designed originally to cover a representative sample, this objective was abandoned due to the high proportion of developers and landlords in the pre test who were not willing to cooperate with the survey.

Mesón Landlords

Although mesón owners are landlords for over one third of the total urban housing stock and for 58 per cent of the informal housing units, surprisingly little is known about them. This may be, in part, because it is generally difficult to obtain information through interviews and also because traditional research methodologies have tended to emphasize the collection of data from the household end.* As a result, studies of housing markets have omitted variables in understanding the nature of supply, especially when housing is not acquired through invasions. The principal characteristics of fourteen mesón landlords interviewed in three different cities are discussed below.**

In general, mesón landlords tend to be an older female population: the ages of all those interviewed ranged between 48 and 79 years, many were either single or widowed, rather than married persons. Half of them were born in one of the five principal urban areas, the rest were born in smaller cities and towns. Very few of the landlords interviewed went beyond the sixth grade and several had never gone to school. But as will be seen from other characteristics, they tend to be upper-middle class, traditionally oriented entrepreneurs.

Only about half of the owners had occupations other than managing a mesón (four were small merchants, one was a livestock farmer, one was a driver and one a firecracker maker); the others listed their principal occupation either as mesonero within the mesón or housewife (oficios del hogar).

* The only significant research on landlords known to the author has been done in the United States. See for instance, George Sternleib, The Tenement Landlord, Rutgers University Press, 1966, and sources cited therein, p. 267-9.

** Six interviews were carried out in the Metropolitan Area, four in San Miguel and four in mesones in Sonsonate.

Although reported incomes are probably not reliable nor representative of the landlord universe, most of the landlords that answered stated that their monthly income from mesón rents was between US 100 and 500 dollars (250 to 1,250 colones). (Two, however, declared that they earned less than US 40 dollars (100 colones) per month). This would seem to place interviewed mesón owners within the second highest quintile of the urban income distribution, equivalent to the upper-middle income class.

It is interesting that eight out of fourteen of the landlords had been in the mesón business twenty or more years, five had been in the business from six to eleven years and only one had been in the rental business less than six years. This may have to do with the way the mesón building was acquired: three had inherited it, six had bought it as an investment and five had built it as an investment. Those that had purchased or built the mesones, had done so through savings or acquired bank loans, but in both cases it was acquired as income producing property.

Although all but one of the landlords interviewed said their tenants had both water and electricity, only half said the cost of these was included in the rent. Those that had installed electricity in the rental unit, however, always imposed limitations on its use, either by the number of hours they connected the service or by charging extra for appliances. The majority, however, reported they did not impose limitations on the use of water, except in some cases, where taking in laundry was not permitted. Those that imposed water limitations did so by shutting off the water during certain hours of the day or night.

Landlords were also asked if they felt that they were protected by law when they encountered "irresponsible tenants" and all responded that the "Rent Law" ("Ley de Inquilinato") and the courts would protect them, but

that eviction procedures took unusually long: two to three months. Only one of the landlords, however, mentioned that he made tenants sign leases, the rest were verbal agreements.

Three of the landlords interviewed had not made any improvements in their mesón building because they felt it was already adequate. The remaining eleven landlords reported making improvements every year, ranging from painting, fixing doors and plastering walls, to installing floors, new electrical connections or putting in washstands (lavaderos). Improvements were justified on the grounds that they would avoid deteriorating, improve the quality of the service for the benefit of the tenants, or, in two cases permit higher rents. Improvements were financed mostly through income from rents although two landlords said they had taken out bank loans.

Nine of the fourteen landlords interviewed said they managed the mesón directly; the remainder, however, paid a mesonero, equivalent to a resident manager in the mesón. Only one said he had hired an outside employee to manage the building.

When asked if they had any contacts with other mesón landlords with the objective of setting common rent levels or discussing matters of common interest, all of them without exception, responded in the negative. They were also asked how the room rents were established. The majority stated that size, location facing the street or facing inwards and the services included, or a combination of these, were the bases for setting rent levels. One landlord said he established rent levels according to his tenants' capacity to pay and another stated that he compared his rents to those of other mesones.

Only six of the fourteen landlords said that the income they received from rents adequately compensated their investment and efforts. The remaining eight said it did not, either because of repairs or taxes, or because they simply could not make a reasonable living from the returns.

All of the mesón landlords except one said that they selected their prospective tenants carefully. Eight mentioned that they required their prospective clients to have stable employment and income. The same number mentioned that family size was another criterion for selection: they did not allow large families. Two even mentioned that they allowed no children of any age in the rooms. Seven mentioned that they also judged a person's "good conduct" and "manners." Five required either a written personal reference or a copy of the previous rental receipt before accepting a tenant. That is, all except one landlord, mentioned having two or more selection criteria for prospective tenants.

Landlords were also asked to list the principal advantages and disadvantages of his mesón building for tenants. Only three mentioned a disadvantage: two said that they closed the doors between 10:30 p.m. and 6:00 a.m. and another said he did not permit cooking in the rooms, but allowed it in the patio or in the hallway. All of the mesón landlords, however, said their mesones offered many advantages. Among the most frequent responses were: good landlord-tenant relations, unrestricted water or electricity service, large and clean rooms, good quality construction, unlocked front door, etc. Only one mentioned low rents and another mentioned that he always gave tenants help in the case of problems.

In the interview, landlords were also asked what kinds of tenants formed their principal clientele. Half mentioned that they were poor people (gente humilde, or pobres) and another half said they were skilled or

unskilled laborers (obreros or mozos). Some described their clients as go-ahead or hard working (gente luchadora), respectable (de buenas costumbres) or just good people (gente buena). Only one landlord mentioned he had a student tenant and another mentioned he had an employee or office worker (empleado). Thus, landlords tended to identify their clients as a very different class than themselves, usually of the working class.

Mesón landlords were also asked if they felt that mesón clientele had diminished because of the growth of colonias ilegales or tugurios. Only three responded in the affirmative; the remaining eleven said that they did not feel the effects of this competition because of population pressure and increasing housing need. Half mentioned that people were continuously coming to their door asking for mesón rooms and that as soon as one room became vacant, he had many people inquiring about it. This was confirmed by the answer to the question concerning occupation of rooms. None of the fourteen landlords said they had any empty rooms at the time of the interview.

Five of the fourteen landlords interviewed were owners of more than one mesón. The number of rooms per building in almost all of the mesones ranged from six to thirty six, the mean being around 18 rooms per mesón. One landlord reported only two rooms in his mesón. Another one reported owning sixty three rooms in three mesones. Rents charged for all rooms in the mesones visited for the survey ranged from a low of US 3.2 and 4.0 dollars (8 and 10 colones) to a high of US 18 dollars (45 colones). One landlord, however, reported receiving as much as US 32 dollars (80 colones) for a room.

Finally, in order to obtain confirmation for the earlier question

on competition in this income market, mesón owners were asked if they felt that demand for rooms had remained the same or had changed over recent years. All of the fourteen responded that the demand for mesón rooms has always been high and has never dropped.

Colonia Illegal Developers

Lotificadores, or colonia ilegal developers, have supplied one fifth of El Salvador's urban housing stock, equivalent to one third of the existing informal housing units. However, as in the case of mesón landlords, no research or information of any type exists on their characteristics and their views on their role in housing the urban poor.*

Although the twelve interviews** are not intended to be a representative sample, the characteristics of this group of agents seem to be different than the characteristics of those involved in mesón supply. For instance, all except two of the lotificadores were male and married and the age distribution was much wider and younger than that of mesoneros: there were four developers between the ages of thirty and forty and one under thirty. They all had much more formal education than the mesón landlords: only two had stopped at primary school while six had professional university degrees: they included one civil engineer, one certified public accountant, two in-

* As was the case in the mesón landlord interviews, the lotificador questionnaire results are not meant to be representative of their universe, in large part because the interviews were few in number, but also because the kind of economic information sought was difficult to obtain. In the case of colonias ilegales it may also be due to the fact that the very name describes them as an illegal business. But lack of cooperation may also be due to the large excess profits involved, which are not easily admitted to an interviewer who has no personal rapport. This issue is reviewed in greater detail in Chapter IV.

** Six in the periphery of the Metropolitan Area, three in San Miguel and three in Sonsonate.

dustrial engineers, one lawyer, and one orthodontist.

As a consequence of higher education and income, the principal occupations of lotificadores were also higher in status than those reported by mesón landlords. For instance, there were two engineer-builders, one cotton wholesaler, one retail merchant, two industrialists and four commercial farmers. Only one of the developers claimed that his principal occupation was managing the colonia ilegal. That is, as a whole, those interviewed were involved in medium to large scale private enterprises in addition to the illegal land speculation business.

Only two of the twelve developers interviewed, however, were willing to reveal their income. Those that did so said it was between US 300-400 dollars (750-1,000 colones). It is likely, though, that because of the scale of their business, their occupation and education, the value of colonias ilegales, and other observed socio-economic variables, that this figure is not at all representative of their incomes. It was estimated that their incomes directly derived from the sale of land in colonias ilegales probably reached the highest quintile of the urban distribution and are from four to ten times the incomes reported by mesón landlords.

In contrast to the mesón owners, the developers interviewed have been in the lotificación business for a short time only. Seven of the twelve had started their colonias only seven years ago or later. Four had started the business between ten and fifteen years ago and only one had started in the early 1950's.

When asked how the developers felt the colonias ilegales were contributing to the solution of the housing problem in El Salvador, seven of the twelve felt that colonias played an important role since plots in colonias ilegales were often cheaper than mesón rooms, and, in addition, such plots

provided the opportunity for ownership (pueden llegar a ser propios). The remaining five expressed no knowledge of the role of colonias ilegales in relation to the housing issue.

Developers were also asked who actually did the subdivision layout. Seven out of twelve said they hired an engineer, one hired a topographer's assistant and one hired a building contractor. Two of the developers, however, said they bought the property already subdivided and that the previous owner had laid out the plots. The ten who had hired professional help said that they paid for the services; five had financed the costs out of savings two from loans (one from the National Mortgage Bank) and the remaining three from the down payments made by families who bought the plots. That is, cash flows from sales allowed them to develop land without any outside financing.

The developers were asked what infrastructure services existed in their subdivisions at the time of the interview. Ten out of twelve said they had provided the access roads and two said roads had been put in on the initiative of the residents. All except one of the developers interviewed said the development had no sewerage system. The one developer who had provided such infrastructure was a manufacturer of construction materials. Eleven said the colonia ilegal had electricity, but five said this was obtained by the households. Eight of the twelve lotificaciones had water; in two cases this was well water.

When asked if they would expand the business if they had another piece of land that was appropriate for colonia ilegal subdivision, only four out of twelve said no; one because of his age, another because he had enough income already, a third because he did not have time and it caused too many problems and the fourth because he had collection problems.

Nine of the twelve developers said that they had no contacts with other lotificadores to discuss pricing or other matters of common interest. When asked how they decided plot prices, nine of the twelve mentioned the criteria of location, area, overhead and costs, etc. One said he simply used his judgement and the remaining two said that the prices had been established by the previous owner from whom they had bought the subdivision.

In contrast to the mesoneros, all developers of subdivisions except one thought that returns on sales adequately compensated the investment and effort involved in subdividing the land. In terms of where payments were made, six said that the households made payments directly to them at their homes, two said that payments were made at a bank, and the remaining four said that they had an office in the colonia ilegal or had a lawyer take care of payment collection.

Seven of the twelve stated they did establish selection criteria for prospective buyers, in order to insure the lowest possible default or arrearage rate. These criteria were principally: stable income, jobs, ability to make a down payment, honesty, etc. Only two said they had no criteria for selection except capacity to pay and the remaining two had bought the property with the lots already sold to families selected by the previous developer. Ability to pay, however, seemed to be the overriding criterion for selection of prospective plot buyers; this is confirmed by the demand survey which showed higher family incomes in colonias ilegales as a whole. Finally, seven of the twelve developers said that they had intermediaries handling sales and collection.

The interview also checked the developer's perception of the legal protection available to them in the case of households who defaulted.

Seven out of ten developers said that all their plots were under legal leasehold contract and that default was covered by the contract. In addition, four said that there were laws that protected them or that they could have recourse to lawyers. Only one respondent said that laws were not so important and that he was "likely to have trouble because people do not pay attention to laws anyway." To summarize, almost all of the developers felt they were protected either by law or by the rental with promise of sale contract and that there were no legal risks in their illegal land business.

Of the respondents that detailed the financial arrangements of their sales, most said that they sold the plots with time payments covering periods from 5 to 15 years and with low down payments. These ranged from US 12 to 80 dollars (30 to 200 colones) in the colonias visited. In addition, only one respondent gave the price of plots: US 3.2 dollars (8 colones) per square meter of unimproved and unserviced land. This sum, however, was found to be not so representative. From indirect measures sales prices per square meter of unimproved land was equivalent to five times these amounts.

Average monthly payments reported were between US 6 and 32 dollars (15 and 80 colones) but the majority were between US 8 and 16 dollars (20 and 40 colones). Half of the lotificadores said, however, that these payments did not include interest of 6 to 12 per cent per annum. The remaining half said that interest was included in the payments, or that no interest was charged to households. Household data reported in the demand survey, give a wider range of prices and mean monthly payment than those estimated by the lotificadores for these particular colonias ilegales.

Only one fourth of the developers interviewed said that they extended a legal mortgage deed to households, seven said that they extended rental with promise of sale agreements and only one said that families were

only given monthly receipts as proof of payment. That is, a relatively small minority of developers interviewed actually had legal mortgage contracts to formalize their sales. These proportions are similar to those found in the household survey.

When asked in the interview which were the comparative advantages and disadvantages that they perceived in their own colonia ilegal, none mentioned any disadvantages for households. As the principal advantages, however, they mentioned most frequently were: low prices, proximity to the city, flat terrain, surfaced or wider streets, no interest charges, access to good nearby transport service and availability of public lighting.

Developers were asked if they considered that they received support from the government in the subdivision business. All of the persons interviewed, without exception, said they did not receive any government incentives and one went so far as to say that he had tried to improve the community by installing a sewerage system but was prevented from doing so by the government.

In contrast to mesón landlords, one developer had more than ten colonias ilegales, another had four, two had two, and the remainder had only one colonia.

Only four developers reported total prices paid for the property before subdividing: US 12,000, 16,000, 80,000 and 120,000 dollars (30,000, 40,000, 200,000 and 300,000 colones), but the information was unfortunately not related to the extent of the property. The number of plots involved in the present lotificación varied greatly: as few as 20 to 26 or as many as 400 to 700 units, with plot areas varying between 156 and 350 square meters, fairly large when compared to sites and services units that measure from 60 to 120 square meters. Eight out of the ten lotificadores had bought the land for

speculation, the remaining four had inherited the property as farm land and had entered the business by accident.

Finally, when asked what the annual income derived from the property was before its conversion to urban plots, ten out of twelve gave no figure. The remaining two said that the income derived from the land prior to subdivision was extremely low (bajísima) but mentioned no figures.

Summary

Although the interviews with 12 illegal land developers and 14 mesón landlords are not necessarily representative, several differentiating characteristics emerge clearly and seem to separate the two types of agents. Mesón owners are more traditional and less educated and have lower incomes than land developers, who tend to have professional degrees. Many mesón landlords have been in the business for several decades and have inherited the buildings rather than purchasing them for speculation. On the other hand, land for colonias ilegales has been mostly purchased, some for as much as several hundred thousand dollars and professional help has been hired for the laying out of plots and for the actual sales.

The number of mesón rooms under the control of a single landlord usually numbered in the dozens. On the other hand, the number of plots in a colonia often reached several hundred and a single lotificador sometimes had several such colonias which produce a correspondingly high monthly income for him. Because of this, and because there are no infrastructure or management problems, most of the developers of colonias ilegales thought they had more than adequate returns on their investments and efforts, especially when compared to non-urban land rents before conversion.

Finally, both colonia illegal developers and mesón landlords

claimed that they imposed careful selection criteria for prospective clients. Special care seems to be taken to select clients primarily in terms of their capacity to pay employment stability and even personality. Although only mesoneros seem to impose rules for behavior, both are confident that through the courts or through the leasehold arrangements, they would be able to evict any tenants who did not meet the payments due.

3.13 An Overview of Informal Land and Housing Submarkets

The first housing study conducted in El Salvador estimated that in 1946 four out of ten households in the Metropolitan Area of San Salvador were renting crowded rooms in converted buildings, locally called mesones. Three decades later, in 1975, the proportion had diminished to a third. By then, however, in addition to mesón rooms, the informal sector housed another fifth of the population in colonias ilegales or illegal land subdivisions and close to one tenth in tugurios or squatter settlements. In other words, 62.3 per cent of the population in the Metropolitan Area of San Salvador was living in one of the three major types of informal settlements. The proportion of the population in informal settlements in the other four cities studied ranged from 56 per cent to 75 per cent.

Contrary to a widely-held belief, the overwhelming majority of the urban poor are not housed in squatter settlements. In 1975, less than 11 per cent of the population living in informal settlements and 7 per cent of total population in the five cities was in tugurio areas. The remaining 89 per cent of the informal settlements landlords controlled the units and rent was paid: close to six out of ten families were living in mesón rooms and over three out of ten in colonia ilegal plots.

In 1975, mesones housed over 54,600 families, and formed 37 per cent of the urban housing stock, in 5 cities. As entrepreneurial rooming houses, mesones are primarily characterized by their legal situation: they

are almost exclusively acquired or converted for the purpose of creating small rental units. And, although for the majority of mesón households the mean rental payment of US 10 dollars includes access to shared sanitary facilities and water, this rent represents 11 per cent of their very low family earnings of US 91 dollars. As rental units, mesones provide no possibility for future ownership.

The significant socio-economic variables that determine a poor family's choice of mesón rooms were found to be family size, family earnings and housing payment. In a multiple regression analysis with settlement as a dependent variable, together these three variables determined over 46 per cent of the variance observed. Family size was in fact low in mesones, only 3.8 persons per unit, compared to a mean of 5.4 persons for the entire urban population and half of the mesón households interviewed had two members or less. Family earnings were lower by 10 per cent than the sampled mean, but because of household size, per capita income was higher by 13 per cent. The central city location of mesones, providing good access to place of work, was one of the advantages mentioned most frequently by households living in mesones.

Income derived from renting mesón rooms is high in both absolute and relative terms. Estimates based on interviews with mesón landlords and on the household questionnaire indicate that income from rents per square meter is equivalent to that obtained in rents from fully serviced upper and upper-middle income homes, and income per mesón building probably comes to the several hundred dollars per month, placing mesón landlords within the second highest quintile of the urban income distribution. Total annual rents paid by the 55,000 households to mesón landlords are estimated to be 6.4 million dollars (16 million colones) per year .

Both the household survey and the landlord interviews seem to indicate that as a result of the very tight housing market the rental situation of mesones allows landlords varying degrees of social control. This control is achieved in three ways: through the rigorous tenant selection criteria which often concern family, economic and even behavioural characteristics, through the monthly rent collection system and through the legal protection perceived by landlords in cases of eviction. Although further research would seem to be necessary to ascertain the effect of such control, the household survey showed that families took great care to maintain good relations with their landlord and that there were almost negligible levels of participation in any political, community or other types of organization.

Colonias ilegales housed by 1975 over 28,700 families in 5 urban areas, equivalent to 20 per cent of the housing stock in those cities. Colonias ilegales are essentially unserviced land subdivisions, usually at the urban fringe, where previously defined individual plots have been clearly laid out by a developer and where poor families invest substantially in the construction of homes because they see the eventual possibility of ownership if default does not occur.

Such settlements are illegal, however, because the developers did not present plans for approval and the settlements therefore do not conform to minimum subdivision standards, but also because of the now illegal form of tenant-purchase agreement, locally called a "rental with promise of sale" contract, that still governs three quarters of colonia ilegal plots.

Mean monthly payment for colonia ilegal plots was found to be US 13 dollars, somewhat higher than rental payments in mesones even though they imply the possibility of ownership. Plot payments, however, usually

exclude costs of all urban infrastructure services and the cost of all dwelling construction. Together, these housing costs are a heavy burden on families considering the low per capita monthly income in colonias ilegales of only US 24 dollars (60 colones). Largely through a combination of family and contracted labor, investment in house construction is estimated to have reached an average of US 1,010 dollars (2,525 colones) per unit in plots whose average cost was US 1,324 dollars (3,310 colones) in 1975. That is, over time, 3 out of 10 urban families of the informal sector managed to build units at a cost of US 2,334 dollars (5,835 colones).

The significant socio-economic variables of households that "purchase" a plot in a colonia ilegal were found to be family size, family earnings and housing expenditures, in a multiple regression analysis with settlement as the dependent variable. Together, these three independent variables explained 43 per cent of the variance. Mean family size was high, 5.84 persons per household, 54 per cent higher than the mean for family size in mesones and higher than the urban mean. Family earnings were the highest of all three settlements submarkets: US 124 dollars (310 colones) on the average, 23 per cent higher than the sample mean. Only one half of household earnings, however, came from income earned by the head of household. And housing payments were probably the highest on the average, if we include construction expenditures and infrastructure payments in addition to plot installments. In spite of the cost and effort involved in acquiring a plot in a colonia ilegal, two thirds of the households interviewed stated that the main advantage of living in an illegal subdivision was the satisfaction of "living in one's own place" and greater "tranquility."

Illegal land developers are, for the most part, professionals and businessmen who purchased the land for speculation purposes although some

are landowners who inherited the land in the form of farms. Land rents alone place colonia ilegal developers in the highest quintile of the urban income distribution. From the household survey and the interviews with developers it is possible to estimate the high absolute and relative income derived from the colonia ilegal land market. In 1975, colonia ilegal families were paying approximately US 8.80 dollars (22 colones) per square meter of unimproved land. This is the same as the price paid in the same year for a typical fully serviced, upper-class subdivision in San Salvador, and 80 per cent higher than a comparable serviced plot with core unit of the Housing Foundation. Total rent transfers from colonia ilegal households to developers were estimated to be as high as US 4.4 million dollars (11 million colones) annually. This is higher than the profits reported by the seven Savings and Loan Associations in 1977.

As a result of the very tight housing market and increasing competition for urban land, developers are operating in a sellers' market and as in the case of mesones, frequently establish selection criteria for screening prospective plot leaseholders. This was confirmed both by the household survey and by the interviews with illegal land developers. The tenant-purchase form of agreement also allows developers varying degrees of social control over households and communities. Through the collection of monthly payments and the default clause which permits eviction even after many years of payment and considerable investment in housing construction, developers are able to exercise varying degrees of influence over households and emerging communities in illegal subdivisions.

Although, as in the case of mesones, further research is necessary to establish a positive relationship between the type of tenure and community participation, the household survey showed that good relations with

developers were important for the majority of the households, and at the same time reported very low levels of participation in any form of organization.

As in other Latin American cities, urban squatter settlements are characterized by their location on principally public land. However, because of past policies, tugurios have no possibility of ownership and therefore are associated with the least secure of tenure and lowest levels of housing investment. El Salvador's 10,600 tugurio units are mostly located in the few public rights of way, ravines and other marginally economic areas that exist, and are not as extensive as elsewhere, nor are they planned as organized invasions as in other Latin American cities. This seems to be due to the nature of land use and tenure in areas around cities and to the high level of control over invasion attempts on private land. The only successful organized invasion on municipal land occurred in 1972.

Although rental of tugurio units occurs in about 12 per cent of households, the majority have no monthly housing expenditures except for water costs and occasional electricity installations. The choice of tugurio living is due, in large part, to the fact that the poorest families cannot afford even a monthly payment of US 10 dollars (25 colones) for a mesón room. Mean monthly family earnings were only US 85 dollars (210 colones), 15 per cent less than the informal settlement mean and 45 per cent less than income in colonias ilegales. In fact, housing payment was the only independent variable that explained housing choice in a multiple regression analysis with the tugurio as the dependent variable. Paying no rent was also the most important advantage to living in a tugurio settlement for six out of ten households. Tugurio units are usually bought and paid for in cash. Mean unit cost was found to be only US 166 dollars in tugurios. This was equivalent to only twice monthly family earnings and one fourteenth the cost of housing units built by families in colonias ilegales.

Chapter IV

THE ISSUE: EQUALITY IN ACCESS TO URBAN RESOURCES

Introduction

Chapters II and III analyzed the origin, evolution, structure and relationship of the various urban land and housing submarkets in El Salvador and their socio-economic and political contexts, especially since the 1950 Constitution. A theme running through those chapters was the rather marginal impact that government programs have had in terms of the improvement of the quality of life of the majority of the urban poor through increased production of new units and urban services for the middle and upper-income sectors, the major thrust of government action in the first four National Development Plans, including the 1978-1982 Pre-Plan.

This chapter attempts to clarify and summarize the principal issues concerning unequal access to urban resources, specifically: access by whom and at what cost to urban land, to public services and to housing construction itself, in both the informal and formal submarkets.

The first section of this chapter synthesizes the principal theme of the research: the issue of inequality in the present patterns of

urbanization in Latin America in general and El Salvador specifically. It brings into the discussion the recent structural literature of development which explicitly questions the classical model of "economic growth now and distribution later" and attempts to relate it to the issues of urban development in El Salvador.

The second section of the chapter analyzes who has actually had access and at what cost to government supported housing production, originally conceived and explicitly justified in terms of "social" objectives.

The third section analyzes the issue of government's lack of acceptance and support of the neglected but important informal housing stock, as well as the real implications this policy of neglect has had on the quality of life of the poorer half of the urban households.

The fourth section is a contribution to the more recent discussion on the informal housing sector in Latin America which questions much of the post-marginalidad literature that views squatter settlements as a "solution" while ignoring the broader structural context and, more specifically, the effect on distribution and other negative impacts of the present patterns.

The fifth section of the chapter briefly looks at the issue of the structure of demand and the role that this plays in access to housing and improved living conditions in the long run. Although this is not the principal focus of the research, this section explores the relationship between "transfer" issues discussed in the first parts of the chapter and "production" issues such as employment and income in a national development strategy which promotes distribution.

The last part of this chapter looks at the overall issue of the lack of an explicit urban strategy and more specifically the effect of not

viewing sectoral policies as part of explicit national growth and distribution strategies.

4.1 Inequality and Urban Development

After enjoying many years of popularity, the theory of marginality stemming from the writings of Roger Vekemans and the DESAL group in Chile,^{*} as well as other popular myths surrounding the "problem" of low-income settlements in Latin America, began to be systematically dismantled by several authors. The persistence of extreme inequality in the region and its visible manifestations in the form of ever growing concentrations of urban poor, forced observers and students of urban development to become increasingly concerned with the explanations of social inequalities and their relation to urbanization policy:

The theory of marginality represented the last sophisticated attempt to avoid obvious structural facts. While still entrenched in official bureaucracies, this interpretation has ceased to be dominant among important intellectual sectors and even within some governments. They have progressively turned to an interpretation which runs contrary to dominant economic interests.**

The trend away from functional interpretations of urban inequality in Latin America, which essentially saw the poor as groups too

* The ideas related to the concept of marginalidad were synthesized in DESAL publication "El Concepto de la Marginalidad," in: Marginalidad en América Latina, Un Ensayo Diagnóstico, Centro para el Desarrollo Económico y Social de América Latina, Editorial Herder, Santiago and Barcelona, 1969, in Vekemans' magazine, Mensaje.

** The influence of this thinking is analyzed in Alejandro Portes and D. Frances Ferguson: "Comparative Ideologies of Poverty: Latin America and the United States" paper presented at the Colloquium on Urban Poverty: A Comparison of The Latin American and United States Experience, University of California, Los Angeles, 1975.

ill prepared to cope with modernization, began in the mid-1960's. This shift can be traced originally to the writings of several sociologists, anthropologists and political scientists and more recently to the work of macro-economic and urban planners.

The main contribution of the first authors was the dissemination of the idea that low-income settlements were not in fact the results of individual pathologies, cultural adaptations, or the inability of the poor to take advantage of the opportunities of the economic system, as previous marginalidad or the harsher "culture of poverty" exponents had popularized in Latin and North America. Instead, the new interpretation saw low-income settlements as an integral part of cities and as a rather rational and creative adaptation of large numbers of dynamic urban poor for coping with the shortcomings of societies in a process of urbanization. In essence, it was argued, squatters were the result of urban poverty, which was part of the price to be paid for national economic development. Under this mildly structural interpretation, squatter and other forms of low-income settlements became the solution in economies of scarcity rather than a problem in themselves.

Perhaps the first widely read North American was Charles Abrams, who wrote:

Slum life is not always the symbol of retrogression. It may in fact be the first advance from homelessness into shelter, or the way station on the road from abject poverty to hope... governments should recognize that squatter building is probably the main contributor to the building inventory of the developing nation.*

In 1966, this author wrote:

* Charles Abrams, Squatter Settlements: The Problems and the Opportunity, U.S. Department of Housing and Urban Development, Washington, D. C., 1966.

The residents of the Colonias Proletarias have already demonstrated great capacity and initiative to improve their social and physical environment. The Colonias Proletarias, in fact, have been the only feasible solution to large-scale, low-income settlement in Mexico City.*

These observations were followed by the research of William Mangin in Perú, who observed in 1967:

The formation of squatter settlements is a popular response to rapid urbanization in countries that cannot or will not provide services for the increasing urban population... I, too, see the squatter settlements as a process of social reconstruction through popular initiative...**

Similar conclusions have been drawn by John Turner:

Many squatter communities of Latin America offer uniquely satisfactory opportunities for low-income settlers.***

Since then many students have reached similar conclusions about the process of Latin American urbanization, and based on this new view, the old community development programs and marginalidad studies were phased out in many countries and saw the surge of government policies oriented towards legalization, consolidation, and upgrading programs and with it, the abandonment of the functional term barrios marginales in favor of more structural terms such as barrios marginados or pueblos jóvenes as was the case in Perú.

Although this new literature made a valuable contribution by discarding the pathological-adaptive interpretation of poverty and associated marginalidad theories of the early 1960's and by popularising the informal housing sector as the only form of access of the urban poor to land, services

* Harth Dêneke, "The Colonias Proletarias," op. cit., p. 143

** William Mangin, "Latin American Squatter Settlements: A Problem or a Solution" Latin American Research Review, Vol. II, N° 3, Summer 1967, p. 67.

*** Turner, "Barriers," op. cit., p. 167.

and housing under the present economic development models, most of the first generation, anti-marginalidad writing of Abrams, Turner and Mangin neglected to look, on the one hand, at the broader structural framework of the informal sectors, and on the other, at the regressive impact on distribution of the various land and housing markets.

This omission in the second generation literature can be traced, in part, to its ideological foundations rather than the result of definitional misunderstandings* or differences in cities with different contexts. As Portes and Ferguson put it:

Ideologies do not tend to challenge common knowledge, but rather place different weights on its different truths. By stressing and elaborating some and neglecting others, they offer an image of society comfortable to the needs of economic and political elites.**

More recently, however, some Latin American observers have begun to separate the orientations of current urban research along two ideological poles. Yujnovsky identifies one line of research based on functionalist ideologies of development (or desarrollismo), which serve as orientations for the "ecologic outlook," the "spatial economics and location models" and the other "empiricist urban policies and planning."*** He identifies a second line of Latin American urban research based on structural ideologies of development

* Peter M. Ward argues that "many conflicting statements about squatter settlements in the 1950's were the result of a lack of detailed micro-level analysis and a tendency to evaluate them according to inappropriate middle class values and standards, in "The Squatter Settlement as Slum or Housing Solution: Evidence from Mexico City" in Land Economics, V. 52, N° 3, August 1976, p. 330.

** Portes and Ferguson, op. cit., p. 3

*** Oscar Yujnovsky, "Urban Spatial Configuration and Land Use Policies in Latin America" in Alejandro Portes and Harley L. Browning, eds., Current Perspectives in Latin American Urban Research, Institute of Latin American Studies, Austin, University of Texas Press, 1976, p. 17

whose central aim is to explain urban policies and their consequences in terms of "dominant" and "dependent" social sectors, as part of the development process of each specific social formation:*

The theoretical range of interpretations available for the explanation of inequality involves the fundamental polarity ...between theories which define poverty as a consequence of individual or collective shortcomings and those which find ** roots of the situation in existing structural arrangements.

Another Latin American urban planner, Diego Robles, concludes in a similar vein:

This reality does not represent a crisis of a temporal nature that displaces population from one sector of the economy to another, or from one region to another more prosperous or developed.

It represents, in fact, an increasing and intensifying process of marginalization of population, more specifically, a contradiction of the capitalist system in which a minority is the beneficiary of the wealth generated by the national majorities and between which lies an irreconcilable incompatibility.***

Although structural interpretations and formulations vary, Portes summarizes the general structural argument in relation to the problem of urban inequality as consisting of three principle tenets:

First, the existing conditions of poverty... are consequences of the existing political and economic order. Second, that such poverty is, to a large extent, necessary for the maintenance of the existing structure. Vast differences in wealth and life chances are intrinsic to capitalism, especially its "dependent" kinds, both as logical consequences of processes of accumulation and condition for the continuous generation and appropriation of an economic surplus. Third, that the reduction of existing inequalities and elimination of poverty, as known today in Latin America cannot occur without transfer of control of economic and political power to new social

* Ibid, pp. 22-32.

** Portes and Ferguson, op. cit., p. 4.

*** Diego Robles Rivas, Pueblos Jóvenes. Un Aporte al Proceso de Urbanización en América Latina, Ediciones del Centro de Estudios de Participación Popular, SINAMOS, Lima, 1975, p. 71.

groups.*

Structural interpretations of urban poverty as advanced by Yujnovsky, Castells,** Robles and others are clearly not yet dominant in Latin America, but they seem to have been gaining momentum due to the failure of credibility of functional ideologies. Portes states:

In essence, "exceptionalist" ideologies of poverty, so convenient for dominant elites, have not been convincingly "sold" in Latin America. Despite programs of international agencies predicated on these theories and the prestige of imported intellectual products, tales of individual and sub-cultural pathologies have not succeeded in explaining poverty. The structural situation imposed constraints on credibility which no amount of intellectual prestidigitation could overcome.***

The majority of the ruling groups in Latin America, however, have opted for solutions based on rapid economic development within the capitalist framework, arguing that extensive and immediate redistribution of income and assets would slow down economic development supported by profit incentives. In this view, growth and distribution objectives are seen as being in opposition to each other and as separate stages of a development process, which will "take time" to take their course.

Recently, however, some development economists have questioned this classical economic development model and have put forth an interpretation

* Portes and Ferguson, op. cit., p. 43.

** Although not Latin American, Manuel Castells has been influential in the region, discussing the relationship between urbanization in Latin America and structural interpretations of dependence. See, for instance, Manuel Castells, The Urban Question, M.I.T. Press, Cambridge, 1977, or "The New Structure of Dependence and the Political Processes of Social Change in Latin America," paper presented at the Colloquium on Urban Poverty: A Comparison of the Latin American and the United States Experience, University of California, Los Angeles, 1975.

*** Portes and Ferguson, op. cit., p. 39.

which posits the objectives of growth and distribution as integral parts of the same development strategy rather than in opposition to each other.

An important contribution to this interpretation of the relation between inequality and economic development is found in a recent study authored by Chenery and others which, while it does not accept structural interpretations, questions classical economic theory:

So long as economists were willing to assume the possibility of unrestricted transfers among income groups, they found no conflict in principle between the objectives of distribution and growth. Once it is recognized that large-scale transfers of income are politically unlikely in developing countries, however, it becomes necessary to evaluate the results of any development policy in terms of the benefits it produces for different socio-economic groups. While this idea has been accepted in the recent literature of project evaluation, it has found little reflection in the methodology of macro-economic planning and policy formulation.*

Chenery also points out that among the poorer countries the distribution of income tends to become worse the richer the country, and proposes that:

The magnitude and persistence of income inequalities... argue for a revision of the way development policy is formulated. It is not sufficient that we should pay more attention to distribution or to the incomes of the poor within the existing framework of policy analysis. Rather, it is necessary to reformulate the framework itself so as to incorporate an explicit analysis of the processes by which the income of the poor is generated and the policy instruments by which these processes can be effected.**

According to the same study, El Salvador fell both in the "low-income" and "high inequality" categories among world nations: the income share of the lowest 40 per cent was, in relative terms, still only 11.2 per cent in

* Chenery, op. cit., p. 38.

** Ibid. (underlining by this author).

1969, while the income share of the top 20 per cent was 52.4 per cent.*

Measured in absolute terms, the income situation was also extreme: 13.5 per cent of the population of El Salvador was still below a US 50 dollars (125 colones) per capita poverty line in the same year and 18.4 per cent was below a US 75 dollars (187.50 colones) per capita poverty line. This means that almost one person in every five in El Salvador had a daily income of US 0.21 dollars (0.52 colones).** Recent studies indicate, however, an even more skewed income distribution in the metropolitan area: only 7.4 per cent of the total income was earned by the lower 30 per cent of the population.***

Public concern over urban poverty in El Salvador is not new, as evidenced by the proliferation of "social" institutions since the 1950 Liberal Constitution as well as by the formulation of the four Development Plans beginning in the mid 1960's. What is perhaps new is the suspicion, as in other Latin American countries, that during the last two decades these growth-oriented plans and isolated social programs based on classical economic development theory have not in themselves begun to alleviate extreme inequality in any significant way.

Chapter III presented empirical evidence demonstrating that the improvements in the quality of life as a result of public action in the housing sector have in effect been concentrated in a few privileged sectors and that almost two thirds of the urban families have had to settle, in one form or another, in the still unrecognized and mostly unserved informal housing sub-

* Montek S. Ahluwalia, "Income Inequality: Some Dimensions of the Problem," Table 1.1, in ibid, p. 8.

** Ibid, Table 1.2, p. 12.

*** PREALC, op. cit., p. XIV.

markets. This chapter argues that the policy of neglect of the urban poor not only has implied the use of public resources for a few privileged sectors but also that significant income transfers from poor households to land speculators and developers have taken place.

Because of the overall scarcity of resources, at first glance it may not be evident where, in poorer dependent countries such as El Salvador, there is scope either for significant improvements in the provision of urban services or for the distribution of urban assets. The following sections, however, attempt to demonstrate that the issue is not so much increasing the amount of public expenditures on social overhead as opposed to development investments, but rather the priorities of distribution of present public programs which neglect the poor and only benefit of other sectors, either directly through public expenditures in urban services and housing production or indirectly through land and subdivision policies affecting the conversion and transfer of urban land:

The enormous significance of the benefits of improved housing, health and education, which operate both in the short term and in the long term (and through generations) makes it vital that the urban poor have adequate access to public expenditures in these areas. An improvement in the distributional consequences of these expenditures requires a reassessment of priorities in each of the areas and come very hard political choices.*

The main arguments that will be put forth in the following sections are that in terms of supply the poor are still significantly deprived by their limited access to urban services provided by government and semi-public agencies, housing production with implied subsidies and backing from government agencies, and land at "reasonable" prices for urban settlement. In addition, the last sections will look at the issue of inequality of access to

* Ahluwalia, op. cit., pp. 148-149.

urban land, services and housing in terms of demand and from the viewpoint of national strategy.

4.2 Access to Government Supported Formal Urban Settlements

During the last 25 years, the principal thrust of government participation in the urban sectors in most of Latin America has been through the production of new formal settlements. Because of this particular emphasis of public policy, this section tries to assess the real impact that government supported programs have had in providing access to urban land, services and housing for the poorer households in El Salvador. The first part summarizes government housing production goals, targets and accomplishments, concentrating on the last two National Development Plans; and the second part attempts to explore the forces that have influenced the performance of government sponsored programs in reaching the poor during the 1970's.

Official Housing Goals, Targets and Accomplishment in the 1970's

The major thrust of government intervention in urban areas during the first two and a half decades since 1950 has been the direct and indirect production of 35,000 formal housing units through four housing credit agencies* and their corresponding infrastructure networks through four specialized institutions** as well as community facilities through the

* Banco Hipotecario de El Salvador, Instituto de Vivienda Urbana, Financiera Nacional de la Vivienda and Fondo Social de la Vivienda.

** Dirección General de Urbanismo y Arquitectura, Administración Nacional de Acueductos y Alcantarillados, Administración Nacional de Telecomunicaciones and Comisión Ejecutiva Hidroeléctrica del Río Lempa.

respective national ministries.* Of these units, almost 20,000 were added to the formal housing stock between 1971 and 1975, equivalent to an impressive numerical production of 4,000 conventional units per annum.

The principal foundations of this increased housing production policy are found in the Housing Sector Chapter of the Third (1973-1977) and Fourth (1978-1982) National Development Plans, both conceived principally as projections of private sector and public agency tendencies.

According to the Third Development Plan, the housing sector was to receive a significant thrust with the production of 16,940 units by IVU and a new rural housing agency that in fact, has not yet been created, in addition to 7,700 units by FNV.** That is, the targeted average annual production was close to 5,000 units excluding the Housing Foundation's 3,000 units. These targets were reasonably approximated by the end of the period by the newly created Fondo Social and FNV although not by IVU.

Under the Fourth Development Pre-Plan, 70,000 urban and 20,000 rural government backed units are proposed as targets for the 1978-1982 period; that is, a greatly increased average annual production rate of 14,000 urban units in addition to 4,000 rural units, equivalent to an almost fourfold increase.***

Whether such an increase can and will occur during the next five year period is open to question, even though it does not seem entirely impossible given the predicted liquidity from agricultural exports and some important policy changes. The issue, however, is not so much the volume of

* Ministries of Health, Education, and Public Works.

** Plan... 1973-1977, op. cit.

*** Pre-Plan... 1978-1982, op. cit., Section C, "Production Summary Table," n. p.

production that can be reached by government-backed agencies, but which are the target groups that this production is intended for, and whether, in effect, these groups will have access to the new units and at what costs.

In this respect the Third National Development Plan introduced, for the first time, new objectives in terms of the lower-income target groups it was to support. The following quotation is taken from the Housing Sector Chapter:

The principal objectives of the Housing and Community Facility Plan for 1973-1977 are... 1) To redirect public resources to the improvement of housing conditions of the families with limited economic resources /those that constitute 66.6 per cent of the urban housing deficit and cannot pay more than US 12 dollars (30 colones) per month/; 2) to deliver appropriate housing solutions for the inhabitants of the marginal or squatter areas...*

In fact, the Third Plan set as a target price the figure of only US 1,000 dollars (2,500 colones) for public housing and US 4,000 dollars (10,000 colones) for mixed public and private housing. At the normal interest rates and with normal mortgage periods, these prices would mean fairly accessible monthly mortgage payments of US 7.75 dollars and US 44.22 dollars respectively.**

The Fourth Development Plan went even further in defining the target groups to be supported by government backed agencies by recognizing, for the first time in a National Plan, the importance of the informal housing sector:

For the purposes of this diagnosis, the housing sector will be considered to be composed of two sub-sectors: one formal and the other informal... The informal sector is represented by individual effort in the production of subdivisions and isolated

* Plan... 1973-1977, op. cit., p. 4

** Ibid., Section 3.2, p. 5.

housing. Its operation is dynamic and for this reason it is fundamentally and a priori outside institutional scope and control...

Housing units in the informal subsector are by the following agents: 1) owner-builders; 2) subdividers and landowners of peripheral land in cities who convert it into illegal subdivisions usually sold on a leasehold basis and with insufficient infrastructure; 3) purchasers of said lots... 4) owners of deteriorated single-family units that are converted into multifamily rentals with common sanitary facilities; 5) builders of illegal mesones; and 6) squatters who individually invade economically marginal private and public lands in order to construct shacks to live in, sublease or sell...*

Only half of the price targets set for the lower-cost units by government-backed agencies, however, seemed to be within reach of the lowerst half of the urban families: US 1,365 dollars (3,412.50 colones) for the Housing Foundation and US 2,557 dollars (6,392.50 colones) for IVU. At the present interest rates and mortgage periods, these unit prices would require monthly mortgage payments of US 9.78 dollars (24.45 colones), US 19.82 dollars (49.55 colones) respectively. The units of the Fondo Social and FNV were targeted at US 5,666 dollars (14,165 colones) and US 12,692 dollars (31,730 colones) respectively and would require monthly mortgage payments of US 50.93 dollars (127.33 colones) and US 140.30 dollars (350.75 colones) respectively.**

Another step forward in defining low-income target groups was taken in the position paper presented by El Salvador at the 1976 Vancouver "Habitat" Conference, stating that some of the objectives of El Salvador's National Settlement Policy were:

The development of massive programs for the improvement of spontaneous or traditional housing solutions, such as the mesón and the tugurios, and the creation of programs to legalize the illegal subdivisions and to increase official controls

* Pre-Plan... 1978-1982, op. cit., Section B, pp. 1-2.

** Ibid., summary table attached, n.p.

so that these settlement types do not continue to proliferate.*

Contrary to the objectives stated in these documents, and in the bylaws creating these agencies, the performance of government-sponsored urban settlement and housing credit programs, with a few exceptions, has not increased the access to housing of the poorer half of the urban population either through the production of new units or through the improvement of the existing informal housing stock.

As we saw in the analysis of formal housing in Chapter III, by 1975 over 90 per cent of conventional housing sponsored by public agencies could only be afforded by middle to upper-income families and 40 per cent of the total formal production went to the upper-income level alone. The exception to this was one third of the production of IVU and the thirds of the production of the private Housing Foundation which was within the reach of families with incomes of US 100 dollars (250 colones) a month.

In addition, even if conventional public housing output were multiplied two and a half times between 1978 and 1982, as proposed by the Fourth Plan, with the exception of a few upgrading experiments and the sites and services programs, only an insignificant share would go to the poorer half of the families because of the target levels.

This can be demonstrated using the Plan's own figures. Even if we accept the Fourth Plan's estimate that 60 per cent of the families in the Metropolitan Area earn less than US 140 dollars (350 colones) per month applies to all urban households, which it does not, and if in addition we assume that all of these families can afford to pay US 16.80 dollars (42 colones)

* Comisión Nacional de Vivienda y Desarrollo Urbano, Informe Nacional Sobre Asentamientos Humanos, El Salvador, April, 1976, p. 34.

equivalent to 12 per cent of the income of upper brackets, which many can not, with the exception of the Housing Foundation's units, none of the units projected in the Plan will be within the reach of the lowerst 60 per cent of the urban population.

If conventional credit programs for housing production sponsored by government agencies have not even approximated the stated goals of "social interest" and improvement of the quality of life of the poorer half of the urban population within the present development model, one has to ask which forces have brought about this "anti-poor bias" in the past performance of public agencies before exploring alternative policy approaches.

At least five forces that "explain" this performance can be identified: first, the very low priority within overall housing strategy assigned by policy makers and program managers to support and improvement of the informal settlements; second, a misunderstanding of effective demand and users' priorities in the lower-income strata; third, lack of information on land price appreciation deriving from legal and illegal subdivisions as well as conventional housing construction; fourth, lack of policy direction and coordination of the existing housing production programs to cover the entire spectrum of urban households; and fifth, perhaps most important, the fact that past national development strategies in El Salvador have assigned low priority to distribution.

Priority Assigned to the Informal Settlement Submarkets

During the last three decades there have been eight important government reports and other sectoral studies that have pointed out the importance and have expanded our knowledge of the informal settlements, although

they have had little impact on the priority assigned by government to the informal sectors in El Salvador. These are:

a) the first housing study conducted in El Salvador in 1949 which pointed out the seriousness of living conditions especially for the mesón population, which by that year already comprised 40.5 per cent of the metropolitan population;*

b) the various studies associated with METROPLAN, executed between 1967 and 1970, which first drew public attention to the emerging illegal subdivisions and to the restricted nature of the urban land market;**

c) the extensive recommendations of the Metropolitan Development Symposium of 1969 which identified illegal subdivisions as the future predominant residential land users;***

d) the 1971 Diagnóstico which in its Policy Chapter outlines in general terms the need for strategies for each of the informal submarkets;****

e) the studies associated with the "Multinational Project on Upgrading of Urban Settlements" which included El Salvador as one of the six countries for the development of upgrading policies and an upgrading pilot project in 1973;*****

* La Vivienda en El Salvador, op. cit., p. 2

** See those listed in the bibliography prepared by Raúl E. Castro, Alberto Harth and María Safie, Vivienda Popular, Vol. II, under the entries "Ministerio de Obras Públicas," pp. 38-48, and "CONAPLAN," pp. 13-17, as well as those cited in METROPLAN, op. cit., p. 17.

*** Documentos Básicos, op. cit., especially Documentos Nos. 13, 16, 19 and 22.

**** Diagnóstico, op. cit., pp. 180, 182, 192.

***** Comité Interinstitucional de Vivienda y Desarrollo Urbano, ONU, OEA, CEPAL, BID, OMS, and AID, Proyecto Multinacional de Mejoramiento de Asentamientos Urbanos, Informes de la Misión Preparatoria, Washington, D.C., 1973.

f) the Vivienda Popular study sponsored by the Housing Foundation which estimated that in 1975 the informal submarkets already comprised almost two thirds of the existing housing stock;

g) the Housing Sector Chapters of both the Third National Development Plan and the Fourth Housing Sector Pre-Plan which, in their introduction, included important references to the informal settlements; and last, but perhaps most important of all:

h) the ongoing UNDP-IBRD sponsored study on the "Upgrading of Uncontrolled Settlements," which proposes both immediate action projects and longer-range upgrading policies, especially for the tugurios.*

These technical studies have effectively increased public policy makers' awareness of the magnitude and role of the informal sectors. But what has in fact been implemented? The priority actually assigned to these sectors in the annual investment plans and budgets has been extremely low. At the time of writing, no specific programs for the upgrading of the informal settlements had in fact been designed or funded under the last two Plans, with the exception of IVU's small-scale experiments and FOCCO's isolated infrastructure improvements.

Of IVU's total production during its first 25 years, only 384 units have been upgraded. This is equivalent to 2 per cent of IVU's total unit output, and an even smaller percentage of its investments, even though these upgraded units were developed at a very low unit cost of US 550 dollars (1,250 colones), compared to the average of US 2,400 dollars (6,200 colones) for the rest of IVU's entire production.** The 1977-1882 Housing Sector Pre-

* EDURES, Rehabilitación, op. cit.

** Vivienda Popular, Vol. I, op. cit., pp. 105-106.

Plan makes no direct mention, however, of expanding IVU's role in this direction even though the Plan's objectives clearly state that the government will undertake the "renovation and/or rehabilitation of central and peripheral areas of cities" and IVU is one of the two institutions that have had some experience in upgrading.

The more promising performance in upgrading in the past has been through FOCCO's programs, consisting of small-scale, low-cost community infrastructure projects based, for the most part, on locally felt or expressed needs. Their emphasis, however, has not been specifically urban nor has there been comprehensive upgrading of any settlements, but rather piecemeal improvements, and projects have often responded to political rather than technical priorities. Despite its relative success in handling a national program of community improvements, FOCCO has surprisingly been left out of the UNDP-IBRD supported upgrading study. The 1978-1982 Pre-Plan also makes no mention of FOCCO in the Housing Sector Chapter, nor does it assign FOCCO a specific role as an upgrading agency in the "Infrastructure of Community Development" Chapters.

In summary, even though several important sectoral studies have increased policy makers' awareness, so far very low priority has actually been assigned to the informal settlement sectors in government programs.

Misunderstanding of Low- Income Users' Priorities

In addition to the neglect of the informal sectors in both the Five Year and Annual Investment Plans of the Housing Sector, there has also been a basic misunderstanding of the housing priorities of low-income users.

This misunderstanding has been reflected in at least four principal ways: one has to do with the difference between defining housing objectives in terms of "need" and defining them in terms of "effective demand." Another misunderstanding has to do with the relationship between stable wage employment and housing payments. The third is related to the second and has to do with the assumed proportion of a family's income devoted to housing. A fourth is concerned with the difference between packaged and staged development and the amount of user participation and control in the design, production and management of informal housing.

The first misunderstanding in relation to users' priorities has been the design of policies and programs based on assumed "need," often justified on imported definitions of "safe, sanitary and decent housing" rather than based on "effective demand," that is, what real incomes can actually afford after satisfying food, clothing, transport, etc. Given the income distribution in El Salvador, it is not possible to produce any conventional housing which the lower half of the population can purchase, unless one begins first by defining very precisely what "effective demand" is and designing programs based on affordability.

This misunderstanding is still evident in the Fourth Housing Sector Pre-Plan which defines production target prices for housing without any direct relation to the effective demand described in the same Plan's sectoral diagnosis. For instance, the Plan estimates that two thirds of the Metropolitan Area's families earn less than US 140 dollars (350 colones) per month and a third earn less than US 100 dollars (250 colones).^{*} This means that if they spend 12 per cent to 20 per cent of their income on housing,

* Pre-Plan... 1978-182, op. cit., p. 5.

which many cannot, the lowest two thirds could pay a maximum range of US 16.80 dollars (42 colones) to US 28 dollars (70 colones) and the lower third could pay a maximum range of US 12 dollars (30 colones) to US 20 dollars (50 colones) per month. However, only 17 per cent of the units proposed for the Fourth Plan cost under US 5,200 dollars (13,000 colones) which implies a US 40.32 dollars (100.79 colones) minimum monthly payment and a significant proportion, 75 per cent, cost US 6,000 dollars (15,000 colones) or over. This means that even if the proposed targets are in fact met, they will not be afforded except by the upper third of the urban income distribution scale. Clearly implicit in these targets is that low cost housing will continue to be supplied by the informal sectors.

A second misunderstanding which also underlies many so-called "social interest" programs is the assumption that a good portion of the lower-income people are wage-employed, therefore have stable incomes and can pay equal monthly mortgage payments.

The data gathered from the urban housing market survey of 1975 and summarized in Chapter III and the employment study of the year before demonstrated that not only was there a large percentage of unemployed heads of family (approximately one fifth to one third) for the families living in the informal settlements, but also that of those employed, approximately half were either self-employed or non-wage employed; and another fifth were in seasonal occupations not considered stable employment.*

At least two theoretical as well as housing policy implications of variable and non-wage employment come to mind: first, in order to meet

* PREALC, op. cit., and Chapter III supra.

monthly mortgage or rental payments, a family has to save ahead for the periods of lower or no income and therefore will seek the lowest monthly payment in order to meet its obligations. The other important implication is that selection criteria cannot be based on wage-employment exclusively, such as the social security system, because this leaves out half of the target group who are only seasonally employed or self-employed, and therefore do not qualify.*

A third erroneous assumption often used in housing policy formulation in El Salvador is also related to the proportion of a family's monthly income that is available for housing payments; that is, it is usually assumed that families can pay a fixed 15 to 25 per cent.** Although the data presented in Chapter III are not conclusive, they indicate that capacity to pay is much lower than this and that the proportion varies considerably according to income.

For those living in El Salvador's informal settlements housing payments were on the average not more than 9 to 12 per cent of total family monthly income depending on the number of members. As a matter of fact, less than one tenth of the popular households paid 20 or 25 per cent of monthly income for housing and only one third paid more than 10 per cent for housing.*** Associated with this misunderstanding is the fact that family income by itself is also a poor indicator of effective demand, since families with equal income but very different family composition have very different payment capacity for housing. This means that per capita income can be the only

* Ahluwalia, op. cit., p. 22, also makes this point.

** Pre-Plan... 1978-1982, op. cit., Table 2.

*** Vivienda Popular, Vol. I, op. cit., p. 24.

effective indicator of mortgage payment capacity.

The fourth misunderstanding with regard to users' priorities concerns the timing of investment and user participation and control. Past government programs have assumed that, as in middle-class housing, only completed, packaged units entirely planned and built by developers will meet demand. Evidence in El Salvador and in many other developing countries indicates that various forms of staged housing development are the norm for the majority of the popular sectors.*

There seem to be several reasons for this that have been substantiated by empirical case studies: firstly, this type of housing adapts itself more readily to seasonal employment and to the individual family's savings capability; secondly, it efficiently employs under-utilized labor as well as the skills of non-wage construction labor; and thirdly, most important, it lets the family establish its own priorities, developing the unit according to the specific needs of each family and leaving unnecessary investments for later stages.

Although in El Salvador there have been significant attempts at formalizing staged housing construction with user participation and decision making, such as the sites and services and cooperative programs of the Housing Foundation, these have not yet been taken into serious consideration by the formulators of government backed programs as one way of reaching the lower-income target population.

* A very important empirical contribution to the effectiveness of progressive development is found in: Proyecto San José del Pino, Análisis del Proceso Evolutivo y de las Soluciones Autónomas, Fundación Salvadoreña de Desarrollo y Vivienda Mínima, San Salvador, 1977, as well as other studies forthcoming for other cities,

In addition, there has always been a tendency on the part of program and project designers to try to solve a priori all the minor details of a housing project without first adequately solving some of the major issues. This means that the user is assumed to be a passive receiver of housing units that have been over-designed, over-constructed and over-managed by institutions and professionals. While this may be a valid assumption for middle-income housing, it is not necessarily the case in the informal housing sectors, especially under El Salvador's present national development scheme.

The data gathered for a housing consolidation study show that lower-income families are rather well equipped to determine the appropriate design, construction and even management of their own housing unit, not only because it gives them the opportunity to establish their own priorities, but more important, because it gives them greater control over staging and investment decisions.* Experience in this area has been fairly positive, both in the sites and services programs of the Housing Foundation and in FOCCO's community infrastructure projects.**

Lack of Awareness of the Extent of Urban Land Appreciation

Although the issue of land appreciation will be dealt with in greater depth in the fourth section of this chapter, it is important to mention that general ignorance of even basic data on the extent of the appreciation of land on the periphery and the resulting rent transfers, has been perhaps partly responsible for the lack of public attention to the illegal

* Ibid., pp. I-V.

** The main argument for people's participation in housing is summarized in John Turner, Housing by People, Pantheon Books, New York, 1976, especially Chapters 1 and 8.

subdivisions, the fastest growing residential option for the lower-income sectors. For instance, neither the last Housing Sector Pre-Plan nor the UNDP-IBRD sponsored study have made any mention of this issue even though high excess land profits would obviously have an impact on both urban policy and distribution.

Only in two case studies has land appreciation data been reported in El Salvador; however, it is clear that land appreciation at the urban periphery is often measured in amounts many times greater than farm land opportunity costs.* Land appreciation values of these magnitudes which have significant implications for distribution would seem to deserve attention in public policy but have not yet received it in the past.**

Lack of Overall Policy Direction and
Coordination of Housing Production

Part of the "anti-poor bias" in the performance of public agencies has been the result of a lack of overall national policy direction and of any coordination between the existing housing production programs, with the result that certain sectors of urban households cannot afford land, services or housing. Even though for years there have been attempts to create a Ministry of Housing and Urban Development as an umbrella organization for housing and infrastructure agencies, the proposal never seems to have had sufficient supporters or political justification.***

* Vivienda Popular, Vol. 1, op. cit., p. 180 and Harth Déneke, "Quasi-Legal Land Subdivisions," op. cit., p. 33.

** The Fourth Section will look at data on land appreciation in the government-supported formal housing projects as well as in selected illegal subdivisions.

*** One of the more widely known but not so convincing proposals, was described in the 1971 Diagnóstico..., op. cit., pp. 198-201.

In 1975, however, an initial step was taken towards coordination by reducing the multitude of special-purpose National Commissions to four only, under the so-called National Planning System. The National Housing and Urban Development Commission is one of the four National Commissions created in 1975. It is headed by the Minister of Public Works who serves as Coordinator and by the Minister of Planning who serves as Secretary. However, the Commission has met only infrequently and irregularly, and because it is merely a Commission and not a planning or executive agency, most of the agendas have been filled with discussions of inter-agency disputes concerning function overlaps for specific projects rather than policy orientations and the effective coordination of housing programs.

In addition, because of the strong leadership of the autonomous agencies the heads of which are often political appointees close to the President of the Republic, the interests of the individual agencies in the Commission usually override broader policy considerations. As a result, when scarce resources such as land, water and human and monetary resources are in question, each agency has tended to compete with the others. Such is the case with land negotiations, where rather than developing a coordinated land acquisition program under the Housing and Urban Development Commission each agency has competed in negotiations, with the resulting scramble for land accentuating the already acute seller's market.*

* Lack of Institutional coordination was analyzed extensively by the Misión Alemana, op. cit., pp. 14, 20, and Ministerio de Planificación, EDURES, Progress Report on the Analysis of the Institutional Framework for the Planning and Coordination of Urban and Regional Development in El Salvador, San Salvador, 1977.

Low National Priority of
Distribution Objectives

Even if there were a national housing policy and it were possible to develop effective inter-institutional coordination and, in addition, there were more information on the urban land markets and the government were able to design and implement programs based clearly on users' priorities, in fact the impact on the informal sectors would be significant only if such housing policy were also part of a national strategy designed to affect distribution; that is, if housing were to be seen as an important means of achieving not only economic growth and development, but also redistribution and a direct improvement of the quality of life of the lower two thirds of the urban population.

As we will see in the last section, it is doubtful that housing strategies can have a major impact on the low-income sectors unless national objectives assign high priority to distribution, and political commitment to distribution is established as part of the National Plan.

If housing continues to be seen solely as an instrument for the development of the construction industry, or as a means for channeling savings from the public, or as a government-sponsored "social" service for the not-so-poor, it is questionable whether institutional reform and coordination alone will be successful in significantly increasing access to government supported settlements for the urban poor.

4.3 Lack of Government Support and Control of Informal Settlements

Even though Chapter III presented evidence that the overwhelming majority of the urban poor in El Salvador are housed in the informal submarkets, there has until very recently been little government acceptance and even less active support for their growth and development as a means of improving the quality of life of the lower-income sectors.

As we saw at the beginning of this chapter, government acceptance is only slowly increasing as evidenced by technical documents produced since 1969. Of those cited previously, four government publications and research documents of wide circulation can be singled out.

The first extensive public position that induced government acceptance of the existence and importance of the informal sectors in the provision of housing for the low-income sectors was presented in the various documents of the Metropolitan Planning Symposium, especially in relation to the illegal subdivisions. The following proposals were made in a paper presented by the author* and in the approved final recommendations of the Symposium's panel on illegal Subdivisions and Community Facilities:**

- a) that the illegal subdivisions be recognized as major land

* Alberto Harth D eneke, "Colonias Ilegales y el Equipamiento Comunal." Doc. N  13 in: Documentos B asicos, Simposio de Desarrollo Metropolitano, METROPLAN 80, San Salvador, 1969.

** Documentos B asicos, op. cit., N  19.

users and increasing providers of urban land to the poor as evidenced by the growth rates of urban land consumption by such illegal subdivisions;

b) that even though the illegal developments presented serious problems in terms of poor planning and accessibility, low overall density, illegal tenure, lack of public services (except in an ex-post facto manner), it should be recognized that with time, most families seem able to build reasonable homes and communities; and

c) that a specific institution be created, or the functions of an existing institution be extended to promote the orderly development of illegal subdivisions.

The second significant public statement that documents initial government acceptance of the informal settlements is the diagnostic section of the 1978-1982 Housing Sector Pre-Plan. In it, for the first time in a National Development Plan, government accepts the urban housing market as being composed of the "formal" and "informal" subsectors, and the latter as consisting of the three basic types: mesón, tugurio and colonia ilegal;* and states: "In order to complete the projections of housing production, one would have to add 30 to 60 per cent to the estimated quantities that would be produced by the informal sectors."** The policy section of the same Plan the "development of financial programs based on small loans with reduced interest rates for owners of lots or developers of popular housing, so that they may build their own houses through a fund especially created for that purpose.***

The other two fairly widely circulated documents that have

* Pre-Plan... 1978-1982, op. cit., pp. 1-4.

** Ibid., p. 9.

*** Ibid., p. 11.

contributed to the acceptance of the informal sectors are the 1976 Popular Housing Study and the 1977 IBRD-UNDP sponsored Housing Upgrading Study mentioned previously, in the former, for the first time in El Salvador, the extent of the various informal submarkets in the five principal urban areas was quantified and an attempt was made to define the internal structure of each.*

The other significant document to call attention to the informal sectors is the 1977 preliminary report from the IBRD-UNDP sponsored "Housing Upgrading Study." Although at the time of writing, this report did not have the official seal of government approval, it was prepared by the Urban and Regional Development Unit of the Ministry of Planning, and contains the first official proposals in El Salvador for the improvement of tenure, infrastructure, community facilities, housing structures, economic situation, community participation and administrative structure in the informal settlement sectors.**

The preliminary report concludes that at least 87 per cent of tugurio families, the majority of mesón families and almost all of the colonia ilegal families would probably be eligible for upgrading assistance using the criteria established in the study.*** According to the preliminary version of the follow-up volume which outlines the upgrading program, in an 18-month period the government could benefit 14 per cent of all families in the informal sectors, create 4,900 jobs and give financial assistance to 1,200 small businesses. It estimates that at this rate the total informal settle-

* Vivienda Popular, Vol. I, op. cit., pp. 211-212.

** EDURES, Rehabilitación, op. cit., pp. 97-120.

*** Ibid., pp. 84-88.

ment sector could be upgraded in a 10-year period.*

It would appear from these documents that in the eight-year period between the first METROPLAN Symposium of 1969 and the 1977 UNDP-IBRD sponsored studies, acceptance of the informal settlements has increased to the stage that it figures in the awareness and priorities of public policy formulators and program administrators. Active government support has not been forthcoming, however, at least not explicitly and as part of clear public policy objectives. Even though the Fourth Housing Sector Pre-Plan constitutes an important step in establishing the predominance of the informal sector there is no mention whatsoever of an upgrading policy, much less of any financial commitment for improvement of informal settlements in the Plan.

Six possible explanations can be offered for the lack of policy and financial commitment to upgrading of the informal settlements in the last Development Plan.

The first is the prevalence of the view, which still seems to be part of conventional wisdom, that illegal housing will some day disappear, as the filtering-down effects occur in the later stages of the present development scheme. Perhaps the views presented in the technical documents cited have not, in effect, replaced traditional marginalidad theory concerning the extent and role of the informal settlements and the reasons for their existence, which assumes that the "solution" lies in increased production of new units, which hopefully, as in more developed countries, will somehow filter down to the lower-income sectors.

A second possible explanation for the lack of policy commitment to the informal sectors is that most illegal subdivisions and tugurios are not

* EDURES, Rehabilitación, op. cit., Document N° 4.

located in physically visible hillside sites as they are in other large Latin American cities such as Rio or Caracas. Because of competing valuable agricultural land uses (for coffee and cotton, principally), they have tended to occupy economically marginal land hidden from sight, either in the deep river beds or quebradas that naturally drain off rain water from the mountains and volcanoes, or in low visibility peripheral sites with such uneven topography that conventional housing finds them undesirable or costly.

On the other hand, the mesones are for the most part not particularly unsightly, since they are usually old homes converted into rooming houses and do not look very different on the outside from non-converted older homes or businesses located in the downtown areas of the principal cities. As a result, one has to go out of one's way to find the three principal informal settlement types. It is possible that this low physical visibility has contributed to the lack of concern by policy makers and implementers.

A third and perhaps more important explanation of the neglect of informal settlements has to do with their lack of political visibility as identifiable organized power groups. One of the more dramatic findings of the household survey was the extreme lack of participation in organizations by any of the three settlement types in the cities surveyed. Indigenous community organizations seem always to have been considered politically suspect even if they only pursue community improvement unless they operate under the auspices of a government agency. It is only in the older, more consolidated illegal settlements with government-supported councils or boards, that demands for improvement come into public view and are therefore satisfied.*

* See, for instance, the article "Agua, Luz, Correo y Teléfono en Colonias de Mejicanos" in La Prensa Gráfica, June 20, 1977, p. 3, that describes how the "Consejo Directivo Intercolonial" which includes 19 settlements of the Municipalidad of Mejicanos, North of San Salvador but not on the periphery, have

A fourth possible explanation for the lack of active involvement in improving the existing housing stock has to do with the technical and administrative complexity of designing, developing and putting into effect a massive upgrading program for informal settlements. El Salvador's traditional government-supported housing production systems, which have developed over the years, are fairly sophisticated, especially the savings and loans system and the social security housing system, both of which have been modeled after specific experiences in other countries. On the other hand, there are few successful, well-known, massive upgrading programs in Latin America that can be studied in order to iron out the technical difficulties and the administrative and political complexities of reaching lower-income families through housing improvement programs.

In addition, upgrading programs need, by definition, to actively involve the users before the program starts. On the other hand, the production of new units through conventional programs can take place without the future user becoming involved at all until the project is finished, thus avoiding all complex social, organizational and technical problems.

A last possible explanation for the lack of government support of the existing informal settlements has to do with a more basic political fear of "intervention" in the private market, since the main issue of the colonias ilegales, tugurios and the mesones is who owns them, controls them, and profits by them; that is, the existing forms of land and housing tenure under the present national development scheme. If the aftermath of the 1976 first

succeeded in obtaining a bridge, a school, a community clinic, the paving of a road, and other urban services. It also states that the Mayor of Mejicanos was present during the swearing in of the new Consejo of the community.

Agrarian Reform attempt is representative of prevailing positions in relation to property rights, a similar backlash could be expected if government intervened extensively in the present profitable urban land tenure system.

4.4 The Impact on Distribution of Informal Land and Housing

Although the informal housing production systems have effectively housed the majority of the lower-income sectors, in the case of El Salvador they seem to have had important negative side effects and costs both to the individual household and to society as a whole that have not been fully realized. One of these side effects is the impact on income distribution.

As we saw at the beginning of the chapter, a few Latin American as well as some North American urban researchers have recently become concerned with structural variables that explain the impact on distribution of urban development in general. Little is known, however, about the impact of rental and land subdivision markets on equality, especially in urban situations with an absence of large-scale squatter invasions. This section contributes to this discussion by exploring the asset and income distribution derived from both formal housing subdivisions and the lower-income rental and illegal subdivision submarkets.

Geisse's concern with the role of land in Latin American urban development expresses the issue in general terms:

The structure of urban areas has also been affected, to a great extent, by prices in the land market. Land values rise steeply in Metropolitan areas as a result of the growth of the community (both in income and population) and in relation to the shortage of land... As a general practice, land appreciation is appropriated almost wholly by the individual property owner, which has

had a regressive effect in the distribution of income. The legitimacy of this situation has been directly questioned within the capitalist system, as forms of income deriving neither from work, savings, or any economic function... Nevertheless, no country has instituted fiscal measures that transfer all or part of land appreciation for social benefit, which results in greater abuse, if one takes into consideration the effect of public investments on the raising of land prices...*

In a well-documented case study of suburban land appreciation in the United States, A. Allan Schmid has analyzed the impact on distribution of land transactions and the broader impact on land patterns and housing preferences:

Economic rent and the so-called unearned increment have long drawn the attention of economists and would-be reformers. While rent seems to provide a sizable addition to the cost of home site and is a source of income transfer, its real significance may lie in its effect on the implementation of public land-use policies...

The issue is not just whether land is too highly priced and income is distributed to speculators and developers at the expense of home buyers, but whether people can express themselves on what kind of suburban communities they want to live in. High priority should be given to research which will show the relationship between the range of suburban products available and the distribution of property rights, profits and rents, so that people can make choices as true sovereigns over their economy.**

In his case study of rural to urban land conversion Schmid documents the different stages in land transactions where appreciation occurs, starting from original farm land opportunity costs, to raw land prices paid by developers to farmers, to improvement costs incurred by developers, to prices paid by homeowners for finished sites.*** Although the type of data

* Guillermo Geisse, "Las Investigaciones de la Ciudad Reproductora de las Desigualdades Sociales," paper prepared for the Workshop on New Directions in Latin American Urban Research, Institute of Latin American Studies, University of Texas, Austin, 1974, pp. 21-22, translated by the author.

** A. Allan Schmid: Converting Land From Rural to Urban Uses, Resources for the Future, Johns Hopkins Press, 1968, pp. 57-58.

*** Ibid., Ch. II

that Schmid used is inaccessible in disaggregated form for El Salvador, a few indicators will demonstrate the recent trends of suburban land appreciation in San Salvador.

One set of data refers to the formal land submarkets: officially reported prices paid to developers of subdivisions financed by the Savings and Loan Associations of FNV and prices paid to landowners and speculators for sites and services schemes of the Housing Foundation. A second set of indicators refers to data from the informal land submarkets and is derived from specific case studies of illegal subdivisions.

One thing that is clear from the analysis of Chapter III is that rapidly rising land costs are, to a great extent, pricing most of the low-income sectors and even upper middle-income families out of the formal submarkets and at the same time are increasing the profits derived from illegal subdivisions.

High land prices in the formal housing submarkets are reflected in the proportionately high cost of the lot, especially in the lowest-priced units financed by the FNV-Fondo Social submarkets. The following table shows the median market price of the site for the three price levels of new housing with the FNV-insured mortgages. For the 1972-1976 period, the median sales price for an urbanized site was US 1,717 dollars (4,293 colones) equivalent to 34.2 per cent of the lower priced units which ranged in cost from US 3,600 dollars (9,000 colones) to US 6,000 dollars (15,000 colones).

That is, the urbanized site for the lower priced units represented the largest part of the sales price of all units, even though they were built on the smallest lots and had the lowest standards of infrastructure. These figures, however, do not include additional "fees" that developers commonly charge for an additional area of land sold on the site at the

rear of the lot. If these costs were imputed, the site would represent a much higher proportion of total unit costs.

TABLE 4.1
FNV-FINANCED UNITS 1972-1976

Housing Type	Constructed Area in Sq. Meters	Average Price US dolls. (cols)	% of Value of New Units	
			Land and Improvements	House Construction
Medium-high	95-130	14,875 (37,187)	25.3%	74.7%
Medium	64- 95	9,127 (22,817)	28.1%	71.9%
Medium-low	40- 64	5,021 (12,553)	34.2%	65.8%

Source: Table 1 in "Costo de Urbanización," a paper presented by the Technical Department of FNV at the 1977 Housing Symposium, San Salvador, 1977.

In a recent study, FNV estimated that for an average annual production of 3,555 units the total annual land consumption in the Metropolitan area, where almost all of its units have been located up to 1977, was 91 hectares.* If we assume that the present average density of 40 units per hectare will be maintained and that the annual output proposed in the Fourth Development Plan will in fact be achieved, the annual average production for FNV-insured homes will consume 181.2 hectares of land per year. This gives a rough estimate of the acreage that will be directly affected by the price appreciation reflecting the urban demands of the FNV system alone.

If in addition, however, we add the targets of the other housing institutions programmed for the 1978-1982 period as proposed in the Plan, the total formal housing production will require, in the Metropolitan Area alone

* Taken from Table 4 in "Costo de Urbanización" a paper presented by the Technical Department of FNV at the 1977 Housing Symposium, sponsored by the Savings and Loan System, San Salvador, 1977.

250 hectares per year, equivalent to 1,250 hectares in the five-year period. This figure is equal to approximately half of all developable land in the Metropolitan Area.* If the projected formal land consumption were conservatively valued at an average 1976 raw land price of US 116,600 dollars (279,000 colones) per hectare paid by owners of FNV-mortgaged homes, as shown in the following table, they would represent a value of US 145.76 million dollars (364.4 million colones) in cash transfers for land alone to be paid out during the next five-year period, excluding the cost of any improvements on such land.

TABLE 4.2

AVERAGE RAW LAND AND URBAN INFRASTRUCTURE COSTS
PAID FOR FNV-FINANCED HOMES 1972-1976

Year	(1) Average Price per Urbanized Sq. Meter (US dollars)	(2) Average Cost of Infrastructure Sq. Meter (US dollars)	(3) Cost of raw land per Sq. Meter to Home Owner (US dollars)
1972	10.88	3.29	7.59
1973	12.02	3.66	8.36
1974	14.31	4.29	10.02
1975	16.03	5.15	10.87
1976	17.17	6.01	11.16

Sources: (1) Derived from Column 2 of Table 3 in FNV, "Costo de Urbanización," *op. cit.*, p. 5.

(2) Derived from estimates in *ibid.*, p. 6.

(3) Difference between columns 1 and 2.

If such projections were met, an additional US 75.12 million dollars (187.8 million colones) would have to be invested in urban infra-

* FNV estimates its land needs at lower densities in its 1978-1982 Pre-Plan, at a consumption rate of 250 hectares per year, see "Exposición del Pre-Plan Quinquenal del Sistema de Financiera Nacional de la Vivienda y las Asociaciones de Ahorro y Préstamo," San Salvador, n.d., p. 4.

structure, assuming 1976 costs. That is, a total of US 220.9 million dollars (552.2 million colones) would have to be spend for improved land in the FNV formal sectors during the 1978-1982 period alone, excluding housing construction.

The incidence of the cost of land alone on the price of FNV-backed units is high: 17.7 per cent, for the 'medium-high' cost units and 23.9 per cent for the medium-low' cost units built between 1972 and 1976.*

Another set of data for the formal sector refers to raw land prices paid by the Housing Foundation as summarized in the following table. Although the information is sporadic and covers only a few sites with varying topographies and at varying distances from the center of the Metropolitan Area, it is indicative of the prices paid to farmers or landowners who have already imputed expected urban value on raw farm land.

TABLE 4.3

PRICES PAID FOR FARM LAND IN THE METROPOLITAN AREA
BY THE HOUSING FOUNDATION BETWEEN 1971 AND 1977

Settle- ment	Year Purchased	Amount Ha. Purchased	Price Paid Per Sq. Meter of Raw Land	
			US dollars	Colones
1	1971	72,700	1.65	4.12
2	1972	42,100	1.43	3.58
3	1976	21,000	2.66	6.65
4	1977	83,900	2.78	6.94
5	1977	2,800	6.87	17.17

An increase of over three hundred per cent in prices paid

* This is arrived at by multiplying the percentage of urbanized land cost in a unit by 70 per cent, which is the incidence of raw land in urbanized land cost.

for raw land has occurred between 1971 and 1977; that is, an average annual increase of 53 per cent. This increase has in effect significantly influenced the non-profit price of Housing Foundation sites which increased from approximately US 1,000 (2,500 colones) in 1971 to US 2,560 dollars (6,400 colones) in 1977, that is, an average annual increase of 43 per cent.

The 1967 figures, however, are not entirely comparable since the sites more recently purchased by the Foundation have been located several kilometers away from the urban area in an attempt to escape rising prices. If similar locations were compared, price escalation would probably come nearer to several thousand per cent in the same period.

If we compare the raw land prices paid by the Housing Foundation and the developers financed by the FNV-insured system with average farm land prices for the most productive cotton or coffee areas of El Salvador, we see that in 1977, the value of developable sites was approximately 250 per cent above the average value of the best agricultural land.

This means that there is a significant residual land value which is increasing residential land prices and which cannot be explained by agricultural opportunity costs. Nor can it be explained by variations in lot sizes, higher improvement costs or even inflation. Per lot, total appreciation in residual value above farm land values after deduction of improvement costs amounted to US 494 dollars (1,236 colones) on lots priced at US 2,560 dollars (6,400 colones). These data suggest that land speculators must control the market to be able to charge such prices.

The third set of data obtained refers to the informal sub-markets: land prices paid by purchasers of lots in colonias ilegales in the Metropolitan Area.

TABLE 4.4
 COMMERCIAL PRICES OF PRIME FARM LAND
 PAID DURING 1977

Region	Present Use	Average Price per Hectare (US dollars)	Price per Sq. Meter (US dollars)
San Salvador (North)	Sugar Cane	2,800	2.80
San Salvador (South-west)	Coffee	3,400	3.40
San Salvador (North-west)	Coffee	3,300	3.30
Usulután	Cotton	2,200	2.20
Santa Ana	Coffee	3,200	3.20
San Miguel	Cotton/Sisal	1,600	1.60

Source: Information obtained from ISTA in 1977.

According to the sample survey in Chapter III, an unimproved plot in a colonia ilegal costs an average of US 1,325 dollars (3,312 colones) without infrastructure of any sort or any housing construction. This is equivalent to US 8.83 dollars (22.08 colones) per square meter on the average, and equal to the price paid in a typical fully serviced upper-class subdivision in 1975. Assuming that raw land prices were the same in both cases, it can be deduced that in 1975, speculators in illegal subdivisions were able to charge, over and above expected gains in formal subdivisions, the equivalent per square meter to the entire cost of full infrastructure improvements.

Illegal land subdivision costs are also high when compared to the formal sites and services plots of the Housing Foundation. A case study in the city of Usulután demonstrated that the cost per square meter in a colonia ilegal is typically 80 per cent higher than that in a Housing Foundation project in the same area and year, except that the latter has the added advantage of fully installed water supply, sewers, drainage, roads and paved footpaths.*

The cost differentials are even more marked, however, when one compares illegal subdivision plot prices with equivalent farm land prices: in the city of Usulután, a typical hectare of good quality cotton farming land can be subdivided into plots with an average rent gain of 450 to 2,200 per cent.** In the Metropolitan Area, these figures are often surpassed.

While the estimates of land appreciation from the three data sources are subject to question because of uncontrolled variations of time, prices of primary export products, topography, location, infrastructure, lot size and other variables, it is clear that appreciation is occurring at a level of several hundred per cent above farm land costs and "normal" profits. Although calculation of the appreciation occurring in the various land conversion processes requires more precise data than are presently available, it

* Estimated in: Jim Richard and Michael Bamberger, "An Economic Evaluation of Sites and Services and Progressive Development as Housing Production Systems for Reaching Low-Income Groups and Their Potential Application as Part of a National Housing Policy," Report N° 13 (First Draft) Socio-Economic Evaluation Research Unit, Fundación Salvadoreña de Desarrollo y Vivienda Mínima, San Salvador, 1977, pp. 3-15.

** Data gathered by the Evaluation Unit of the Housing Foundation showed that a specific colonia ilegal subdivided in mid-1977 produced US 9,000 per hectare, while the same cotton land was selling for US 2,200; that is, an increase of 450 per cent. Other subdivisions in Usulután were selling plots at 4 or 5 times that amount, that is, 1,800 to 2,200 per cent over commercial farm land value.

is difficult to accept, as traditional spatial economic analysis has assumed, that transportation cost differentials and proximity to public services and utilities alone are responsible for the production of land rents.

If this is so, significant amounts of income are being distributed to speculators and developers at the expense of home and lot purchasers through large quantities of highly priced land in both the formal and informal sectors.

A simple exercise can indicate the levels of annual income transfers. If, according to data presented in Chapter III, San Salvador's 23,000 families in illegal subdivisions bought their plot at an average price of US 1,325 dollars (3,312 colones) and made average yearly payments of US 190 dollars (475 colones) per plot, of which a conservative 80 per cent is clearly "excess" profit, a total of US 3.5 million dollars (8.75 million colones) is transferred every year as speculative profits to speculators and developers at the expense of plot purchasers in one city alone. This is comparable to the annual investment budget of the Housing Foundation for 3,500 sites and services units.

The issue then is not only that consumers cannot effectively communicate their demands in a traditional market procedure where the prices of desired products are bid up, but more important, that appreciation from land markets is contributing in a significant way to a more skewed income and resource distribution in El Salvador's urban areas.

4.5 Efficiency of Urban Patterns and Their Impact on Private and Social Costs

Although the issue of efficiency has attracted the attention of planners and policy makers more than the issue of distribution, little research attention has actually focused on comparisons between informal land subdivisions and other forms of suburban settlement in rapidly urbanizing areas where a seller's land market encourages large profits and where government regulations do not effectively support or control illegal subdivisions. Such inefficiency is often reflected both at the household level and at the public or area-wide level.

Unlike the large-scale planned squatter settlements in other Latin American cities, El Salvador's colonias ilegales have been "designed" and subdivided by land speculators with the sole objective of creating the largest number of saleable lots without taking into account present or future community level or area-wide considerations. The lack of control of both households and public agencies over layout standards, location and services in the subdivisions will, in the long run, have significant effects both on public expenditures for settlement servicing and on private costs for housing consolidation.

Inefficiency of urban patterns in colonias ilegales is apparent in at least six ways: first, the subdivision of unserviced land with extremely broken topography and steep slopes; second, extensive leapfrog development; third, complex internal subdivision layouts; fourth, lack of land reserves for

any community facilities and employment areas; fifth, the small size of land subdivisions; and sixth, contradictory government policies for fringe areas.

Firstly, because of the increasing overall demand for land and limited supply of the same in the Metropolitan Area, it has become increasingly common to subdivide peripheral land in areas susceptible to flooding or landslides, with slopes of more than 30 per cent or with very broken topography. Even though it is possible, with careful design, to develop steep slopes and broken land efficiently, it is also very costly in terms of trunk infrastructure for water supplies, sewers, storm drainage and circulation networks. Steep and broken land is also very costly in terms of the earthworks, foundations and retaining walls necessary for levelling the individual plots.

Typically, difficult topography coupled with distance make installations so costly that neither government nor the community is able to economically install all networks. An eventually, when they are installed, they are more costly than in the middle and upper-class subdivisions, even though the latter households have paid for unimproved land in illegal subdivisions. This means that scarce public resources are used to install costly networks where low-cost development should not have occurred or should have been left for costlier developments. In the end, low-income families and public agencies pay for infrastructure at prices several times higher than prices of higher level services in formal subdivisions.*

* Recent case studies indicate that in San Salvador, households in colonias ilegales typically pay up to 1000 per cent more for water than do households in middle and upper-income formal settlements: EDURES, Rehabilitación, op. cit., p. 84.

A second indication of inefficiency is peripheral leapfrog development. Although sprawl has traditionally been a problem of urbanization in both developed* and developing countries, in El Salvador's principal cities leapfrog development is exacerbated not only by the uncoordinated pattern of formal subdivisions, but also by the extent and growth of the illegal subdivisions, which tend to follow haphazard land ownership patterns. When networks are installed as a result of political pressure, or occasionally by the developer, leapfrog patterns force costs up for both existing and future illegal subdivisions because trunk lines have to be extended through areas of undeveloped land, thereby raising the price of intervening undeveloped land, making future illegal subdivisions even more lucrative.

A third way in which illegal subdivisions contribute to inefficiency is through their complex internal layout. Colonias ilegales are often designed by fixing boundaries with little respect for topography, access, future trunk lines or neighboring developments, let alone servicing needs, their sole objective being an increase in the amount of saleable land and a proportionate reduction in the non-saleable area. As a result, internal layouts ignore basic engineering design principles for future circulation and other infrastructure networks, thus making their installation more costly than in formal, planned settlements.

A fourth way colonias ilegales contribute to inefficiency of

* See for instance, The Costs of Sprawl, Vol. 7, Real Estate Research Corporation, U.S. Government Printing Office, Washington, D.C., 1977, as well as Allan Altschuler's review in Journal of the American Institute of Planners, Vol. 43, N° 2, 1977, p. 207. See also: Council on Environmental Quality, "The Costs of Sprawl in the USA" in Ekistics, Vol. 40, N° 239, 1975, p. 266, and the references therein.

urban patterns is through the lack of land reserved for future community facilities of any sort or for any organized commercial or industrial employment areas.* This occurs in part because of the cost implied in leaving land open for schools, clinics, playgrounds, community centers, etc. Typically, developers either assume that these costs should be borne by government purchasing land for that purpose, or simply don't give the matter any consideration.

The result, however, is the same. Government agencies as well as community organizations have to search hard to find appropriate land for basic facilities, especially schools and clinics, either having to pay speculative prices for them, or seek benevolent developers to donate a plot of land. Unlike the typical large Latin American city where squatter organizations see that spaces are left open for future community facilities, in El Salvador, the lack of such provision implies high community and social costs because such areas have to be acquired afterwards when development has already occurred, and at future prices.

A fifth element contributing to the inefficiency of peripheral illegal development is the small size of subdivisions. Recent cost comparison studies show that there are significant economies of scale in the various elements in improvement only when subdivisions number several hundred to a thousand units,** whereas typical illegal subdivisions seldom include more

* This issue was developed by the author in "Colonias Illegales" op. cit., p. 5.

** These studies were carried out by the Housing Foundation for the purpose of quantifying direct and indirect costs, according to the size of the project, in 3 categories: from 100 to 300 units, from 300 to 700 units and from 700 to 1,200 units. The results of the study confirm that the larger the project site, the greater the economies of scale.

than fifty or a hundred plots.

Finally, contradictory government attitudes towards the illegal subdivisions contribute to overall inefficiency by simultaneously ignoring, punishing and aiding speculators, rather than formulating coherent and explicit policies concerning them. The end result is predictable: contradictory policies exacerbate the previous issues: they promote the subdivision of land that should not be developed for low-cost settlements because of topography and the costs implicit in leapfrog development. In the absence of coherent policies, neither efficient layouts nor land reserves for community facilities are required, and developments of any size are allowed to occur, whether efficient and serviceable or not.

The result is that, even though illegal fringe land partitioning does provide for the working poor some form of access to land and eventually to public services and facilities, in the urban context of El Salvador, this implies very high private and social costs compared to equivalent costs for formal subdivisions.

4.6 Informal Tenure and Community Control

In addition to the resulting income transfers from low-income households to land speculators and inefficient and costly subdivision patterns, another important issue relating to the three principal informal settlement types is the rather fragile nature of the informal tenure arrangements for the majority of the population and its implications for community control and disincentives for participation in popular organizations.

In other Latin American cities, many of the urban poor live in settlements built on public or marginally economic land where, given more socially responsive policies, tenure can easily be regularized by the issuing of titles. The situation for the urban poor in El Salvador, however, is dramatically different since in most cases a third party is involved: a landlord who legally owns the plot or the rental unit.

As was seen in Chapter III, in 1975 over 56 per cent of the total urban housing stock, equivalent to 89 per cent of the informal submarkets, was either in mesones or in colonias ilegales in the five principal cities. That is, close to 9 out of 10 units in the informal settlements involved a landlord-tenant relationship.

In the case of the mesón housing stock, the entire population --except for the small number of owners or managers that live in the units-- have no legal, permanent tenure, or the possibility of it in the future. The mesón submarket alone comprises one third of the total housing stock, equiv-

alent to 58 per cent of the informal housing stock in urban areas. This means that almost two out of every three families in the informal sector have no present or future prospects for acquiring secure tenure, and can only rent.*

In the case of the families in tugurios and colonias ilegales the tenure situation is more complex than it seems at first sight. The household survey summarized in Chapter III demonstrated that only 16.6 per cent of those families (all of whom live in colonias ilegales) had already paid for and legally owned the land they lived on, and could therefore be assumed to have terminated the relationship with the person who was previously their landlord. The remainder, however, had no legal tenure. Of these, high proportion, 47 per cent, occupied their house on the typical arrendamiento con promesa de venta basis, giving them the possibility of future ownership. Illegal occupants represented an additional 29 per cent. The remaining households occupied their house either on a rental basis (5 per cent) or on a rent-free basis (3 per cent).

These figures mean that there were only 6,550 households that held title out of the 94,000 families in the informal sector stock and an additional 18,350 families who were on a leasehold basis that gave them the possibility of becoming in the future legal owners. If this last segment missed payments, however, they might have to begin amortization payments again from the beginning.

* The exception to this, although still very recent and small in scale, is the acquisition of mesón complexes for conversion into cooperative or condominium apartments by the Housing Foundation. The first mesón complex, involving less than two dozen units, was only acquired in 1977. This policy approach is further discussed in Chapters V and VI. See: "Proyecto Experimental de Rehabilitación de Mesones," Memorandum presented to the Board of Directors of Fundación Salvadoreña de Desarrollo y Vivienda Mínima, San Salvador, 1977.

In sum, only one quarter of the informal housing stock either had some form of title or the possibility of it in the future if no default occurred and if the landlord agreed to turn the leasehold into freehold tenure. The remaining three quarters of the population were in a very insecure tenure situation.

In addition to the issue of insecurity of tenure and its implications for housing stability and consolidation as documented by many authors,^{*} there is the issue of community control and participation in popular organizations. As we saw in Chapter III, one effect of a very tight housing market for the poor in cities with little possibilities of invasion is that landlords (in both mesones and colonias ilegales) commonly pick and choose prospective households and maintain varying degrees of social control. Through the monthly rent collection and, in the case of illegal subdivisions, through the default clause which allows eviction, landlords are able to effectively control any type of emerging tenant or community organization.

The household survey indicated, for instance, that less than 3 per cent of the families in the informal sectors belong to any type of community interest organization and only an additional 5 per cent even turn to their neighbors in case of problems.^{**}

Data gathered for an evaluative study of the Housing Foundation seems to establish a much higher correlation of participation in sites and services projects than in tugurios, mesones and colonias ilegales even after

* John Turner, William Mangin, Anthony Leeds and Janice Pearlman, among others cited, have argued that security of tenure goes hand in hand with housing consolidation.

** Variables 149 to 153 of questions 36 and 37 measured the levels of participation in various types of associations; sports, community, religious, political, cooperative and others. In all cases, the proportions were very low, below 5 per cent. See Appendices 3 and 4.

controlling for socio-economic differences. Within the informal sector, however, the illegal subdivisions came much closer to the Housing Foundation's communities than mesones or tugurios, possibly owing to the arrangement of tenure with prospective ownership.*

Although further research would seem to be necessary to clarify whether, in the case of El Salvador, the high proportion of insecure tenure is correlated to the very low level of community participation, case studies conducted for the research referred to in the mesones and colonias ilegales show that tenants take great care to maintain good relations with the landlord or his manager for fear of eviction. And good relations always seem to imply doing nothing that appears to interfere with or threaten the landlord's real estate business, such as organizing households around community or political issues.

* Universidad Centroamericana "José Simeón Cañas," op. cit., pp. 187-189.

4.7 Lack of an Urban Policy as an Instrument of Distribution

A general issue underlying the provision of access to land, services and housing for the urban poor under El Salvador's present development model is perhaps that there has never been a clearly defined national urban policy conceived with a view to national growth and distribution objectives, comparable to the agrarian strategy of the mid-1970's. The review in this chapter and in Chapter II of El Salvador's past attempts at defining urban policies since the enactment of the present Constitution in 1950 show that:

a) under the first four National Development Plans there has never been a serious attempt to define a coordinated national urban policy or its relationship to national transfer and production sector strategies;

b) although several innovative housing production programs have been institutionalized since the 1950's, they have not been conceived as part of national urban policies; rather, National Plans have consisted of the sum of such individual private and public institutional programs and targets;

c) the lack of coordination of urban development and housing has not only exacerbated the disarticulation of cities, but has also meant unnecessary inefficiency and increased costs both for public agencies and for individual households;

d) most government sponsored housing has been based on pre-

conceived notions of desirable standards or housing needs, rather than on the effective demand of the poorer target groups, thus basically ignoring the majority of the lower two thirds of urban households;

e) since the emphasis of past Development Plans has been on the production of new, formal housing units based on such needs, the existing informal housing stock has either been ignored or actively discriminated against, even though it presently houses the great majority of the low-income population;

f) although the various urban programs have been framed in accordance with the objective of "social interest" identified in the Constitution, in practice they have tended rather to fulfill the objectives of the upper and upper-middle income households, the construction industry, the housing finance systems and the developers and speculators of potentially urban land; and

g) as a result, rather than being an instrument for increasing the relative share in and access to urban land, services and housing of the poorer two thirds of urban families, national urban programs have tended to reinforce the situation of inequality by investing public monies primarily to benefit the upper and upper-middle income households and by encouraging significant rent transfers from poorer households to developers of illegal subdivisions and owners of rental units in tenements.

4.8 Limitations in the Structure of Demand

In the long run, the main issue concerning the lack of access to urban land, services and housing is not so much market imperfections, government urban policy, housing tenure or housing supply, but rather the lack of income and resources available for housing in the majority of the lower-income levels. That is, the issue centers on the limitations in the present structure of demand.

In the previous sections it was argued that part of the present inequality of access to urban settlement was the result of the way in which both formal and informal housing is presently produced and improved. In the long run, however, the fundamental issue concerns employment and income and transcends urban policy per se.

The data on income and asset distribution and the employment status of the great majority of the urban poor show that in spite of four Development Plans, El Salvador remains within the low per capita income and high inequality category among nations of the world. While El Salvador's long-term economic growth has improved somewhat, since GNP increased by 5.5 per cent per annum between 1960 and 1975, and per capita income reached US 450 dollars (1,125 colones), the skewed income distribution has meant that in the Metropolitan Area alone, the lowest 30 per cent of the population receives only 7.4 per cent of the income, while the top 8.5 per cent receives over 46 per cent. In addition, effective unemployment in the Metropolitan Area has

been estimated by the ILO to be as high as 32 per cent.

The serious limitations on demand are confirmed by the data gathered from the household survey summarized in Chapter III. Unemployment in the informal sectors was reported to be 20 per cent for heads of household and unstable employment an additional 26.3 per cent. Income figures for the informal sectors were equally appalling: half of all families had a monthly per capita income of less than US 28.65 dollars (71.62 colones) equivalent to less than a dollar per day on the average to cover food, clothing, housing, transport, education and health. In the case of tugurio households, average daily per capita income was even less: US 0.75 dollars (1.87 colones). It is difficult to conceive of distributional urban development and housing strategies that are compatible in the long run with situations of such high unemployment and low income levels.

Thus, on the one hand, the issues related to the structure of demand concern the income earning opportunities of the urban poor; whether they are unemployed or employed, whether they work in the modern or informal sectors and whether they are wage earners or self-employed. On the other hand, they concern the productive assets owned and controlled by the poor, including land, privately-owned capital, public capital goods and human capital. It is inevitable, therefore, that without significant changes in the structure of demand the relative share of urban land services and housing accessible to the lower income sectors will grow more slowly than that available to higher-income groups, at least for a considerable period.

In sum, even though the lack of realistic settlement policies that encourage distribution has made the present situation worse than it need be, national per capita income and its distribution and the employment situation make the urban problem particularly difficult to deal with under

the present development paradigm.

4.9 Summary of the Issues

This Chapter summarizes the main issues concerning past implicit and explicit urban policies in El Salvador, especially those involving the distribution of urban land, services and housing and the relative access to these of the urban poor.

In spite of the social interest objectives of the first four National Development Plans extensive institutional and financial commitment to the urban sector, significant proportions of the poorer urban households still have no access to urban services, especially in the informal housing sectors, the majority cannot afford to apply for government-sponsored and often subsidized units in new settlements, and there is still not explicit urban land policy.

As a result, the urban poor have been further disadvantaged both by the present informal processes of urban development and by the emerging policies for formal housing, rather than receiving a greater proportionate share of urban benefits. The first section summarizes this issue in general terms: inequality in the present patterns of urban development and accessibility to urban resources. It brings into the discussion more recent structural interpretations of urbanization in Latin America which question past development paradigms that have not brought about any significant changes in distribution. And, in contrast to the mainstream of previous post-marginalidad literature, the issue discussed is not whether the informal settlements are a "solution" to the problem of housing the poor, but rather, under what

circumstances are they a viable option and, more important, what are the costs and benefits of such a solution to different social classes and for society in general, especially in a situation of very limited possibilities for immediate large-scale land invasions.

Five principal sets of sub-issues can be identified under the more general heading of accessibility of urban resources. The first has to do with inequality of access to government-supported production of new settlements and housing units. This has been reflected not only in the past performance of government agencies but also in the proposed targets of the current 1978-1982 Housing Sector Pre-Plan. With the exception of the housing units sponsored by the Salvadorean Housing Foundation, only a negligible proportion of the proposed units will conform to the capacity to pay of the lower two thirds of the urban households. That is, public resources and subsidies in the housing and infrastructure sectors during the last three decades have mostly benefited the upper-middle classes and upper-income sectors.

The second issue concerns the policy of neglect of and discrimination against the existing informal housing stock, where 63 per cent of the urban households are presently settled and where most households have acquired housing through a commercial landlord-tenant transaction. Although some progress has been made in improving the quality of settlements through political pressure and recently, greater flexibility of public infrastructure and social service institutions, as reflected by changes reported between the 1961 and 1971 Censuses, there is still no clearly discernible public policy on colonias ilegales, mesones or tugurios. The fourth Development Pre-Plan simply declares these settlements "a priori, outside institutional control."

The third most neglected but perhaps most important issue is the regressive impact on distribution of rented rooms in mesones and plots in colonias ilegales. Because of a very tight housing supply and increasing urbanization, rents per square meter of floor space in a mesón and sales prices per square meter of unimproved land in a colonia ilegal, are often equal to, or even higher than prices per square meter in standard, fully serviced sections of the same city. This means that the majority of households in the urban areas which have not been able to invade land are paying landlords and land speculators the same prices as those for higher income housing but are receiving much lower quality housing and land. This implies large excess rent transfers or monopoly profits in most informal housing options. This has had an immediate impact the continuing regressive distribution of income and assets.

In addition, as a result of inefficient urban spatial patterns derived from the informal settlements, upgrading costs for the individual family and social costs have been unnecessarily high.

In contrast to the large-scale planned squatter settlements in other Latin American cities, increasing numbers of urban households in El Salvador are settling in colonias ilegales that have been "designed" by land speculators with the sole objective of creating the largest possible number of saleable lots, without taking at all into account present and future upgrading considerations at the level of the community and of the area in general. The alternative for these households is settling in very crowded mesón rooms in old converted rooming houses which are not designed with the objective of social well being but rather with the aim of maximum exploitation of rentable space.

Equally important and neglected is the fourth issue resulting from the landlord-tenant relationship in informal settlements: the implications of social and community control by the landlord and disincentives for participation by the tenants in community organizations. Although further research is necessary to clarify whether landlord-tenant relationships in housing are directly related to lack of participation and if so, to what degree, nine out of ten households surveyed had no formal tenure and an even greater proportion never participated in any sort of community or other non-family activities of any sort.

A final general issue related to the provision of access to land, services and housing for the urban poor under the present development model is that there has never been a defined coherent national urban policy except for the various agency programs described in Chapter II. These have not only been conceived without distributional objectives but also without unifying agency goals and priorities. As a result, inter-agency omissions and overlaps have tended to reinforce the situation of inequality by allowing public monies to be invested primarily for the benefit of the upper and upper-middle income households and by permitting significant rent transfers from poorer households to developers and owners of colonias ilegales and mesones.

In the long run, however, the issue of lack of access to urban resources concerns not so much market imperfections, housing supply, insecure housing tenure or lack of urban policies but rather, the very low levels of disposable income and overall resources available to the majority of the low-income households for investment in housing. That is, the longer range issue of access to land, services and housing resources centers on the limitations

of the structure of demand as defined by the present employment and income distribution patterns.

In sum, this chapter argues that even though the lack of distribution objectives in sectoral policy have made the urban situation worse than it need be, national distribution of income and assets and the employment situation make the settlement problem especially difficult to deal with under the present development paradigm.

Chapter V

ALTERNATIVE DISTRIBUTIONAL
URBAN REFORM STRATEGIES

Introduction

Although almost three decades of government-supported programs in the urban areas of El Salvador have in effect significantly increased the conversion of land and the proportion of families served by urban infrastructure, as well as multiplied many times the production of new, formal housing units, the great majority of the popular sectors that comprise the lower two thirds of urban households have had little access to conventional settlements supported by these government programs.

As we saw in the previous chapters, the popular sectors have been housed, for the most part, in one of the three major submarkets which have provided some form of access to land, services and housing, in spite of the contradictory government policies of neglect and occasional discrimination towards informal settlements.

The impact on distribution of these public policies and attitudes during the last three decades can be traced on the one hand to the disproportionate use of public resources for the development of formal land,

infrastructure and housing, that has accorded significant privileges to a small proportion of households while discriminating against the majority of the urban poor; and on the other hand, to the settlement of the urban poor in the informal submarkets, especially in mesón rental units and in peripheral illegal subdivisions. This has produced significant transfers of rent gains and appreciation to landlords and developers at the expense of the households of the popular sectors, in addition to other negative side effects both for the individual households and for society.

In summary, it was argued that the set of rules which determine the processes by which both formal and informal land, services and housing are developed in El Salvador's urban areas have perhaps, in the past, inadvertently had a regressive impact on distribution and can, in the future, explicitly have a significant progressive impact on distribution, depending on the national development paradigm and the degree of political commitment to the objective of rapid and significant improvement of the quality of life of the majority.

The purpose of this chapter is to contribute to the definition of alternative urban strategies that explicitly take into consideration progressive distribution objectives, based on the experience of El Salvador's cities and assuming two alternative hypothetical models of urban reform.

The first section of this chapter attempts to outline the principal elements of a national development policy with explicit growth and distribution goals, strategy mixes and policy instruments at the national level.

The second section attempts to define general goals, criteria and specific objectives or urban strategies conceived as a means of transferring income and assets in such a way as to improve the quality of life of the majority of urban households. It defines two broad hypothetical models

of urban reform: one procedural and the other structural, reflecting different degrees of commitment to redistribution within their respective policy interventions.

The third and fourth sections explore in greater detail two specific strategy components and the principal policy interventions of the same. The two policy components center on: a) substantial redirection in the production of new units in settlements backed by government agencies to increase their accessibility to the lower income sectors, and b) a basic re-orientation of attitudes and policies concerning the support and control of the existing stock in informal settlements as well as their future growth. These sections also attempt to trace the consequences of each policy intervention and to evaluate their relative effectiveness in achieving distribution and other objectives under the two hypothetical urban reform models.

In addition to the two policy components selected for discussion out of ten outlined in the second section, the next chapter concentrates on the land policy component specifically. The last section of this chapter summarizes the alternative distribution strategies and their respective policy interventions.

5.1 A National Development Policy with
Distributional Objectives, Strategies
and Explicit Policy Interventions

Although it is only recently that western development economics has become concerned with the introduction of explicit distributional objectives in national development planning, there seems to be a tendency, at least at the theoretical level, to believe that Third World countries can only hope for significant internal improvements in terms of income equality within a reasonable period of time by means of:

- a) the redefinition of national development objectives that consider distribution and growth simultaneously;
- b) the development of strategy mixes that individually and as a group aim at both objectives; and
- c) the design of policy interventions for specific sectors that effectively accelerate, within a specific period of time, the development of the poorer groups in society by increasing their relative share of assets and income.

Ahluwalia and Chenery summarize this viewpoint:

...the relation between distribution and growth and the importance of asset concentrations leads to a basic change in the terms in which development objectives are formulated. For one thing, the allocation of investment cannot be separated from the distribution of its product. They should be thought of as different dimensions of a single development strategy. In addition to the allocation of investment according to sectors of production we also need to think of the allocation of investment of capital stocks of different

socio-economic groups... Without some increase in the investment in capital stocks owned or controlled by the poor --above what can be provided from their own savings-- it seems almost inevitable that their per capita income will grow more slowly than that of higher-income groups, at least for a considerable period...*

With the institutionalization of national macro-economic diagnosis and planning in the early 1960's, most Latin American countries advised by ECLA began to include distributional objectives in the national development schemes. Distributional objectives have also been stated in El Salvador's four Development Plans; the strategies chosen, however, and the specific policy interventions that could effectively influence the relative share of income received by the poor, have been given relatively low priority.

It appears that four basic types of strategies for carrying out different degrees of distribution objectives have been identified by development economists:

- a) classical economic growth strategies with some form of market regulation which assumes that, in the long run, all groups will benefit from development;
- b) human capital development strategies, such as education, job training, population policy, etc., that in the short run require some sacrifice of output, but have often been justified in the long run by higher productivity and by increased purchasing power which "trickles up;"
- c) income transfer strategies, such as welfare programs, social security insurance, child nutrition, etc., intended to achieve specific transfers to specific target groups; and
- d) asset redistribution strategies, such as those affecting distribution of land, privately owned capital, public capital goods, etc.

* Chennery, Op. cit., pp. 46-47. Underlining by this author.

While El Salvador's past development plans have all, to some extent, assumed distribution objectives, the emphasis has nevertheless been mainly on strategies of economic growth and human capital development and, to a lesser extent, on small-scale income transfers. By themselves, however, these approaches not only take longer to improve the well-being of low-income groups, but also ignore more structural limitations of inequality, and thus have tended to "blame the victim rather than the system."^{*} Thus, even though distribution in El Salvador improved relative to other Third World countries during the 60's, it continued to have a relatively high level of inequality as well as a very low per capita income.^{**}

It is now recognized that greater equality of personal incomes can be achieved more rapidly if ownership of private capital and access to public facilities are more equally distributed among income groups. However, with the exception of the attempt to introduce Agrarian Reform in 1976, significant public and private asset transfers have never been considered an important part of a mix of development strategies for the alleviation of the extreme inequality that exists in El Salvador.

In addition to assigning high relative priority to distribution objectives and to the formulation of a mix of strategies that would include not only "developmental" but also "structural" approaches such as asset and

* This term is used by T. Vietorisz, et al, in describing traditional development strategies which place the burden on the individual rather than society: "Even the emphasis on growth sees the individual as the problem: the economy must expand so that even the losers will do all right. The notion that there should be winners and losers is central," in "Poverty Strategies: A Comparison of Latin America and the United States," paper presented at the Colloquium on Urban Poverty: A Comparison of the Latin American and United States Experience, University of California, Los Angeles, 1975, p. 9.

** Montek S. Ahluwalia, "Income inequality: in Chennery, op. cit., p. 8.

income redistribution, the effectiveness of the development model adopted will, in the end, be determined largely by the nature and intensity of the specific policy interventions.

There are at least six principal variables at the national level available to governments to influence patterns of distribution.* These include:

- a) factor market interventions for greater absorption of labor and removal of capital market distortions;
- b) specific measures for the distribution of both present and future assets, to cover both physical and human capital;
- c) taxation of both wealth and personal income as a fiscal corrective for market-determined income, as well as a form of resource mobilization;
- d) distribution of public consumption goods to complement post-tax income distribution patterns;
- e) direct income transfers by the state to specific low-income target groups; and
- f) commodity market interventions in certain sectors that favor redistribution of income.

Some of these policy interventions have formed part of El Salvador's National Development Plans; these include factor and commodity market interventions, less regressive taxation, various forms of income transfers and, to a lesser extent, more equitable distribution of public consumption goods. Although the attempt to influence patterns of investment over time has had some success, redistribution of existing assets has not been achieved.

* These are categories taken from: Ahluwalia, "The Scope for Policy Intervention," in Chennery, op. cit., p. 73.

The low relative impact of the four Development Plans on El Salvador's distribution patterns is related not only with the range of strategies and policy interventions chosen, but also with the degree of commitment to that objective in the annual investment budgets. Equally important is the fact that the urban policy interventions have lacked target group specificity, especially in the case of the poorer households living in the informal settlements.

The next sections attempt to define a range of explicit policy interventions under two rather different hypothetical urban reform categories that reflect different degrees of commitment to the goal of redistribution and attempt to define the objectives, strategy components and specific policy interventions aimed at rapid improvements in the quality of life of the urban poor.

In sum, El Salvador's past policy interventions aimed at maximization of GNP growth, human capital development and, to a lesser extent, income transfer, have somewhat improved the country's income distribution relative to other Third World countries, they have had marginal impact because of the low relative priority assigned to asset redistribution policies for specific target groups in both rural and urban areas.

5.2 Alternative Distributional

Urban Reform Strategies

This section aims to contribute to the formulation of the principal goals, criteria and objectives of alternative urban strategies designed as part of a national policy which: a) contemplates both distribution and growth objectives and assigns high priority to redistribution; b) has outlined a national development framework that includes a mix of strategies aimed at achieving both objectives; and c) conceives such a strategy as being composed of specific policy interventions aimed at a significant and relatively rapid improvement of the quality of life of the majority of the poorer sectors of the urban population.

The first part of the section outlines the goals of an urban distribution strategy. The second part discusses the policy criteria by which the urban strategies are to be defined and assessed. The third part outlines two broad hypothetical urban reform options and their respective objectives: one option is conceived as a functional urban reform composed of substantive procedural changes; the second is conceived as a more profound structural urban reform. Both, however, are outlined within the general framework of a national development paradigm with explicit distribution goals, strategies and policy interventions, although with rather different degrees of political commitment to distribution in relation to overall economic growth objectives. The last part of this section attempts to assess the viability of the two hypothetical options and their specific policy interventions as well as their

implications in the context of El Salvador.

Principal Goals of an Urban

Distributional Strategy

The main goal of an urban distributional strategy would be a substantial and rapid improvement in the living conditions of the majority of the urban poor in both absolute and relative terms. This would involve:

- a) contributing to a more equitable distribution of existing private income;
- b) improving the income-earning opportunities of the popular sectors;
- c) re-orienting the distribution of public assets in urban development so that poor households benefit more fully from government-provided urban services and housing;
- d) improving the distribution of privately held urban assets -especially land- so that their benefits are more equitably distributed;
- e) checking processes of land conversion which directly or indirectly contribute to resource transfers from the poor households that acquire land, services and housing and to inefficient urban patterns whether in the formal or informal sectors; and
- f) allowing and encouraging communities to organize in urban areas for the definition of priorities and feedback in the execution of the urban reform instruments.

These general goals cover the more traditional production sector, strategies which aim at improving the income-earning opportunities of the poor and transfer strategies which aim to redistribute public and private assets that directly affect the standard of living of the poor and check regressive resource transfers in the process of urban development.

Criteria for Evaluation of

Urban Policy Instruments

In order to assess the relative effectiveness of the two hypo-

thetical reform options as well as their specific instruments, the following criteria are proposed: a) degree of progressive impact on distribution; b) time horizon involved in effecting change; c) technical and d) financial viability; e) impact on economic growth; f) political acceptability and support; g) extent to which they complement other policy interventions; h) target group and i) context specificity.

Of the nine criteria outlined, perhaps the most important are the first two. If an urban strategy is to effectively contribute to a national development policy with high priority assigned to the equity objective, progressive impact on distribution is a basic criterion; it is therefore important to be able to trace the specific impact on distribution of each of the policy interventions to insure in the first instance, that regressive distribution is avoided but, more importantly, that progressive distribution is encouraged and in fact accomplished. The degree of progressiveness of the impact on distribution is one of the important differences between procedural and structural urban reform options. The time horizon affecting the impact on distribution will, on the other hand, measure whether the policy instrument is incremental and long range, or whether it implies rather immediate transfers of income as assets. Time is also an important difference between the two hypothetical urban reform options.

The technical and financial viability criteria assess efficiency in terms of complexity or ease of implementation from procedural and resource viewpoints. On the other hand, impact on economic growth measures whether a policy intervention is neutral, negative or positive in its effect on overall national economic growth. Political acceptability and support assesses viability in terms of an existing or hypothetical national development paradigm.

The criterion concerning the complementary nature of policies assesses whether one policy intervention reinforces or at least does not contradict another policy intervention, that is, whether an intervention fits in a policy package and is designed from a comprehensive viewpoint rather than in piecemeal fashion. Finally, evaluation of target group and context specificity assesses whether national and target group constraints are taken into consideration.

Two Hypothetical

Urban Reform Options

Given the persistence of a high level of inequality of income and assets in urban areas after more than two decades of development planning in El Salvador, as reflected by high unemployment rates and low per capita income as well as highly stratified access to formal and informal land, services and housing, two alternative and hypothetical urban reform options are explored. One option is given the name procedural urban reform and involves substantive changes to improve the functioning of the system under the present constitutional goals and assure absolute and relative improvement of the situation of the poorer households. This is outlined first.* The second hypo-

* The more frequently cited examples of attempted procedural urban reforms in Latin America include: a) elements of the Bolivian urban legislation of the 1952 revolution; b) elements of the pueblos jóvenes policies of the Peruvian revolution; c) elements of Colombia's various attempts at Urban Reform Laws in the late 1960's and early 1970's and conceived under the Cuatro Estrategias; and d) elements of Chile's policies during the Frei and Allende administrations. For a review of these see, for instance, Marcos Kaplan, "La Reforma Urbana en América Latina," Revista Interamericana de Planificación, Vol. VI, N° 22, June 1972, pp. 55-78, and Ximena Andrade, Tomás García Gatica, Juan Godínez Fica, Jorge Hardoy and Cecilia Lipsyc, Políticas Agrarias y Urbanas en América Latina, Ediciones SIAP, Bogotá (forthcoming).

thetical option, here called structural urban reform, substantially alters distributional rules in the urban development process as well as the national development paradigm, and is discussed afterwards. **

Objectives of a
Procedural Urban Reform

Although it is recognized that continuing inequality will not be rapidly eliminated to any significant extent even by substantial procedural reforms, the preceding chapters have shown that a substantial proportion of El Salvador's urban households have been further disadvantaged by the urban programs that have emerged over the past three decades, "social interest" objectives notwithstanding, primarily by the independent action of a dozen autonomous agencies and ministerial dependencies, as well as by the contradictory policies of neglect and discrimination towards informal settlements. Recognizing this, a procedural urban reform would involve substantial changes in the present urban programs so that the poor would benefit more fully from urban development rather than being further disadvantaged by it. Such a reform would include five principal policy objectives:

1) a significant improvement in the relative access of the lower two thirds of the urban households to formal, government-supported urban land, services and housing, through a revision of the stated objectives of the National Development Plan and the inclusion of the same in the various policy interventions as well as in the annual investment programs of all urban sectoral agencies;

** The Cuban Urban Reform represents the only example of a profound structural reform in urban Latin America, see: Maruja Acosta and Jorge Hardoy: Urban Reform in Revolutionary Cuba, Antilles Research Program, Yale University, Occasional Papers N° 1, New Haven, 1971.

2) the explicit support and control of existing and future in-formal settlements and production processes through specific policy interventions in tenure regularization, physical consolidation, financial and technical assistance, mobilization of community organizations, as well as by increasing land supply through infrastructure extensions, direct public conversion of land and a public supply of rental units;

3) the establishment of effective planning, coordination and monitoring for the many different urban development institutions by a more centralized agency to insure that they complement one another in time and space and conform to urban reform objectives;

4) the redefinition of government participation in land development in order to accelerate the regularization of existing informal settlements, increase the supply of urban land available to the lower income sectors and secure appreciation due to government investments; and

5) a considerable expansion of programs to improve the income-earning opportunities of the urban poor through various production sector policy instruments at the national and urban levels.

The first objective would involve the reform of several existing policy instruments, especially redirecting a significant proportion of the proposed housing production of IVU, Fondo Social and FNV towards the lowest sixty per cent of urban households, thus making government programs more consistent with the stated social objectives of the national and sectoral plans. That is, it would be necessary to insure that "social interest" housing takes the form of units which the lowest two thirds of the population can afford.

This would require the significant reduction of present target prices for all government-supported housing programs. Through various policy interventions discussed in the following section, it would involve shifting

public resources for the benefit of the majority rather than for a small middle and upper class minority, as has tended to occur in the past. As a consequence, the significant expansion of housing options at popular price levels would create direct competition for the present highly profitable illegal subdivisions. In addition, this objective would require financing agencies to enter the mesón rental and condominium market at the lower-income levels, thus alleviating the present pressure on that submarket.

Although the reform of the present government housing production would require significant changes in priority as well as important modifications in the present formulation of annual plans and projects in highly bureaucratized institutions, it would guarantee a more progressive and socially enlightened approach to the housing sector than has been the case in the past.*

The second objective concerns explicit public support and control of informal settlement production processes. That is, to discontinue the policy of neglect and discrimination under which the informal sectors were considered to be "outside institutional control" as in the 1978-1982 National Development Plan, and instead to declare them a major concern of urban reform, thus improving not only the informal sector's efficiency and affordability by the lower-income households, but also increasing community control, insuring legal household tenure, and most important, reversing the regressive income transfers of the informal submarkets.

This reform objective would involve the substantial alteration of the present precarious tenure situation for over 90 per cent of the households in the three major types of existing informal housing stock, through

* This component is the principal focus of Section 5.3 below.

specific policy instruments for tugurios, colonias ilegales and mesones. It would also imply the re-allocation of traditional governmental urban infrastructure and housing credit programs from the formal to the informal sectors, allowing the poor a greater proportional share in public resources and programs. In addition, this policy component would involve a series of technical assistance programs in community facility and home construction, community organization, legal aid and job education and placement programs.

Finally, an important aspect of this objective concerns the future role of the informal sectors as a result of direct or indirect government participation in the process of increasing the supply of central urban rental or condominium units or mesones and the supply of serviced land for progressive development plots, both aimed at the effective demand levels of households presently living in tugurios and colonias ilegales.*

The third objective of a procedural urban reform concerns the restructuring of the institutional framework of urban development to insure social responsiveness and coordination of the present numerous agencies created since the 1950 Constitution, as has often been recommended by almost a decade of urban institutional studies.** The present arbitrary and contradictory formulation of agency objectives, five-year plans and annual programs would then be subject to sectoral policy, planning and programming. Such a

* This component is the principal focus of Section 5.4.

** This component will not be dealt with in greater depth, since the author and others, have contributed to the discussion in several institutional studies of urban development in El Salvador between 1969 and 1977; for instance: Harth, Schaeffer and Solow, Institutional Framework, op. cit., and more recently: Misión Alemana, op. cit. The latest study, however, is that currently conducted under the auspices of UNDP and IBRD: see EDURES, Institutional Framework, op. cit.

reform would require not only careful monitoring and coordination between different housing finance and production agencies but also coordination of these with the various infrastructure agencies and ministries responsible for community facilities and job creation programs.

In order to coordinate these organizations geographically and over time, area-wide and specific district plans would serve as policy guidelines. In addition, the pooling of resources for the sector would ease situations of excess liquidity in one agency and lack of resources in another. This measure would imply important legal and procedural changes, as well as the reorganization of the institutional structure. It would also imply the creation of new function-specific agencies or departments for a) upgrading and legalization of existing settlements; b) some form of land banking or development rights legislation for social appropriation of betterment; and c) an urban development corporation for non-housing urban development.*

The fourth important objective in a procedural urban reform would involve changing government's past laissez faire attitude towards the land development process to an active participatory role, with the objective of considerably increasing the supply of land for the popular sectors as well as providing a vehicle for the regularization of the existing informal settlements.** Government's indirect and direct participation in land development

* Extensive consideration was given to an Urban Development Corporation in El Salvador as part of METROPLAN's proposals, and specific legislation was drafted, but was never approved by Congress because FNV saw it as competition in urban development financing. See "Anteproyecto de Ley de la Corporación Nacional de Mejoramiento Urbano" prepared by the Consejo Nacional de Planificación y Coordinación Económica, ca. 1970. This law also included swift legislation for land acquisition for multi-purpose urban development projects.

** The various policy interventions in the land component of an urban reform are the subject of Chapter VI.

would be an essential complement to institutional reorganization and re-orientation of formal, government-supported housing production.

Public intervention in urban land development within the framework of procedural reform could take several forms. One would be social appropriation of betterment through specific land taxes such as those used for the San Salvador public markets or through a more general valorization tax. Another would be the public acquisition of development rights for significant portions or all of the urban fringe. A third would involve the purchase of land on a continuing basis for specific developments and the internalization of appreciation resulting from government investments, such as has been done on a small scale for the industrial free zones. A fourth possibility is the advance installation of trunk infrastructure at the periphery, especially roads and water which, along with district plans, would increase the present very limited supply of land, encourage conversion and make the land market more competitive. Although intervention in land development through some of these policy instruments might be the most difficult component of a procedural reform in political terms, it is the most essential because of its implications for distribution. It can be argued that such interventions in land development are constitutional and there are already several legal precedents.

The fifth essential objective of a hypothetical urban policy of a procedural nature would include the whole range of production sector strategies aimed at improving the income-earning opportunities of the poor, especially the assigning of new priorities for: job training and education, credit and technical assistance programs for the self-employed, expansion of the social security system to the entire working class, promotion of community

cooperatives for savings, production and basic consumption, etc.*

Objectives of a
Structural Urban Reform

Although the dividing line between a substantive but nevertheless procedural and a structural urban reform cannot be clearly drawn, there are significant differences between an approach designed to make established frameworks work better and be more socially responsive and one which aims to create new rules for distribution process in urban development.

While it is true that there are various degrees of structural urban policies, they all have in common the fact that they replace existing distributional processes, especially those that do not insure significant resource transfers to the lower-income target groups in a short period of time. The components of such an urban policy would have the following main objectives:

- 1) the definition of new sectoral objectives that view access to land, services and housing primarily as an instrument of income and asset redistribution for the creation of a more equitable society and conceive strategy mixes and policy interventions within that framework;
- 2) the transference to government of the primary responsibility

* This component has also been dealt with by many other authors and is beyond the scope of the chapter. It is recognized, however, that income-earning strategies for the urban poor are an essential starting point in an urban distribution policy. See, for instance, Chennery, op. cit., and H. Lubell and S. V. Sethuraman, "Income and Employment Generating Policies for Lower-Income Urban Settlements," paper prepared for the U.N. Expert Group Meeting on Lower Income Urban Settlements, New York, 1977, as well as PREALC, op. cit.

for land planning and conversion, either through large-scale public ownership of the major developable urban fringes, or nationalization of all land;

3) the transference of all housing assets to the present occupants, either in the form of cooperative ownership as in the case of mesón buildings or outright tenure as in the colonias ilegales or in tugurios suitable for consolidation;

4) the effective participation of households and popular organizations in settlement planning and consolidation;

5) the establishment of national urban growth and regional development policies as an integral part of the national planning function in order to effectively coordinate settlement policies with transportation, employment and other urban sector programs; and

6) the development of other forms of income and asset transfers that directly affect the standard of living of the urban poor.

Firstly, a structural urban policy requires the definition of new objectives that view all sectoral strategies and programs primarily as instruments of redistribution for the creation of a more equitable society. That is, the national development strategy assigns high priority to short-term redistribution and considers growth objectives a long term possibility. Under this development paradigm, growth and distribution are seen as conflicting; thus a deliberate choice is made, for sacrificing short term growth to more immediate redistribution.

Secondly, a structural urban policy would assign government the main responsibility for the urban land conversion process, and would eliminate the private speculative land market altogether.* A progressive program

* Land policy instruments under a structural approach are further analyzed in Chapter VI.

of public land acquisition, planning and disposal would provide for new distribution rules affecting urban development that would replace the present income transfers from households to owners and developers. Such an approach argues that without major public involvement in the land conversion process other policy instruments are not sufficient to achieve substantial improvements in the quality of life in urban areas. Intervention in the land conversion process would involve a range of measures from control of all development rights to public ownership of significant proportions of the urban peripheries and the outright nationalization of all land. Direct government intervention in the land conversion process would, in a structural policy, be consistent with the transference of the existing informal housing stock to the individual households as well as other forms of progressive income and asset transfers.

The third objective of a structural urban policy would be the transference of existing housing assets and control from landlords and developers to the present households. In the case of rental units such as mesones, rental payments would be converted into mortgage payments, so that in a few years' time, the massive rental submarket would be owned and controlled by the households occupying them. In the case of previous "rental with promise of sale" contracts involving plots in illegal land subdivisions, land tenure would also be immediately transferred to occupants, and mortgage payments would thereafter be made to a public authority and would equal the cost of services presently installed or to be installed in the future.

The fourth objective of a structural approach would involve the mobilization of effective participation by households and popular organizations in settlement planning and consolidation, so that, in effect, they would become the principal small-scale decision making bodies in urban development. In

addition to providing political legitimacy, community boards would participate in the planning and execution of the various urban reform programs affecting local interests.

The fifth objective, the establishment of national urban growth and regional development policies as part of national development planning, would require the reorganization of the administrative structure of urban planning, programming and annual budgeting to diminish regional disparities and to coordinate settlement policies with other urban sector programs such as transportation policy, employment centers, etc.

The sixth objective of a structural urban policy would include, at both the national and urban levels, other progressive forms of income and asset redistribution that would directly affect the standard of living of the majority of the poor. Although such a component is not the subject of inquiry of this research, the reform in urban policy of a structural nature would not be consistent in a national context that also did not institute changes in assets and income derived from land.

Although at first sight the institution of a structural urban policy with objectives such as those outlined above may seem utopian because they have never been carried out in a Latin American country with the exception of the Urban Reform of the Cuban Revolution and perhaps portions of the policy instruments attempted in Chile during the Unidad Popular government of the early 1970s,^{*} there are European, Asian and African urban policies that do reflect profound changes in the distributional rules of urban development,

* A review of the Cuban Urban reform is given by Kaplan, "Reforma Urbana" op. cit., pp. 70-77. A review of the Chilean urban policy under the Allende administration is given by Eduardo E. Lozano in "Política de Vivienda en Chile en el Gobierno de la Unidad Popular (1971)" Revista Interamericana de Planificación, Vol. VII, N° 30, July 1974, p. 133.

especially with respect to those responsible for the land conversion process.* Before an assessment is made of the overall political viability of a structural reform, however, the implications of the specific components and policy instruments will be explored and evaluated in comparison with the policy criteria outlined above.

General Assessment of Hypothetical Urban Reform

We have given here only an outline of the principal objectives and the specific policy instruments of two hypothetical urban reform options. They are presented, however, as possible broad options for confronting the persistence of inequality in levels of quality of life in urban areas.

A general assessment of the viability of urban reforms will be made first, at the level of the broad hypothetical policy options, then in the following two sections and Chapter VI, which outline in greater detail ~~the~~ two procedural as well as structural policy approaches, evaluation will be made at the level of specific policy interventions.

The first of two criteria, distributional impact and time horizon are directly related to the depth of commitment of each of the two hypothetical options to redistribution. That is, a structural urban policy would have more progressive impact on distribution in a shorter time horizon than a more procedural urban policy. Therefore, in a policy continuum ranging from no policy to a structural urban reform, with a procedural approach placed somewhere in the middle, the closer the approximation to the first, the slower and

* The experience in certain progressive African and Asian countries has demonstrated significant changes in land tenure as well as other components of structural reform, especially in Zambia, Tanzania, Sri Lanka, Singapore, and other cited below and in Chapter VI.

more regressive the impact on distribution. This relationship would also hold for the individual components of each of the broad options described.

The criterion of technical and financial viability more appropriately assesses specific policy interventions rather than broad policy options. At a general level, however, it can be said that extreme policy options seem to be operationally less complex and costly than intermediate positions, that is, both a no reform option and a structural policy option pose less complex technical and financial obstacles than a more intermediate position of a procedural urban policy, especially in the case of the land and consolidation components.

In terms of the criterion of impact on economic growth, at the general reform level, assessment is more difficult than at the level of specific policy instruments. If it is assumed, however, that the same level of national resources is mobilized for urban development under both reform options and that the key difference lies not in the amount but in the intensity of redistribution, then the impact on economic growth may be due less to the urban reform itself than to its political impact on the productive sectors, especially agriculture, industry and services.*

By definition, under the present paradigm of national development in El Salvador, all the components listed under a procedural urban reform are better in terms of political acceptability; that is, a structural urban reform option would be inconsistent with, and therefore not feasible

within, the present political framework. Under a national development scheme where distribution objectives were given higher relative priority than growth objectives for achieving an improvement in the quality of life, a structural urban policy would be more consistent and therefore politically feasible.

Because the two broad options are conceived a priori as internally consistent in terms of their various components, the criterion measuring to what extent they are consistent or complementary is more useful in the assessment of the particular policy interventions than in the general hypothetical options. Similarly, the criterion of context and sector specificity will be valuable in the assessment of particular policy options in the next sections.

The inefficiency of urban patterns and the reinforcement of economic inequalities resulting from past development and urbanization in Latin America have, to a great extent, been responsible for the growing discussion of urban strategies and urban reforms in Latin America. It is apparent from this brief discussion of the two hypothetical options that there is a broad range of possible urban policy reforms, depending on the nature and depth of the particular policy interventions, each involving very different trade-offs. As we will see in the following sections and in Chapter VI, assessment will depend both on the specific policy interventions and on their compatibility with the national development paradigm.

5.3 Formal Housing Production Strategy

Population projections available for El Salvador indicate that in spite of recent concerted efforts at reducing population growth, over the next decade it will be necessary to increase the present housing stock significantly, not only to accommodate the formation of new households but also because of the expected continuation of internal rural-urban migration. Increases in urban population will require, in the near future, an increased production of new urban housing units under any development scheme, whether government-supported or not.

The present section attempts to extend the discussion of this specific urban reform strategy, the reorientation of government's role in the production of new housing units in formal settlements in order to meet such demand. Both under a procedural as well as under a structural urban reform priority would be given to new housing and settlement production as a means of improving the quality of life of the urban poor; the intensity of the specific policy interventions, however, would differentiate the two reform models.

The first part of this section summarizes the main issue and the specific objectives of this policy component. The second part outlines in greater detail the specific policy interventions implied under the two reform models. The third part attempts to assess the viability of the various instruments proposed according to the policy criteria outlined above.

The Issue and the Objectives

As was seen in Chapter IV, the principal emphasis of the past three decades of government urban programs in El Salvador has been the production of new, fully serviced housing units with the objective of increasing the supply of so-called "social interest" housing, usually leaving the introduction of complementary community facilities until a later date. The major issue concerning in such programs, however, has been the specific direction that government-supported production has taken, all but ignoring the popular sectors. With very few exceptions, past programs have not produced units and settlements which households whose family income places them within the lower two thirds can afford to buy, except for the progressive development units financed through the private Housing Foundation.

This lack of consistency between the stated social objectives of the urban programs of past National Development Plans and their institutional targets has resulted in two discriminatory policies: on the one hand, scarce public resources have been utilized almost exclusively for housing and infrastructure programs that benefit the highest one third, rather than being equitably distributed among income classes or better yet, under more progressive distribution objectives, directing the benefits towards the lower two thirds of society. The other discriminatory policy has been government's neglect of the informal processes of urban settlement which house the majority of the lower income sectors, with the resulting regressive income transfers.

The contradictions between stated social objectives and program targets, however, have resulted not only in a negative impact on distribution but also, as was seen in the last chapter, in rather inefficient and costly urban patterns and disincentives to community and popular organizations.

The principal issue is, then, whether it is tenable under any urban reform with distributional objectives to continue directing public resources in formal housing production towards a few privileged households or whether, as has been more clearly the case in other social sectors such as education and health, they ought to be directed primarily towards the households comprising the lower two thirds of society.

Central to any urban reform which aims at progressive redistribution by increasing access to settlement by the lower two thirds of society, is the reorientation of financing and production strategies for formal housing so that a majority of these sectors are able to afford government-supported units. Such a production strategy, however, cannot be accomplished in isolation without close coordination with other urban reform components, such as urban land and infrastructure policy, informal housing policy and the reorganization of the urban development sector, and by the identification of a national development paradigm with more progressive distribution objectives.

If the general goal of an urban reform -whether procedural or structural- is to modify the present scheme of things so that the poor benefit more fully from public policies and urban resources rather than being further disadvantaged by them, the specific objectives of a formal housing production strategy would include:

a) the establishment of explicit distributional criteria in the framing of formal housing production plans;

b) the development of five-year as well as annual housing production targets for all government-backed urban settlement programs based on effective demand as well as target group priorities;

c) a significant reduction in housing production costs and prices so that they match the capacity to pay of the lower-income sectors;

d) the careful coordination in time and space of the formal housing production strategy with the land and infrastructure policies;

e) the centralization of settlement policy formulation in a new institutional framework in order to achieve: coordination with overall national urban growth strategies, effective inter-agency coordination, program monitoring and systematic sectoral evaluation as well as the development of settlement research.

Principal Policy Interventions

At least eight procedural policy interventions for reorienting of formal housing production can be identified. They include: a redefinition of the role of IVU, Fondo Social and FNV in housing production; the establishment of new infrastructure priorities focusing on lower-income settlements; increased public support for the sites and services programs of the Housing Foundation; major cost reduction policies for land, services and housing construction; encouragement of popular organization components in settlement programs; and the extension of formal financing mechanisms to the lower-income sectors.

Housing production interventions under a structural urban reform would include: the establishment of a national settlement policy with annual production targets to bring all units up to a minimum level in a specific time period; the consolidation of the entire housing sector - financing, servicing and production - under one public agency, regionally decentralized, to cover urban housing needs in all cities; the support of popular-based organizations at the community and district levels as the principal small-scale decision-making units; and the acquisition of land development rights exclusively for the state, either through direct public

tenure or through the separation of ownership and occupation rights.

The first policy intervention in a procedural urban reform would mean the substantial redefinition of IVU's participation in the housing production process in order to increase the supply of units in both peripheral subdivisions and centrally located districts, affordable by the lower 40 per cent, equivalent to the lowest and second lowest quintiles of the urban income distribution exclusively.

In the case of new, fringe subdivisions this would be accomplished by the following measures: a) direct government acquisition of large areas of land (or the development rights for such areas) in all major cities for the internalization of appreciation as well as for achieving economies of scale; b) the establishment of sectoral, or at least, intra-agency cross-subsidization between the higher and middle-income units and the lower-income units either through differential interest rates or through direct resource transfers; c) the replacement of the traditional concept of "standard," completed, fully serviced and fully designed housing, developed over the last three decades, by one of progressive development units and varying service levels, along with a program of loans in the form of materials and assistance in building; and d) a redefinition of the priorities of agencies supplying urban infrastructure, so that the units built by IVU and other low-income units are serviced in stages.*

In the case of new, centrally located high-density units, IVU, or an appropriate new agency in association with an "Urban Development

* In many respects, this policy reform would mean IVU entering into direct competition with the Housing Foundation's sites and services units for which there has been large demand, and with the illegal subdivisions.

Corporation," would increase supply in all major urban areas by the following measures: a) acquisition of existing mesón buildings for upgrading and conversion for cooperative and condominium ownership;* b) the development of new high-density mesón type complexes with progressive development sanitary facilities, either in deteriorated mesón districts not suitable for renewal or in not yet built on downtown properties; and c) the financing of such enterprises by private developers.

A second area of intervention in housing production within a procedural urban reform would involve the expansion of the Social Security coverage of Fondo Social in order to include the entire urban working class, whether formally employed or not, in addition to the modification of its production targets to keep costs at a level all families in all cities insured by the System can afford, rather than only those in the upper income sectors in San Salvador, as has been the case during the first years of operation of the institution.**

Because the bulk of Social Security-insured workers fall within the second lowest quintile of the urban income distribution, there would be a certain overlap with the target levels proposed for IVU. The key difference, however, would be the entrance requirement for Social Security affiliation. In the long run, however, it can be foreseen that as the two institutions overlap, Fondo Social could become exclusively a financing institution and IVU an executing and construction agency.

* This is expanded in Section 5.4 following.

** The upper price limits of Fondo Social's units were raised to an inconceivable US 12,000 dollars (30,000 colones) by January 1978 on the grounds of "cost of materials" and "demand" at those levels. See: "Financiamiento Hasta por Q30,000 para Viviendas" in El Diario de Hoy, December 29th, 1977, pp. 3 and 57.

In order to meet the target levels of the second lowest quintile, however, both in peripheral subdivisions and in central urban units, similar measures would be needed for Fondo Social as those outlined for IVU above: large-scale land acquisition, further internal cross-subsidization, development of staged units, establishment of new infrastructure priority and redevelopment of old and new construction for mesón-like condominiums, etc.

The third area of substantial reform within a procedural approach concerns the restructuring of the FNV Savings and Loan System so that privately funded and government-guaranteed production/^{price}targets are reduced significantly in order to reach the middle quintile of the urban income distribution in both peripheral and central locations within all major urban areas.

Changing FNV's target levels would be more complex than in the case of IVU or Fondo Social because it would involve the reform of many private Associations in addition to FNV. However, significant reductions in target levels could be achieved by the following measures: a) the promotion of large-scale developments for economies of scale and for the internalization of appreciation; b) a considerable extension of trunk infrastructure as well as the modification of so-called "minimum" standards and definitions of "safe and sanitary" housing imposed by FNV to reflect the capacity to pay of the middle quintile; d) the establishment of maximum lot and unit areas and other standards with a view to cost reduction; and e) the careful coordination of FNV's production with government-supported land conversion strategies.

A fourth important procedural area of policy reform in a housing production strategy would involve the redefinition of priorities for trunk infrastructure investments, especially roads and storm mains installed by the

Ministry of Public Works and water and sewerage lines supplied by ANDA according to specific area wide or district plans and sectoral priorities, with the objective of significantly increasing the supply of serviced land in all major urban areas for publicly-supported housing production programs. That is, infrastructure policy would be consciously turned into an aggressive land supply policy.

A key element in the extension of trunk infrastructure would be its financing. Unless an overall improvements tax were introduced or large-scale land banking or land readjustment laws were enacted, under the present deficit financial policy, infrastructure extensions would imply a further drain on the national budget.

In addition to extension, however, there would be a need for increased efficiency in the use of existing networks. In the case of urban streets, much can be achieved through the rationalization of traffic flows, parking and continuity of the present system. In the case of water mains, much can be done to reduce losses in the oldest portions of the network, estimated to be as high as 40 per cent. Inefficiency of trunk infrastructure, however, is also reflected in low densities in areas of high service coverage, especially in the districts immediately surrounding the downtown areas of cities, typically of one-story commercial or mesón buildings as well as un-built parking lots.

A fifth area of procedural reform would involve significantly increased support for the sites and services programs of the Housing Foundation to alleviate its present limitations, and support for other private and public agencies that aim to provide services for the lowest quintile of urban families. In addition to past forms of support to the Foundation,

such as loan guarantees and annual subsidies, new forms of support would involve the following measures: a) direct assistance in land assembly for sites and services settlements, keeping in mind locational criteria for accessibility to variable job locations for the lower-income sectors; b) priority in trunk servicing, especially water, through increased coordination with settlement investments; c) gradual cross-subsidization of infrastructure investments from higher-income to lower-income developments; d) the extension of Fondo Social's formal housing credit for unit consolidation in Foundation-supported settlements, as well as overall settlement-improvement support through FOCCO or other such agency; and e) support of and divulgation of information about the settlement research projects initiated by the Foundation.

The sixth component in a housing production strategy within a procedural reform would involve the institution of sector-wide cost-reduction measures for all government-backed housing units and settlements. Although some of these measures have been mentioned in relation to specific policy interventions outlined above, they would to a greater or lesser degree be applicable to all housing production as a means of lowering costs and reaching the effective demand levels of the proposed target groups.

These measures would include: a) advance land planning at the district level to avoid institutional overlaps and omissions and to increase overall efficiency and coordination of the timing of investments; b) the introduction of land taxation specifically for capturing publicly or socially-induced land appreciation; c) the deliberate extension of the urban land conversion process to increase overall supply; d) the introduction of more flexible building and subdivision standards; e) the establishment of intra-

agency as well as inter-agency cross-subsidization within the housing production sector as well as within specific project sites; f) the encouragement of higher settlement densities as well as more efficient layouts in all new subdivisions and settlements; g) the promotion of various types and levels of progressive development units and settlements reflecting user's priorities and to approximate effective demand levels; h) the encouragement of larger-scale settlements to achieve higher economies of scale; i) the expansion of the construction materials industry through the introduction of new intermediate technologies and support for existing family-scale production units; j) the extension of self help and mutual help programs not only for community infrastructure and facilities but also for housing production; and k) the elimination of 'minimum' definitions of housing within present government-backed programs.

A seventh important area of reform in housing production would be the promotion of a popular organization element in government-backed settlement programs. The objective of this policy would be not only to insure better feedback concerning household and community priorities, but also to create a framework for self-management and popular participation. Rather than viewing local organizations as suspect, the encouragement of their growth and participation in an urban reform would give broader support to the reform's objectives.

The eighth important area in a housing production strategy for procedural urban reform would involve the extension of the present formal financing mechanisms of housing agencies to families in the informal settlements, especially those households who only have access to informal and often usurious credit. This policy would obviously require careful coordination

both with the informal settlement policies described in the following section and with the land policy instruments described in Chapter VI, to insure that the benefits of such popular credit in fact accrue to households rather than landlords in mesones or colonias ilegales.

These eight policy intervention areas assume varying degrees of major changes in present policy formulation, as well as planning and execution of government-backed formal housing production. They all have in common, however, the assumption that the basic institutional participation is maintained by the introduction of distribution as well as efficiency objectives in the urban settlement processes.

A structural urban reform model, however, would imply more profound changes both in the national development paradigm and in the present urban institutional structure and settlement processes. The following four main policy intervention areas are identified under such a reform model for housing production.

Firstly, the establishment of a national settlements policy with annual production and improvement targets which aim to bring all housing units up to a minimum level in a specified time period would be important in order to achieve social equality through asset distribution strategies. This would involve defining, within regional priorities, specific annual upgrading and production targets, starting with units at the lowest service levels and standards and, at the same time, abandoning the use of national resources in housing construction for anything but working class units.

Secondly, the consolidation of the entire sector under one public agency to cover financing, servicing, production and upgrading of housing, with

regional decentralization, would avoid not only overlaps and omissions but also lack of coordination with plans at city level and would eliminate inequalities in regional priorities which in the past have accentuated spatial disparities. The nationalization of housing production and consolidation under one agency would also be justified because of the elimination of housing production based on stratified demand or socio-economic class.

Thirdly, the mobilization and support of popular-base organizations at the community and district levels as the principal small-scale decision-making units in a settlements strategy would serve the objectives of insuring feedback on priorities, costs, timing and general design of programs, as well as the mobilization of support for the various urban reform policies and the introduction of self-management. Although such a policy would not be specific to the production of new housing units but would apply to all urban settlements, it would be more important in the case of new settlements which have the task of creating a community out of a group of diverse households.

The fourth and perhaps most important area in a structural urban reform concerns land and housing tenure, essentially replacing the market mechanism by public control in order to allocate land resources. This would be achieved either by such measures as separation of use, ownership and development rights, leaving the latter two as exclusive rights of the State or local government, or by direct public ownership of all land assets with households having long-term leases for occupancy and use, or a combination of such measures.* State control over land development would allow: a) the elimination

* Direct public control over land tenure and development is discussed further in Section 5.3 and Chapter VI.

of all of the income-regressive effects of the private legal and illegal land markets; b) a much greater degree of coordination with overall urbanization policy, plans at the regional level and infrastructure and community facility programs; and c) the allocation of finite land resources according to need rather than capacity to pay.

Viability of Proposed

Policy Instruments

The eight areas identified within the housing production component of a procedural urban reform allow varying intensities of intervention: for instance, some are aimed at correcting obvious but important procedural inconsistencies, erroneous standards or institutional overlaps or omissions. Others, however, involve rather substantive changes in the national context, such as legislation for social appropriation of betterment or the extension of formal financing mechanisms to the informal sectors. There is however, a basic difference in approach between these eight instruments for housing production and the four outlined under a structural urban reform, which assume a different national development paradigm. Because of this, assessment of a production strategy is dependent on the evaluation of each of the interventions measured against the criteria defined above: impact on distribution, time horizon, technical and financial viability, political support, economic growth impact, complementarity and target group and context specificity.

The first production intervention area identified under a procedural urban reform involves the substantial redefinition of IVU's role to extend progressive development production programs in order to reach the lowest two quintiles. This policy would potentially guarantee a neutral or slightly progressive impact on distribution since it implies abandoning all of IVU's

middle and upper-middle income, multi-family and single-family programs and concentrating public resources for the lower-income sectors. Its impact on distribution, however, might be judged more precisely in terms of: a) the scale and nature of its land acquisition program (from whom bought and at what cost); b) the use of intra-sector and intra-agency cross-subsidization, and c) indirectly but equally importantly, its effect on lowering the prices and profits of illegal subdivision and mesón submarkets by increasing the number of units in that target range.

The impact of this policy intervention could also be fairly immediate depending on the speed of transition, even if IVU's financial resources were maintained at the present level, because two to three times the number of units could be produced at one half or one third of its present target costs. Such a reform in IVU's targets also would not require any lengthy processes of legislative change; nor would there be any serious technical problems, since the policy intervention could be based on the experiences of very low-cost, progressive development in El Salvador and could be accomplished within the present resource levels. It could, however, face some bureaucratic opposition within the agency and within the Ministry of Public Works because of the question of standards. It could also face some political opposition from the formal construction industry because it would mean that the bulk of IVU's house construction would be carried out by the informal sectors. Political resistance might also be encountered if progressive development projects were perceived as less visually attractive than formal, conventional projects.

If IVU's total annual investment were maintained at the present levels, there would be no need to deflect resources from other national investment priorities; thus this policy would have no negative effect on economic

growth. This area of intervention would, in addition, be consistent with the other procedural reforms proposed and an important complement to the "upgrading" and land policy components. Finally, this production intervention would score high with respect to the last criterion, context and target group specificity, since it would mean redirecting the use of government resources (IVU's human and financial assets) exclusively towards the settlement needs of the popular sectors.

The second policy intervention identified is the expansion of the Social Security coverage of Fondo Social and its reorientation in terms of target costs as well as groups benefited. To a great extent, its impact on distribution would be similar to, if not greater than, IVU's production reform, since upper-income salaried workers also contribute to the Fund but do not benefit from it. Time horizon for carrying out the policy intervention would, in all probability, be rather rapid. In terms of the technical and financial criteria, this policy would be very satisfactory, since no insurmountable problems would be involved, except, perhaps, legislative changes necessary for extending the coverage of the Social Security system. If salary contributions remain at the same percentage level, however, no effects on overall economic growth are to be expected. In addition, this policy change would be satisfactory in terms of the target group and context specificity criteria

The third area of policy intervention in a procedural housing production reform has to do with the modification of FNV's Savings and Loan system. In terms of its impact on distribution, this type of intervention would at least guarantee a less negative impact on distribution than has been the case in the past. Since it is a system based on private finance as well

as formal construction and the speculative land market, however, it would potentially have less impact than the first two areas of intervention through IVU and Fondo Social.

The time horizon involved in effecting this policy change would probably be longer range, since it would require mobilizing the support of several different private Savings and Loan Associations that would, in all likelihood, perceive lower profits in promoting target prices around the middle quintile than in the traditional upper-income projects.

There would probably be no serious technical, financial or economic problems in the proposed reform. And, if maintained at the same investment levels, housing production under the FNV would not imply any direct impact in terms of slowing economic growth rates. However, it would certainly require greater political mobilization within the private financial sector than the previous two reforms. At the popular levels, however, it could potentially achieve high political returns because it would widen the presently neglected low-middle income market. This intervention would also be consistent with a procedural policy reform which aims at achieving a more equitable share by the lower two-thirds of society in government-backed settlement programs. In addition, if the proposed target prices are met, by definition, the policy would meet the target group criterion.

The fourth important area of policy change in housing production under a procedural reform would require the redefinition of infrastructure priorities and investment criteria to redirect the benefits towards lower-income settlement programs. This area could have a significant impact on distribution since, to a large extent, the timing, location and nature of urban infrastructure determines the availability and prices of urban land. Since water, roads

and sewers are an absolute necessity for middle and upper-income subdivisions, infrastructure investments could easily be designed with an internal cross-subsidy element. The main consequence of such a policy reform would, however, be an increase in the amount of land suitable for development and therefore a lowering of prices. To be effective in terms of distribution, this instrument would require careful coordination with the land conversion policy, especially if that included mechanisms to assure greater social appropriation of betterment rather than additional rent gains for present developers. Recuperation of increased infrastructure investment would thus be insured.

Such an intervention in the formal housing production process could also have a fairly immediate as well as middle-range impact if the respective agencies were provided with the financial resources, such as an improvements tax, to increase their trunk infrastructure investments. It would also be satisfactory in terms of technical and political viability since it would mean doing the same only more and better, although it would require more efficient operations than now exist in the respective sectors.

In terms of impact on overall economic growth, an increase in infrastructure investments could be a heavy burden for the productive sectors unless carefully designed with a self-financing element. In terms of consistency and complementary value, this policy intervention would be satisfactory, since the considerable expansion of housing production in the lower-income strata would require similar upward adjustments to infrastructure programs and a resulting increase in converted land.

Judged against the target group specificity criterion, however, infrastructure programs would not be so satisfactory, since large areas of the cities would be simultaneously serviced, benefiting all housing in the area whether low-income or not, because of the network characteristic of the

urban infrastructure. This could be counterbalanced, however, by other transfer measures such as a betterment tax.

Fifthly, significantly increased government support of the Housing Foundation would also be an important instrument for increasing the new settlements available to the lower-income sectors. Impact on distribution would be greater, not only because of the Foundation's non-profit nature, but also because government would help to acquire large-scale tracts of land at non-speculative prices, which, as we saw in the previous chapter, the Foundation has not been able to do by itself. Impact on distribution could also be increased through two other measures: cross-subsidization from middle and upper-income housing programs and cross-subsidization in the Foundation's trunk infrastructure requirements. This latter form of public support would avoid charging low-income households of a particular settlement for the installation of trunk infrastructure which in the end also benefits many land speculators operating near the settlement.

In terms of the time horizon criterion, its effect would also be fairly immediate, since the greatest problems plaguing the Foundation's programs have been unavailability of land and water. Increased government support would also greatly ease problems of timing of execution. In terms of impact on economic growth, greater support to the Housing Foundation in the form of land acquisition and cross-subsidization, would seem to be a neutral policy intervention. It also poses no serious technical problems but would encounter political opposition if efforts to acquire the land needed for the Foundation's programs involved expropriation measures. These might be overcome in part, because of the private image of the Foundation and the general public support for its programs, or through other land acquisition measures analyzed in Chapter VI.

In terms of consistency and the degree to which they complement other policy intervention areas, these measures would fare well, since they would be in keeping with the increase in benefits to the poorer households within the popular sectors resulting from government intervention. The measure would also score high in terms of target group and context specificity since, to date, the Foundation's programs have been the only ones consistently geared to families with a monthly income of less than US 140 dollars (350 colones).

The sixth policy intervention area identified for housing production in a procedural urban reform concerns a series of measures to achieve significant overall cost and price reductions in all government-backed units. Although there would be clear implications for distribution in some of the measures outlined, such as those related to cross-subsidization or social appropriation of betterment, the majority are neutral in terms of their impact on distribution. This is because they involve mechanisms for matching effective demand through a reduction in the actual costs of production rather than through direct transfers or other forms of cross-subsidization.

As far as the time horizon is concerned, cost reductions could also be accomplished in a short period, assuming that the bureaucratic problems involved in changing past production patterns were not insurmountable. Although there are technical difficulties involved in effecting these changes, most of the cost reduction measures would encounter little political opposition with the exception, perhaps, of inter-agency cross-subsidization and improvement taxation, since they involve efficiency objectives.

In terms of the overall impact on economic growth, cost reductions in housing production could free funds for more productive investments. The policy intervention would also measure well in terms of consistency and the

degree to which it complements other proposed policy interventions and would rate high in terms of target group specificity, since its objective is to match production costs of government-sponsored units to the capacity to pay of the popular sector households.

The seventh intervention area would concern the introduction of a community organization element in popular settlement programs sponsored by government. Although there would be no obvious impact on economic growth and no direct income or asset transfers, such a policy could potentially vest more power in local organizations, depending on its form and objectives. The time horizon could be immediate and short range since there are local experiences to provide a basis for this type of intervention such as those of FOCCO and the Housing Foundation.

Although there would be few problems in terms of technical viability, there might be slightly more in terms of wide political support since mobilization of local or common interest organizations can be interpreted either as a process of liberation or as a co-option of popular groups. It is assumed, however, that if the objectives of community involvement are feedback and access to decision making, the promotion of a community organization element in all settlement programs would have broad popular support.

This policy intervention would be both highly consistent with the other policy components proposed and target group and context specific.

The eighth intervention within a procedural urban reform consists of the extension of the formal financing mechanisms to the informal settlement sectors for housing consolidation. The impact on distribution of this intervention would be fairly clear and positive, because it would reduce, or hopefully eliminate, usurious interest rates in the popular sectors and make existing

commercial as well as subsidized credit at lower rates available to the popular sectors.

Since there could be significant technical and political difficulties in the implementation of this policy, its time horizon would probably be less immediate. The principal technical difficulties would be related to changing present legislation, regulations and credit guarantees under the formal financing mechanisms of Fondo Social and IVU, and to overcoming the expected internal bureaucratic resistance to change. In the case of FNV, private resistance would also be expected. Two local examples of the extension of formal credit to the popular sectors would seem to indicate its viability: the Federación de Cajas de Crédito, with its new program of credits for small, urban, productive enterprises and the Housing Foundation's loans for sites and services and credit for cooperatives. Although both experiences could serve as models for the public sector production programs, they would be more difficult to use in mixed public and private credit systems such as those of FNV.

The proposed policy intervention, however, would be consistent with others in an urban reform of a procedural nature, and would meet the needs of the popular sector target groups more closely than the present credit systems.

A structural urban reform, on the other hand, would involve policy intervention on a different scale as well as intensity. The first policy reform proposed in a housing production strategy would be the establishment of a national settlements policy with concrete annual production and improvement targets which would aim to bring all units up to a minimum level in a specified time period. Such a policy would achieve greater progressive

impact on distribution, since within a specified time period access to housing resources -including land and services- would be equalized through income and asset transfers.

Although the time horizon is not specified and would largely depend on the general availability of national resources and the priorities governing their allocation as well as the overall political context, housing improvement could be expected sooner than would be the case with a procedural urban reform.

Mobilization of resources for housing production to achieve this objective would probably be less complicated in technical terms than is presently the case with four housing agencies and several infrastructure Departments. It is difficult, however, to foresee the impact on overall economic growth, because it would depend upon the priority given to housing production in the national budget in relation to other productive investments.

Within a national development paradigm of a structural nature, such a production policy would not be politically acceptable but also, by definition, be complementary to other urban reform interventions. The policy would also be target group specific since its goal is to achieve greater equality, especially for the lower-income groups. Under the present development model, however, it would seem unlikely that such a policy would be implemented.

The second structural policy intervention in a housing production strategy would involve the consolidation of financing, servicing, production and upgrading for the entire housing sector under one agency, regionally decentralized, to replace both the present numerous autonomous agencies and the private housing production market. This intervention would have a clear and immediate impact on distribution, since private gain in the housing

production process would be eliminated. Thus, the time horizon involved would also be rather immediate.

Although it would seem that institutional consolidation would be technically viable, the regionalization of housing production would normally involve certain administrative problems, although these should not be insurmountable within the limited area of El Salvador. It is difficult, however, to assess the financial viability of this type of intervention, or its impact on overall economic growth since this would depend on the general socioeconomic structure. Within that structure, by definition, such a production policy intervention would have political acceptability and support and would be complementary to other structural reforms. It would also be context specific in such a development paradigm. Institutional consolidation, however, would not be target group specific, since it would be aimed at the entire urban population.

The third policy intervention for housing production identified in a structural urban reform concerns the role of popular-based organizations in achieving self-management and community decision-making, and also to mobilize support for the proposed reforms. Although such a policy would not involve direct resource transfers and would therefore have no impact on distribution, it would nevertheless have clear implications for the distribution of power. The time horizon involved would be from short to medium range. And although it would involve no difficult financial issues, there would be complex technical and organizational problems to be ironed out. The limited but useful experience of the Housing Foundation and of FOCCO, although not necessarily cited as models for a structural reform, indicates that such issues can eventually be effectively resolved. It is difficult, however, to foresee that

widespread community organization would have any significant effect on economic growth. It would, on the other hand, have clear and important political implications in a national development paradigm of a structural nature and would be complementary to other structural urban reform components. Such a policy would not necessarily be target group specific in the strict sense because it would be geared to the entire urban population, but under a national structural development model, it would be context specific.

The fourth policy intervention identified in a structural urban reform is perhaps the most important and refers to land and housing tenure. As outlined, a public mechanism replaces the private one as principal allocator of land resources. Of all policy interventions, this would have the most direct and clear impact on distribution since a high proportion of present resource transfers occur through the legal and as illegal land markets. This policy would also have an immediate impact on all low-income households presently paying rent or making payments on a lot in an illegal subdivision.

Public ownership of all land, or with a less far-reaching reform, public ownership of all land development rights, would be less complex technically than intermediate land reforms involving various types of negotiation and compensation to private owners. It would also be simpler financially than outright purchases whether negotiated or not, because it would not involve any public capital outlays, and since there would be no resource transfers, its impact on economic growth would be neutral.

Under a structural development paradigm, public ownership of all land or of all land development rights would be politically acceptable as well as complementary to other policy interventions in an urban reform. Although it would not be target group specific because it would apply to all

housing production, it would directly benefit the lower-income groups. Finally, under a structural model, extensive public participation in land tenure and development would be considered context specific.

Summary of Housing

Production Strategies

Given the relative failure of almost three decades of government programs to reach the majority of the urban popular sectors, two housing production strategies are posited: one under a procedural urban reform which assumes no significant alteration of stated institutional objectives or constitutional goals, and another strategy under a structural development paradigm committed primarily to the goal of social justice. Although in widely differing degrees, both strategies aim to increase the relative and absolute access of the lower two thirds of society to urban land services and housing.

Eight policy interventions for formal housing production were identified under the procedural urban reform model which aims, for the most part, at a significant restructuring of priorities, targets and processes of the existing formal housing and infrastructure agencies. As a whole, this production strategy can potentially have a slightly progressive or even significant impact on distribution. In the least favorable case, it would reduce previous regressive income transfers and have a neutral effect on distribution. The achievement of progressive distribution in housing production strategies, however, would accomplish compatibility of economic growth and redistribution objectives, at least within the urban development sector.

Most procedural interventions in formal housing production reform are rather short or medium range in impact, and as a consequence, would expand the popular base of government's political support, although there

would be some difficulties with interventions affecting specific interest groups, such as land developers and speculators, entrenched government bureaucracies and present private financing agencies for housing.

Since the policy interventions outlined are aimed at restructuring the existing processes of formal housing production, they involve important technical, legal and financial changes, although none, however, seem to be of unmanageable proportions within the administrative and political context of El Salvador. The eight procedural policy interventions are consistent with each other because they were developed within a similar reform framework and with similar objectives.

Although it is difficult to trace all the possible consequences of the eight procedural interventions, because of the many contextual variables -especially the political and economic ones- that could significantly affect the viability of the urban reform strategy, it can be asserted as a general conclusion that if implanted, the procedural policy interventions for housing production would at least reduce ill-conceived and ill-considered actions that in the past have had significant negative side effects both in terms of equality and with respect to the efficiency of resulting urban patterns.

The four policy interventions for housing production under a structural urban reform model imply a more profound change not only in the national development paradigm, but also in the present institutional structure as well as the processes of land development and settlement. As such, the policy interventions achieve a higher degree of progressive redistribution and in a shorter time horizon.

Because structural changes imply, for the most part, starting anew rather than reforming existing processes, they are technically less complex, although it can be argued that administratively are less simple because of the centralization of the sector.

It is difficult to assess the overall financial viability and the impact on economic growth of the proposed structural production policies because of the hypothetical nature of the national development paradigm as well as unknown economic variables. However, it can be assumed that if the present level of resources assigned to housing and urban development were maintained, although with different rules governing distribution, no important direct financial or economic consequences could be expected from the specific interventions per se.

As in the case of the procedural approach, since the policy interventions were in fact developed for the same general model, and framed with a view to the same objectives, they are consistent with each other. On the other hand, a structural production strategy, by definition, would be inconsistent in the context of the present development paradigm.

5.4 Informal Housing Production Strategies

The second important urban reform component is based on the recognition that almost two thirds of the present urban housing stock has been produced by the informal sector, or as the last National Development Plan designates the process, "outside institutional control," and that explicit government interventions are needed for control and support of this form of urban land conversion and housing production.

Although both a procedural and a structural urban policy would assign higher priority to explicit policies for informal settlements as a way of achieving improvements in the quality of life of the urban poor, the form and intensity of specific policy interventions would separate one reform model from the other. Therefore, the precise form of this policy component would depend on the nature of the urban reform as well as the national development model.

The objective of the present section is to contribute to a discussion of the policy interventions necessary to define government's role in present and future informal settlement production. The first part of the section summarizes the issue and reviews the main objectives of this policy component. The second outlines in greater detail the principal policy instruments needed to bring about this change in government policy, outlining first those which would fall within a procedural urban reform and then those that would form part of a structural urban reform. The third part attempts to assess the viability of the various policy instruments proposed by measuring

them against the policy criteria.

The Issues and the Objectives

The lack of consistency between stated social objectives and specific urban programs and targets of El Salvador's four National Development Plans is reflected not only in the fact that the lower two thirds of the urban households have not been able to afford most government-sponsored formal production, but also in the fact that, with few exceptions, sectoral policy has neglected the existence of the informal processes of settlement production and therefore ignored them or assigned them relatively low priority in public policy and resources.

As we saw in Chapter IV, the issue of government neglect of the informal settlement sectors in El Salvador and frequently, discrimination against them has, as a result, contributed to the three principal types of negative impact: a) a regressive effect on income in the case of the colonias ilegales and to a lesser extent in the case of the mesones; b) inefficient urban patterns resulting in significant and frequently unnecessary costs to individual households and to society as a whole; and c) insecure forms of tenure and, in part as a consequence of this, little or no community participation.

The income regressive effect stemming from the colonias ilegales submarket is derived not only from the increase in land appreciation and excess profits compared to the formal housing markets, but also from the absolute amounts of income being transferred to speculators and developers of illegal land subdivisions at the expense of those purchasing lots or homes. The issue is then not the illegal nature of this form of land subdivision or the fact that consumers cannot effectively communicate their demand in a traditional market situation, but more importantly, that appreciation from illegal

unurbanized land markets is contributing significantly to a more skewed income and resource distribution in urban areas.

In addition to the distributional issue we have very inefficient urban patterns and their impact on private and social costs, as reflected by: a) the subdivision and sale of unimproved lots with extremely broken topography which are therefore expensive to service; b) extensive illegal leapfrog development; c) internal land subdivision layouts that ignore basic engineering design; d) lack of any land reserves for future community facilities; e) inefficient size of land subdivisions; and f) contradictory and ambiguous policies towards the colonias ilegales submarket. As a result, although illegal fringe land partitioning has provided some form of access to land and eventually to public services and facilities for the working poor, in the urban context of El Salvador it has been provided at very high private and social costs, compared to formal subdivisions or even tugurio-type invasions.

The third issue concerning the processes of informal urban settlement production in El Salvador, has been the resulting insecurity of tenure for over 93 per cent of the households in the informal sectors who have no formal title to the land where they live and for over 80 per cent who have no future possibility of obtaining leasehold tenure as in some colonias ilegales. This is a very different situation from that which exists in other well studied large Latin American cities where invasions are the most common form of informal tenure. Thus, partly as a consequence of renting a mesón room or being the leaseholder of a colonia ilegal plot, a typical household is subject to the approval, close scrutiny and even supervision of the landlord or whoever takes his place; thus, community organizations are

suspect and therefore discouraged.

As we saw in Chapter III, between 50 and 70 per cent of the total housing stock of the five principal cities in 1975 consisted of mesones, tugurios and colonias ilegales. The variations in the proportion correspond to the specific supply and demand variables of each city. Therefore, the only feasible way such large proportion of the urban households can receive benefits in the immediate future is through policy interventions aimed at improving and conserving this existing stock.

If the general goal of an urban reform is to have the majority of the urban poor benefit more fully from public policies and resources rather than being further disadvantaged by them, the objectives of a specific informal housing production strategy would include:

a) the introduction of explicit distribution goals in the definition of government policy towards informal settlement production processes, and high priority for improvement strategies within the Housing Sector Plan;

b) the provision of security of tenure for the entire informal housing stock as well as measures to insure it in the future;

c) the development of settlement specific programs and targets for their progressive consolidation and regularization;

d) a predominant role for government in the conversion and subdivision of future peripheral urban land and the introduction of measures to neutralize private appropriation derived from land development;

e) the careful coordination of an informal settlement policy with public infrastructure and formal housing production policies; and

f) the centralization of policy formulation, housing resources, agency coordination and sectoral monitoring in a new institutional framework.

Principal Policy Interventions

Seven separate but interrelated areas of policy intervention can be identified for the public support and control of the informal land and housing stock under a procedural urban reform. In addition, three other policy interventions can be identified under a structural urban reform. These are outlined below.

The first policy intervention refers to the substantial alteration of the present precarious tenure situation for over 90 per cent, or 84,000 households, in the three major types of existing informal housing stock.

a) In the case of tugurios it means the gradual transference of title from public agencies which own invaded land (such as IVU, municipal governments, ministerial agencies, etc.) to individual households or cooperative organizations in all such settlements where there are no serious reasons for relocation. This would benefit the poorest families in the informal sector and have widespread political support even though it would only cover 11 per cent of the present informal housing stock. The program should set a limited time period for the consolidation of the entire tugurio stock through transference of tenure as well as physical improvement or, in cases of disaster-prone locations, relocation in lieu of consolidation in situ. A logical starting point would be the Metropolitan Area where 92 per cent of the urban tugurio units are located. This would involve a detailed site analysis for each settlement to determine: size of plots, costs, mortgage payments and the precise form of tenure, etc. This policy would require close coordination with a tugurio physical improvement program, in terms of street and community facility layouts.

b) In the case of mesones, the securing of titles for the rental

units is more complex since it involves more than a mere enforcing of rental legislation to protect those households whose preference is the rental submarket. It requires, at the outset, public acquisition of mesón complexes in order to transfer title either to housing cooperatives or to condominium organizations so that a significant proportion of the mesón submarket is transferred from the present landlords to occupant organizations. A logical location for pilot programs would be the cities of Sonsonate and Santa Ana which have the highest proportions of the existing stock in mesones, and the Metropolitan Area which contains the largest number of mesones. Such a tenure policy would require an analysis of the major urban areas as well as specific mesón complexes to be acquired and upgraded and would therefore involve close coordination with other policy instruments affecting mesón districts, such as: the extension of credit mechanisms to the informal sectors (especially for the provision of sanitary facilities), the building of new mesón complexes in centrally located areas, sectoral reorganization and local district planning.

c) Securing tenure in the case of the colonias ilegales is more complex, but equally important, since title legalization and registration involves firstly, the elimination of one-sided, informal leasehold arrangements which permit land subdividers to perpetually extend the lease clause without ever giving mortgage titles to the holder of the unimproved plot;^{*} and secondly, the elimination of large land rent transfers from many urban households to illegal land developers who take advantage of a tight market

* The Housing Foundation has already conducted a feasibility study for the acquisition of a mesón complex in San Salvador and plans to convert title to a condominium or cooperative organization. It will, however, be the first such experience in El Salvador.

with a highly inelastic supply. A carefully designed, executed and monitored program for the comprehensive development of illegal subdivisions in peripheral urban areas would involve the greatest challenge to an upgrading strategy, first of all, because of the large number of units involved, both at the present and in the near future, but also because of the complex tenure situations, involving legal, semi-legal and illegal status in relation to various bodies of legislation. Consolidation and regularization of tenure in colonias would involve: a) the efficient registration of lots that have effectively met all payments; b) elimination of leaseholds that can automatically become simple leases through failure to meet payments; c) valuation of land according to tax schedules for the purpose of establishing sales prices in incipient colonias; and d) public acquisition of colonias where payments have already exceeded the agreed value of lots. The provision of secure tenure for the majority of colonias ilegales households would require close coordination with other policy interventions in the informal sectors, especially in the progressive installation of infrastructure extensions, creation of popular organizations, credit and technical assistance programs, local district planning and overall urban growth policies.

A second policy intervention in the informal settlement sectors involves assigning high priority to trunk infrastructure programming and capital investments within the informal settlements, especially in those tugurios and colonias ilegales with the highest deficits in terms of streets, water, sewers, electricity and storm drainage services. Another part of this policy would call for the establishment of an intrasectoral cross-subsidization so that self-financing infrastructures in the middle and upper-income settlements pay more than costs in order to be able to serve deficit-type investment in tugurios and colonias ilegales. In order, however, that the added value from

these infrastructure investments be capitalized by the households rather than by land speculators, infrastructure investments should follow and be coordinated with land tenure and registration programs in both existing and future fringe development. It is also necessary that infrastructure designs and investments be coordinated with specific plans for tugurios and colonias ilegales; they should take into account the location of community facilities, especially when these are developed through a community participation process, to insure that priorities of location and timing correspond to locally felt needs.

A third policy intervention is the extension of formal credit mechanisms in the housing sector for improvement and housing construction in the informal settlements. The lending operations of FNV, Fondo Social and IVU would be redesigned so that households with new tenure arrangements in all three settlement types would have access to formal credit. An alternative to using traditional formal credit institutions in the housing sector would be the channeling of funds through other organizations such as FOCCO or the Housing Foundation, or even the creation of an "upgrading" institution specifically for the three informal settlement submarkets.* Again, a credit policy for the informal sectors would require close on-site coordination with tenure regularization programs, trunk infrastructure extension programs, specific settlement and district plans, community organization development and government-sponsored progressive development land subdivisions.

A fourth policy intervention in an informal settlement

* According to the mesón upgrading feasibility study conducted by the Housing Foundation, it is possible to maintain a 15 to 20-year mortgage payment equal to the present rental schedules, even after including interest and a rehabilitation investment of US 16 dollars (40 colones) per square meter, as well as administrative and planning overheads.

component would cover technical assistance for the three informal settlement types. In the case of tugurios it would take the form of: settlement design and engineering, housing construction and consolidation, community organization, legal aid and job placement programs. In the case of mesones acquired for cooperative or condominium ownership, technical assistance would be necessary for: general mesón reconstruction, design and installation of sanitary facilities, legal aid for cooperative or condominium ownership organization and credit information programs. For the colonias ilegales technical aid would be similar, except that greater emphasis would be placed on: legal aid to insure transfer of all previous leasehold payments to a mortgage or outright tenure; community organization for definition of local priorities; and diffusion of information on existing and new housing credit programs. All of these technical assistance programs would be handled preferably through the new "upgrading" agency but they could also be handled through a restructured FOCCO, or one of the present ministerial programs.

Two additional areas of policy intervention in a substantial, functional urban reform would involve active government participation to increase the supply of central urban rental and cooperative mesones and central and peripheral urban land for various levels of progressive development settlements, in this case to meet the effective demand in the present tugurio and colonia ilegal sectors. Although both policy interventions could possibly be handled by the same agency, because of the basic differences in settlement and housing types involved, two separate smaller scale agencies would probably be more desirable: one for multifamily central urban units, and another for single-family, multi-stage subdivisions.

This would be an appropriate role either for a restructured IVU,

whose long experience in multi-family units could be capitalized, or for a new "Urban Development Corporation" to promote the management, conversion and expansion of apartment cooperatives and condominiums, aimed at the effective demand levels of present downtown rental units in mesones. It is important, however, that this policy not be turned into an urban renewal and mesón displacement policy such as that proposed by FNV in the 1979-1982 Housing Sector Pre-Plan; rather it should initially be conceived to complement and expand the present supply of inexpensive, well-located units. There are no significant sites surrounding the central cores of the principal cities that have been skipped by development and could be appropriate "overspill" areas for mesón units.

On the other hand, the expansion of peripheral sites could be the concern of at least three institutions: an expanded and supported Housing Foundation, Fondo Social and other existing agencies and programs that could be encouraged to enter the sites and services field, and last, perhaps preferably, a new national urban land or subdivision agency. Through a new land development agency, government would actively enter the acquisition, planning, conversion and subdivision market for large tracts of urban land in all the major cities in order to increase, according to demand, the supply of unimproved, semi-improved and fully services plots to replace present invasion-type tugurios, but more importantly, to replace, on a large scale, the illegal subdivisions. This would be accomplished both at the scale of the present peripheral subdivisions, and at the scale of new towns and communities.*

FNV's contractors and private developers, in general, would

* This was one of the strategies proposed by METROPLAN in order to accommodate population growth in the region, between 1980 and 1990.

then concentrate on and profit from middle and upper-income subdivisions exclusively. The acquisition of land would be handled either through negotiation and expropriation* or, if more expedient, through the acquisition of development rights based on new legislation.**

Finally, greater public participation in the control, development, appreciation and allocation of potentially urban land is essential, as a seventh area of policy intervention, if the present regressive impact on distribution of the informal land market is to be halted. Although the data reported above in both the formal and informal sectors await more precise analysis, the present levels of appreciation of raw land prices above costs of development and farm opportunity costs suggests large amounts of income distribution from individual home owners to land developers and speculators. What is more, the popular sectors seem to be paying the same amount or more per square meter of land as the formal sectors, except that in the first case it is raw land and in the latter fully urbanized land.

Government participation in urban land will be discussed in greater detail in the following chapter. The options available, however, range from very indirect land control measures through zoning and subdivision controls, taxation, infrastructure staging and direct land development to acquisition of development rights and outright public ownership.

The seven intervention areas identified above are closely interconnected, since they aim at various forms of support and control of the

* Expropriation, even though in the past it has practically not occurred, has proven possible recently in the San Salvador street widening and extension program initiated in mid-1977 and funded by the Interamerican Development Bank.

** This topic is the focus of Chapter VI; however, acquisition of "development rights" could be handled in similar fashion to the Korean land re-adjustment legislation cited below, or variations thereof.

informal settlement sectors conceived under a procedural urban reform. Their viability therefore depends in part on the degree to which they complement each other.

Before evaluating the policy interventions in terms of the various policy criteria, however, three additional policy interventions that would come under a more structural urban policy will be outlined. These include: 1) a policy intervention for the progressive transference of the existing housing assets in the popular sector to households; 2) the elimination of the private conversion and subdivision of land in urban areas and 3) the development of community organizations as the principal small-scale decision making bodies in urban development.

First, the actual transference of existing housing assets to households who occupy them would be a more progressive measure than those proposed under a more procedural urban reform, such as public agencies acquiring mesón complexes through purchase or enforcing title registration in illegal subdivisions. Rather, through a new urban reform legislation, this policy intervention would aim to transfer all ownership titles of mesón rooms colonia ilegal plots and even tugurio units to the present occupants. Although housing payments would continue in the form of mortgage payments to previous owners who depended on the housing market for their income, there would be payment limitations, based on assessed value and past accumulated payments.* The land itself would be converted into a public asset, thus becoming a non-transferable resource whose use and development would accrue

* The Cuban Urban Reform Legislation, sanctioned October 14th 1960, did not altogether eliminate the rental market, nor the possibility of multiple unit ownership. See Hardoy and Acosta, op. cit. and Kaplan, op. cit.

to the present housing unit owner.*

The second area of intervention in a structural policy reform is the transference of all urban land assets to the State, so that in effect land, but not the improvements on it, would become a non-transferable resource. Individual households, however, would acquire long term leases for use and occupancy. This would not necessarily eliminate the private housing market, but limit it to the improvements on land exclusively.

The third area of intervention would be the development of strong community organizations as the principal local decision-making bodies for urban development. Community boards, in addition to giving political legitimization to the urban policy reforms, would perform the following functions: establish community investment priorities, check detailed community designs and engineering, establish building materials production cooperatives, decide on the location of and manage community assets such as parks and community facilities, represent local interests in municipal governments, etc.

These three areas of structural policy would, in effect, be intimately related to other urban planning, programming and investment functions, including the areas of: public and private transport, education and health, employment, commerce and industry, etc.

Viability of Proposed

Policy Interventions

Assessment of the six procedural and three structural policy

* Public ownership of land, but with private ownership of housing units with long term occupancy leases on land, has been functioning in several East African countries, such as Zambia and Ethiopia, see: William A. Doebele, Selected Issues in Urban Land Tenure; Urban Land Issues Background Paper, World Bank, (Draft) 1977.

interventions outlined above will be made by evaluating them against the policy criteria defined earlier: impact on distribution, time horizon, technical and financial viability, effect on economic growth, political support, consistency and complementarity and, target group and context specificity, but assuming for each set of interventions a different national development paradigm.

The first procedural intervention area outlined concerns the transference of land title from public agencies presently owning tugurio land to individual households or cooperative organizations, in the case of settlements that present no serious consolidation problems. It also proposes the public acquisition of mesón complexes for conversion to cooperatives and condominiums as well as regularization of tenure and payments in colonias ilegales. In terms of distribution objectives, this policy would have significant impact since public and private assets would be progressively transferred to the individual families.

In the case of tugurios, the policy intervention could be accomplished in a relatively short time period because of the small scale of action involved and public tenure of land. In the case of mesones and colonias ilegales the time horizon involved would be longer, perhaps a decade before the entire informal housing stock was regularized. In addition, there would be no negative effect on economic growth; rather, it might spur construction in tugurios.

Technical, financial and political viability criteria would also be met with relative ease in the case of tugurio and even mesón upgrading. FOCCO, the UNDP-IBRD study group and the Housing Foundation have recently completed detailed technical studies of tugurio and mesón upgrading in El Salvador and have not identified any serious technical difficulties with respect to

execution.* Since almost all tugurio invasions in El Salvador have occurred on public land, there would also be little political opposition from the private sector to such transference of titles. In the case of mesones there would be more opposition unless the price paid were an agreed market price. It is possible, however, that there would be some bureaucratic objections to tugurio consolidation, especially by those housing agencies that still hold the traditional view of relocation as being the only means of "solving" the problem. On the other hand, it can be expected that there would be wide popular support for the measure.

The policy instrument would be consistent with and complementary to other procedural reforms proposed. It would also rate high in terms of context and sector specificity, since it would aim at the very poor within the informal sectors.

The second policy intervention outlined refers to the assignment of high relative priority to capital investments for the informal settlements with high service deficits. There would be an obvious and immediate transfer impact in this policy intervention since the poorer sections of the urban population would benefit more fully from public resources.

Its impact would also be rather immediate and there would be no significant technical problems in its implementation, except perhaps an adjustment lag in the infrastructure bureaucracies. Financial viability would depend on instituting internal cross-subsidization or a valorization tax instrument, unless new investment priority were assigned to infrastructure within the

* FOCCO's upgrading study has not been published, but constitutes the first serious effort in El Salvador to design and engineer an extensive tugurio area called "Las Margaritas." The UNDP-IBRD studies have been mentioned above; see, however, the specific recommendations in Chapter II of: EDURES, Rehabilitación..., op. cit.

National Development Plan. Reassigning infrastructure investments would pose no problems for economic growth if levels of public funds were maintained at relatively similar levels. Although there might be political opposition from middle and upper-income groups traditionally benefiting from public infrastructure investments, there would be considerable support from the entire popular sector, especially in those areas forgotten by previous development plans.

This policy intervention would be very target group specific and would also be consistent with the other procedural policy interventions outlined.

The third area identified concerns the extension of existing formal housing credit mechanisms (Fondo Social, IVU, FNV) to the informal settlement sectors. The effect on distribution of this intervention would also potentially be high, since existing financial resources handled by public and semi-public agencies, previously only available to the upper classes, would be extended to poorer families, liberating them from usurious high-cost short-term loans.

The time horizon could be short to medium range, since such a policy instrument would require, in most cases, changes in existing lending regulations of credit agencies. Because of this, there would also be some technical and financial issues involved in guaranteeing formal credit with informal housing asset guarantees.* This would require no increases in the

* There is some local experience in small business credits, extended by the Federación de Cajas de Crédito under the Second Urban Development Project of the World Bank and Government of El Salvador. Under that project, formal loans made by FEDECREDITO are being extended to families, small business and cooperative organizations in squatter areas and sites and services projects.

level of resources and thus would not necessarily detract from productive investment.

Although there would be bureaucratic resistance to channeling traditional credit mechanisms to the informal sectors, the measure would have wide political support in the popular sectors, especially when combined with a tenure regularization policy. It would thus be consistent with other procedural policy interventions and rate well in terms of context and target group specificity.

The fourth policy intervention, covering a variety of technical assistance areas for the consolidation of the informal settlements, could have a slight or a great impact on distribution, depending on the nature and intensity of such technical assistance. For instance, in the case of legal aid for tenure regularization it would have a noticeable effect on distribution. On the other hand, in the case of technical assistance for housing consolidation, there would be no significant effect on distribution, although it would have other benefits such a reduced costs or improved building techniques.

The technical assistance programs could, however, have both a very short as well as a long range impact, again depending on their nature and intensity. Legal aid, materials production cooperatives, etc., could have immediate impact. Job training and education programs, on the other hand, would have a longer range impact. There would also be no serious technical, economic or political difficulties in implementation, especially because of past national experiences in community aid (such as FOCCO and the Housing Foundation) unless, as a result, strong community power groups emerged in the informal settlements, not an unlikely possibility.

Technical assistance would also be consistent with a procedural

urban reform, and would be an important complement to the other policy interventions outlined. In terms of the context and target group specificity criteria, this policy intervention would also rate well, since the assistance programs would be tailored to the specific needs of the various settlement types in the different urban contexts of El Salvador.

The fifth policy intervention identified refers to a considerable increase in the supply of centrally located mesón or condominium-type units either through existing housing agencies or through a new "Urban Development Corporation," not with the objective of replacing the existing centrally located mesón stock, but rather, increasing it considerably. If this increased stock does meet effective demand for the entire range of the lower two-thirds of society, even with no direct or indirect subsidization, this policy would still have a significant impact on distribution, since the equivalent of mesón rents would no longer go to mesón owners but to tenant-owned cooperatives or condominium organizations. If in addition, this policy were carried out with some indirect subsidization, such as the use of Fondo Social below-interest rate financing, the impact on distribution would be even greater, since the poor would have access to a greater share of public funds within the housing sector.

The time horizon criterion would depend on the aggressiveness of the agency and the speed with which it increased the supply of such units. It is not likely, however, that impact would be immediate, since a few years of experience would have to be accumulated before a large-scale program would be implemented.

In terms of technical viability, there would seem to be no serious problems, since there are a few initial experiences in the FNV system

in centrally located condominium units in the US 6,000 dollars (15,000 colones) to US 10,000 dollars (25,000 colones) range. The greatest difficulty, however, might be in the acquisition of centrally located land, unless the UDC law provided for a more expedient land acquisition process than the present expropriation legislation permits. The resulting increase in densities in centrally located areas, however, would bring important cost reductions, since present infrastructure would be better utilized by slowing down peripheral extensions.

Except for the manner and mechanisms through which land would be acquired for the expansion of mesón type units, there would be no serious political opposition, and on the other hand, there would be high political gains from the expansion of affordable, centrally located units. This policy intervention would, in addition, be consistent with a procedural urban reform and an important complement for increasing the access of poor households to government-supported programs. Although the program would fit well in the present housing situation of El Salvador's principal cities, especially Santa Ana, Sonsonate, Usulután and San Miguel, which have a very high proportion of mesón households, ranging from 61 per cent to 81 per cent of the popular sectors, there would be a high risk that not all the units produced were in effect affordable by the popular sectors, unless careful controls on standards and costs were introduced from the beginning.

The sixth policy intervention identified is the counterpart of centrally located units, that is, a considerable increase in the supply of peripheral plots, progressively developed, to expand the present tight, colonia ilegal submarket. Again, impact on distribution could be significant, especially if the increased supply of peripheral plots were at a price afford-

able by the popular sectors, and at the same time, land appreciation could be significantly reduced by internalizing benefits of large-scale, government-backed subdivisions or new towns. Even without an aggressive land policy as outlined above, if speculation profits were reduced by large-scale purchases of peripheral land, there would still be a significant reduction in the regressive nature of present illegal land subdivisions.

In terms of the time horizon criterion, this policy intervention could have an immediate as well as a long-range impact, depending on the amount of plots made available in relation to growing demand. There would be no serious technical or financial problems, especially if the program were based on the extensive experience of progressive development of the Housing Foundation and to some extent the colonia ilegal submarket. There might be some difficulties, however, in the land acquisition process, depending on the forms of legislation introduced and the powers granted for that purpose.

Although the policy would obviously have the political support of a broad popular base, there could be opposition from landowners and land speculators whose profits have come from lotificaciones ilegales, as well as from the contractors and developers of formal subdivisions who would feel at a competitive disadvantage with government in the land market,

The policy would, however, be consistent with a procedural urban policy reform and an important complement to other policy instruments outlined. It would also be context and target group specific, since contrary to other Latin American cities, there are few possibilities of expanding the informal markets in El Salvador's cities through invasions because of present agriculture land use and tenure in the areas surrounding the principal cities.

The seventh policy intervention area, increased government participation in land development, is the central focus of Chapter VI, and an assessment of the alternative policies, both under a procedural as well as under a structural reform model, will be made in the same chapter.

In addition to the seven procedural areas of policy intervention related to informal settlement production, three structural interventions were outlined: a) progressive transference of the existing housing assets to the popular sector households; b) the elimination of private participation in large-scale land conversion and subdivision; and c) the development of community organizations as the principal small-scale decision-making bodies in urban development.

By definition, the three structural intervention areas would rate high in terms of the distribution impact criterion, especially when compared to the more procedural policy interventions. Ownership and control of housing assets would have the highest impact in the redistribution of income derived from housing development and rent. An equally significant impact on distribution would result from the nationalization of all urban land assets, especially for the popular sectors but also for the middle-income, formal sectors.

The redistribution would also be rather immediate, especially if mesón rents and colonia ilegal payments were accumulated as if a mortgage deed had originally been established through an "Urban Reform Law" that applied to all housing units.

In terms of technical and financial viability, the transference of housing assets would pose no serious problems, except perhaps in the ad-

ministration of title transfers at the initial stages after the necessary law had been enacted. The transfer of all potentially urban and urban land from private to public ownership would also pose no serious technical problems, although it would require changes in the definition of "property" in all real estate assets and would require an agency for land administration. On the other hand, forming community decision groups would imply technical problems of organization and implementation, especially in sectors with traditional non-involvement in community affairs.

The most difficult assessment in applying the policy criteria, however, concerns political support. Although it is obvious that under the present national development paradigm and the low relative priority assigned to redistribution within such a model, structural urban policy interventions are impossible to implement, under a different development model that assigns high priority to distribution objectives, such policy instruments would be necessary and consistent with overall policy. In other words, a structural urban policy would become politically viable only if it were part of a national policy which also aims to bring about structural changes by assigning high overall priority to the goal of redistribution. Within that framework, the policy instruments would also become context as well as target group specific.

Summary of Proposed

Policy Component

Recognizing that 63 per cent of the existing urban housing stock is already in the form of informal settlements and that any realistic urban policy has to deal with high proportions of families that have not had access to formal land, services and housing, ten different policy interventions were identified: the first seven were conceived under a substantial but procedural

urban policy and the last three were conceived under a more structural urban reform.

In general, all of the policy interventions outlined improve the relative access of the lower income sectors to urban settlements. The degree of redistribution within a procedural as well as within a structural urban reform has to do with the degree of political commitment to that goal at the national level. There is, however, a great difference between the seven policy interventions of a procedural nature, however substantial, which do not significantly alter either stated institutional objectives or Constitutional goals, and the three that require changes in the definition of the individual's right to property.

In addition, there is a significant difference between an urban policy that aims at progressively minimizing or neutralizing the present negative impact on distribution, and one that aims at insuring a significant redistribution of housing assets through legislative redefinition of property rights. Because of this, if politically viable, a structural urban policy would have more immediate as well as potentially greater impact, than those of a more procedural nature.

In terms of political support, both hypothetical urban policy models would provide considerably better services for the popular sectors than they received under past policies of neglect of informal settlements; however, it can be estimated that the more progressive the reform, the greater the opposition from established power groups. Few of the policy interventions outlined, however, pose serious technical, financial or economic problems, although most imply significant changes in bureaucratic procedures, norms and attitudes. Finally, each set of policy interventions, whether procedural or

structural, can be designed to be consistent with and complementary to each other, as well as consistent with the overall national development paradigm and the balance between the goal of redistribution and the goal of economic growth.

In conclusion, the proposed policy interventions for government support and control of informal settlement production under a procedural urban policy aim at reducing ill-conceived and ill-considered sectoral plans and policies that in the past have had significant negative effects in terms of equality and urban structure. Under a structural urban policy they attempt to change the rules governing urban land, services and housing production process, to insure redistribution of present housing assets to the low-income households.

5.5 Summary

This Chapter explored two alternative urban strategies and policy instruments that explicitly take into consideration distribution as well as efficiency objectives for different hypothetical models of urban policy: a substantial but nevertheless procedural urban reform, conceived under a national development model that assigns higher priority to distribution objectives and instruments than has been the case in El Salvador's past four National Development Plans, and a structural urban reform, conceived under a national development paradigm that places redistribution before growth objectives and views sectoral strategies principally as instruments of social equality.

The procedural urban reform outlined involves various policy objectives and instruments that aim to insure substantial changes in the functioning of the present urban settlement processes and institutions, as they have evolved since the 1950 Constitution, in order to achieve absolute and relative improvements in the situation of the lower two thirds of the urban income distribution. Such a reform would involve, in addition to sectoral re-organization and the definition of new urban policy objectives, assuring greater responsiveness and better coordination of existing and proposed policy instruments as well as focusing new priorities on the lower-income sectors, in the production of both informal and formal housing. In addition, a procedural urban reform would involve greater public participation in the processes of land conversion through various indirect as well as direct policy measures.

These would be complemented by a considerable expansion of policies and programs to improve the income-earning opportunities of the lower-income sectors through various production sector policy instruments.

Two of the urban reform strategies and their respective policy instruments were explored in greater detail and assessed in terms of the policy criteria, which included: impact on distribution, time horizon, financial and technical viability, impact on economic growth, political support, policy package complementarity and target group and context specificity. The two urban reform strategies outlined in greater detail were: firstly, the explicit support and control of the existing informal land and housing submarkets which presently house the majority of the urban lower two thirds of society, and of future production; and secondly, the reorientation of government-supported formal housing and production infrastructure programs towards the lower-income sectors.

Under each of these two urban reform strategies, several procedural as well as structural policy interventions were considered, assuming for each one different national development paradigms with different relative priorities assigned to distribution and growth goals.

Assessment of the different policy interventions in terms of policy criteria indicates that while significant changes in the quality of life of the urban popular sectors can be effectively accomplished through production and upgrading strategies under a procedural urban reform within El Salvador's present Constitutional precepts, Latin American attempts at partial urban reforms without clear distribution objectives and complementary strategy mixes seem to indicate that urban reform can be most effectively carried out under a national development model which also includes clear goals and priorities for distribution.

In terms of technical and financial viability, most policy interventions, except perhaps land policies under a procedural reform, pose no serious or insoluble problems, even though all imply substantial changes in institutional procedures, norms and attitudes.

Finally, since each set of interventions, whether procedural or structural, was outlined within the context of two distinct hypothetical urban reform models, by design they are generally consistent and complementary to each other, as well as consistent with the overall national development paradigm and its distributional priorities.

In summary, the policy interventions outlined for both housing production and upgrading under procedural urban reform aims to considerably increase the supply of urban land and housing and equalize access to them; the measures to be employed are more direct in some cases than in others. However, they all assume greater government participation than in the past although they conform to El Salvador's present Constitutional concepts. Policies under a structural urban reform model, on the other hand, aim to radically change the rules governing land ownership, conversion and allocation, give the State prime responsibility for insuring equality in access to urban land, services and housing according to need rather than ability to pay.

Chapter VI

URBAN LAND POLICY: KEY COMPONENT FOR
DISTRIBUTIONAL URBAN REFORM STRATEGIES

Introduction

A key component identified throughout the discussion of issues in Chapter IV as well as the discussion on alternative urban strategies and interventions in Chapter V was that of urban land and the many questions surrounding its present and potential role: Who converts it to urban use, when and how? Who owns it, profits by it and by how much? Who is disadvantaged by it? What role does land tenure play in housing and in existing settlement consolidation? How important is it in new housing production? What is its potential in terms of impact on distribution and overall urban development policy? What have Government policies been towards urban land in the past? And finally, what are the constraints and opportunities in other countries that have attempted various approaches to land policy under various development paradigms?

Undoubtedly, urban land policy -whether implicit or explicit- is of key importance in urban strategies under most development paradigms: it is not only important in the planning and production of housing units and

new settlements, but is also a key variable in the regularization of the existing informal housing stock. It is because of this critical role in urban development and its implications for distribution that land has become a central issue in Latin American urban research* and policy, especially in countries which have attempted the formulation and implementation of various styles of urban reform as an answer to issues concerning allocation and efficiency in urban land development.** Effectively, control over land and its conversion to urban use, to a great extent, means control of a key element in the distribution processes of urban development.***

The objective of the present Chapter is to expand the discussion on urban land policy and contribute to the definition of alternative strategies

* Oscar Yujnovsky's work on the internal structure of Latin American cities emphasizes the role of land in an urban policy reform: "The importance of the variable land is such, that even with decisive government action for the distribution of income to favor the popular strata through the massive construction of low-income public housing, one finds that without control over land, official programs contribute to ecological segregation" in La Estructura interna de la Ciudad. El Caso Latinoamericano, Ediciones SIAP, Buenos Aires, 1971, p. 103. A similar emphasis has often been made by Jorge Hardoy: "The socialization of urban and suburban land is an essential requirement /for housing the poor/. The suppression of useless subdivisions and of land speculation will permit responsible agencies to construct better cities, improve the efficiency of services and program housing complexes with appropriate technology, and plan the future distribution of population in each center and the different uses in relation to well defined priorities." In "La Vivienda de los Pobres," Revista Interamericana de Planificación, Vol. X, N°40, Dec. 1976, p.7.

** Latin American countries with various forms of urban policy that can be labeled "Urban Reform" will be referred to below; however, they generally include: Cuba, principally, but also Bolivia, Colombia, Chile and Peru.

*** This has also been a central issue in international housing conferences, such as the UN Habitat Conference, which in its Vancouver Declaration on Human Settlements, 1976, stated: "Land is an essential element in development of both urban and rural settlements. The use and tenure of land should be subject to public control because of its limited supply through appropriate measures and legislation... The increase in the value of land as a result of public decision and investment should be recaptured for the benefit of society as a whole." in "Vancouver Declaration on Human Settlements". Ekistics, Vol.42, No.252, November 1976, p.265.

and specific interventions necessary to make such land more accessible to the lower income-sector.

The first section summarizes the importance of the land issue in El Salvador's cities, especially in terms of supply and demand constraints and their effects on distribution and efficiency.

The second section reviews the main objectives of an urban land policy framed with distributional objectives.

The third section specifies in greater detail the range of strategies and policy interventions available for increasing the accessibility of urban land, outlining first those which fall more within a procedural urban reform and then those which fall within a structural urban reform.

The fourth section attempts to assess the viability of the various policy interventions conceived under both hypothetical urban reforms by measuring them against the policy criteria.

Finally, the last section summarizes the main discussion on the role of land in urban policy.

6.1 The Issue

As we saw in Chapters II and III, even though no urban land market studies have yet been conducted,* scarcity of land is especially critical in the case of El Salvador and perhaps more evident compared to almost all Latin American countries due to several specific and severe limitations on its supply as well as the particularly stratified structure of demand.

First of all, supply is affected by the country's rather small national territory and very high density; that is, the relationship between overall population and land -187 persons per km²- and the relationship between national population and arable land -445 persons per km²- are the highest in the continent. The 1969 war with Honduras is attributed, for the most part, to the overall national shortage of land and the large population migration that occurred as a result of Salvadorean campesinos'- search for arable land. The controversy and violence that has resulted from the acute and increasing scarcity of land is perhaps only a hint of the conflict yet to come.

In addition to the overall national shortage of land there is the fact that, since pre-colonial times, the larger urban areas of El Salvador have been located in the valleys of highest agricultural pro-

* The terms of reference for the first study on the urban land issue were developed early in 1978 by the Housing Foundation, but as of this writing, the research project had not yet commenced. See: Richard Willig "Propuesta para el Estudio de Problemas y Políticas de Tierra Urbana en El Salvador," Fundación Salvadoreña de Desarrollo y Vivienda Mínima, San Salvador, 1978.

productivity. Thus, expansion of major urban areas has so far usually occurred in competition with highly profitable non-urban uses, which is not typical of most large Latin American cities.

El Salvador's concentrated land tenure has also been associated with the structure of agricultural production, which has had the effect of keeping large potentially urban areas out of development. The main physical growth of the Metropolitan Area during the last two decades has been in the direction of small properties where land tenure is less concentrated, even when there has been no extension of public infrastructure to encourage subdivision.

A fourth factor contributing to the shortage of land supply in the case of El Salvador's cities is the steep and extremely broken topography due to the recent volcanic origin of its land formations, making large portions of the surrounding areas of San Salvador and other major cities unsuitable for development except at very high cost.

In addition to these overall constraints, severe limitations have been imposed on the supply of land by governmental policy and action. Very large portions of rather arbitrarily limited, potentially urban land surrounding the Metropolitan Area have been declared not convertible to urban use by Decree 22* on the assumption that all urban growth in those areas will significantly diminish the water absorption capacity of the soil that replenishes the underground water table in the valley.

Finally, fringe areas suitable for development but left untouched by Decree 22 are further limited by the very slow extension of trunk

* See "Decreto 22," Diario Oficial, Vol.242, No. 29, February 12th, 1974, approved by the Executive Branch on February 7th, 1974.

infrastructure, especially roads and water supply networks, so that, in effect, infrastructure policy has imposed further restrictions on land supply.

Thus, in addition to the limitations on the supply of land due to overall land scarcity, concentrated tenure, competition from profitable agricultural uses and difficult topography, government action has directly - although perhaps inadvertently - increased this scarcity through the restriction of large peripheral areas either by decree or by limiting the extension of basic infrastructure.

Thus, in spite of the 1969 urban growth strategies of METROPLAN, direct government action, combined with a lack of urban land policy, has further severely restricted the supply and conversion of land to urban use. The following plan illustrates the principal restrictions on land development in the Metropolitan Area:

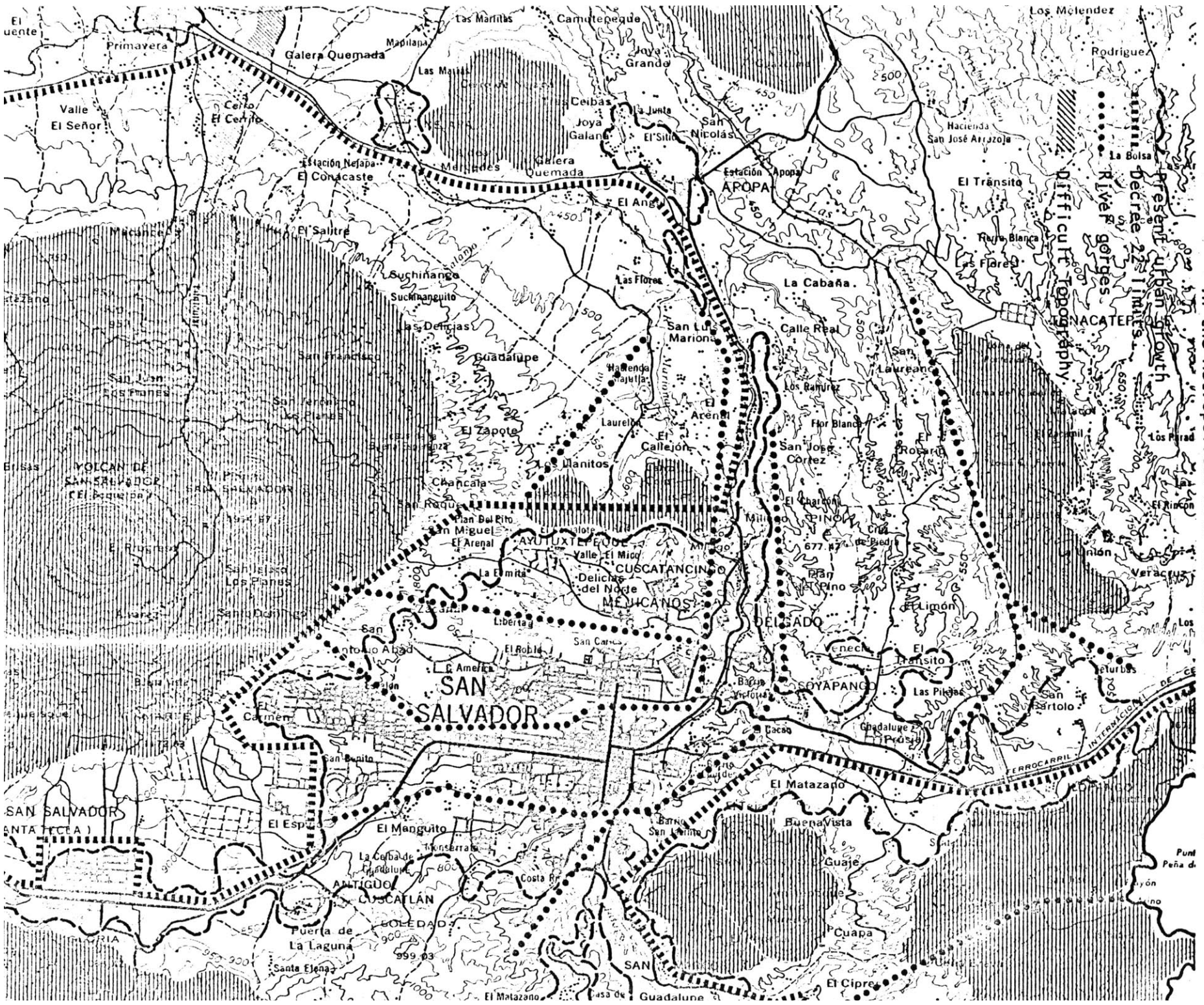


Illustration 6.1

On the demand side, pressure on land is acute and is increasing at the national level because of overall density and a very high rate of national population growth, again one of the highest in the continent.

In addition, urban population growth, accelerated both by very high birth rates and increasing urbanization, has further increased the demand for urban land. According to population projections, the Metropolitan Area's share of the national population will increase from 22.1 per cent in 1961 to 30 per cent by 1990, creating even greater pressure on land in the San Salvador area.

Not all income sectors, however, are able to pay for and consume equal proportions of land per household. The growth of the middle-income classes as well as their demand for single-family, detached homes, encouraged by government and by the privately-sponsored programs of IVU, Fondo Social, and especially FNV, have consumed land at unprecedented rates. FNV's Five-Year Plan estimates, for instance, that the Savings and Loan System will probably consume 181 hectares of land per year, equivalent to 72 per cent of the annual consumption of land by all formal housing programs in the Metropolitan Area alone. It has been estimated that at this rate, planned, formal settlements will consume half of all available land in the valley immediately surrounding San Salvador in the next five years,^{*} excluding land to be consumed by the informal sectors.

The increasing demand for space by the middle and upper-income classes is in sharp contrast to the extremely limited capacity to pay of the lower two-thirds of society. As we saw in Chapter III, average per capita monthly income for the three major informal housing submarkets was estimated

* See Section 4 of Chapter IV above, for a discussion on land consumption.

at US 28.40 dollars (71 colones), that is, less than US 1 dollar (2.50 colones) per day for housing, food, clothing, transport, etc. In addition, in contrast to many Latin American cities, very few families (11 per cent of the informal sectors) have been able to find land for squatting and thus pay little or no rent. Thus, in spite of the low overall per capita income, the remaining 89 per cent are now paying prices per square meter of undeveloped land or for rental space equivalent to those paid by middle and upper-income families in fully serviced subdivisions or in standard rental units.

As a consequence both of the severe limitations on land supply and the highly stratified structure of demand and of the lack of a specific land policy, the urban land markets in El Salvador have had important social and economic effects and costs for the lower classes, as well as for government itself: uncontrolled and costly urban growth patterns, rapidly rising housing costs, significant land appreciation and, as a result, large resource transfers from home owners to land speculators. In the case of the San Salvador area alone, recent estimates place excess profit transfers from illegal subdivision households to landlords at close to US 4 million dollars (10 million colones) annually.*

In summary, tenure, location, conversion, servicing, price and access to urban land are key variables in the settlement process and in determining the quality of life in urban areas, and are therefore key issues in urban reform, whether of a procedural nature or a more profound structural one.

* Estimate taken from Harth Deneke: "Quasi-legal Land Subdivisions," op. cit.

6.2 Policy Objectives

Because of the severe natural and man-imposed restriction on the conversion of urban land, the increasing pressure of growing population demand and the lack of any past land policy or effective land planning, the urban land market has become progressively speculative and restricted for the poor. Consequently, a very small proportion -under 7 per cent- of the total housing stock in El Salvador's five principal cities is in the form of tugurios or squatter invasions, although this has been the major form of access to land tenure for the poor in most large Latin American cities. The majority of the urban poor in El Salvador have had either to opt for a high-priced, crowded, unserviced room in a converted mesón tenement with no possibility of tenure or to assume the risk of a long-term leasehold in an illegal, unserviced and speculative colonia ilegal suburban subdivision.

The general goal of urban reform would be to encourage and insure efficient processes of land conversion and allocation that benefit the poor more equitably in urban development rather than, as has been the case in the past, allowing them to be further disadvantaged by those same processes. The specific objectives of a land policy component in such urban reform would then include:

- a) the establishment of explicit distributional criteria for the various urban land policy instruments;
- b) the development of annual, medium and long-range demand projections for land needed for all types of settlements and general urban

development in all major and rapidly growing urban areas as well as the careful analysis and quantification of natural limitations on supply of peripheral lands surrounding such cities;

c) continuous, area-wide and district level advance land planning to determine, geographically and over time the best allocation of available land to meet projected demand;

d) the establishment of various legal, financial and administrative instruments in order to insure adequate supply of land in the location, price range and time needed to meet the effective demand levels of the lowest-income households;

e) the effective coordination of urban land policy interventions with other urban reform components, especially infrastructure and housing production policy.

6.3 Principal Policy

Interventions

Taking into account such objectives for land policy in an urban reform, eight principal areas of intervention can be identified for increasing access to land converted to urban use for the lower income sectors within the limits of El Salvador's present development paradigm. In addition, two other land policy interventions can be identified under a more profound urban reform within a structural national development paradigm and these also will be discussed below.

Indirect Public Participation

Five of the procedural interventions involve indirect public intervention in land through: land planning, flexible development controls, land servicing, land financing and taxation. These all assume, however, that under a procedural approach land policy objectives are best served by private ownership and private conversion of land, although with some public participation necessary to achieve overall efficiency, decrease negative impacts on distribution and increase overall land supply. The five indirect land policy areas include:

Policy N°1:

Planning and Coordination of Land Supply

The first area of policy intervention involves middle and long-range land planning and coordination. Its purpose, however, would not be the delimitation of general land use areas as in traditional master planning and

zoning in the hopes that the private market would comply with such controls.* Rather, the focus of land planning under a procedural urban reform would be the identification of critical land supply factors and, as a consequence, large peripheral areas necessary or likely to become urbanized for popular settlement and therefore suitable for one or more of the urban reform development controls outlined below, whether land servicing programs, sites and services projects, pooling and acquisition of land development rights, or large-scale public assembly of lands. Population and land projections, such as those carried out under San Salvador's Metropolitan studies during the late 1960's, would be periodically revised and similar projections made for all other rapidly growing urban areas.** The relative cost of maintaining a small planning staff for that purpose would be insignificant but this would be critical for all of the policy interventions outlined below.

Policy N°2:

Realistic Land Subdivision Controls

A second policy area under a procedural urban reform would involve a significant reorientation of the nature and enforcement of short-term land planning controls, especially those relating to subdivision of land and

* The inability of Western governments to make the private market comply to traditional long-range land planning has been analyzed by many and is one of the reasons some countries such as Sweden and The Netherlands have ceased to rely on the private market as the principal allocator of land. See, for instance, Max Neutze, "Urban Land Policy in Five Western Countries," Journal of Social Policy, Vol. 4, pp. 225-242, 1975.

** The difference between the proposed land planning and that carried out under METROPLAN would be that the former is focused specifically on maintaining land supply ahead of demand for low-income settlements, and the latter is comprehensive in scope. A summary and critical evaluation of El Salvador's experience in comprehensive urban planning was made by Harth Deneke, "20 Años," op. cit.

those relating to building controls. The purpose of such reorientation of land development controls would be to counteract two very negative aspects of the present controls: first, the effective restriction they impose on formal land supply by placing high standards even for formal housing programs, pricing them out of reach for the majority, and second, the fact that they force significant fringe development into the illegal land market. In this way, urban land regulations would be converted into instruments for increasing legal land supply.

Development of highly flexible subdivision and building regulations would involve not only lowering standards to meet the real needs and possibilities of the popular sectors, but also making them enforceable.* It would mean, for instance, recognizing the existing lot size and other standards of colonias ilegales as a basis for the new regulations, but insisting on the provision of minimum community facility areas. Parallel to this, however, much stricter enforcement would be necessary, both through on-site supervision of developments and through more severe penalties for non-compliance.

Policy N° 3:

Acceleration of Land Servicing

The third area of policy intervention in a procedural urban reform is aimed at considerably increasing the supply of land, through the acceleration of land servicing. This would involve the extension of water and sewerage mains.

* Although there have been significant changes in El Salvador's standards for subdivision controls since their enactment in the mid-1950's, especially with the introduction of a five-level standard, they are still out of reach for the typical illegal subdivision, especially with respect to the requirements for access, water and sewerage plans.

It would also mean questioning and reconsidering the basis and boundaries of Decree 22, especially for low-income settlements.

An aggressive land servicing policy would have the effect of opening up sufficient new and undeveloped fringe land and keeping ahead of demand in addition to reducing overall price levels. This servicing policy would, however, require a basic change in the objectives of sectoral strategies: rather than filling in urban service gaps in response to pressure groups and momentary issues, infrastructure would be used primarily as an instrument for increasing urban land supply. The resulting increase in public investment need not become a heavy burden on present investment priorities, however, if this is coordinated with a policy of recuperating costs by means of measures such as a valorization tax, the acquisition of development rights or direct public participation in the land market by building new communities or by land-banking, outlined below.* Thus infrastructure policy would be converted into an aggressive instrument for opening up urban land supply.

Policy N°4

Shifting Housing Finance to Land Conversion

The fourth indirect policy intervention for expanding the land market would be through the existing and rather well-developed government-backed housing finance systems, especially those of IVU, Fondo Social and FNV, which have traditionally placed undue emphasis on formal housing construction

* Although there is agreement that public action through infrastructure installation would have a positive impact on the supply of land (for instance, Grimes, op. cit. p. 44) there is hardly any literature available on the extent of such influence or on its impact on the pricing of urban land. An exception to this is A.Allan Schmid, Converting Land, op. cit. p. 37

and investment rather than on land development and conversion.* Although very recently the savings and loan system of FNV has begun to finance middle-income land subdivisions without any housing construction, this has not been the case with either IVU or Fondo Social.

The objective would be to utilize the government supported housing finance systems to shift the emphasis of housing policy towards land conversion and subdivision. At the same time, new lending criteria would be developed for making available existing housing finance to small-scale, informal land developers converting land for lower-income families. Thus, low-income families who rely on the informal credit market with interest rates ten or more times higher, would qualify for government-backed financing of plot purchases. With such a policy, it would also be possible to institute internal cross-subsidization in the housing finance market by establishing differential interest rates and amortization periods according to plot price or size.

Policy N°5:

Introduction of Urban Land Taxation

A fifth policy intervention would involve fiscal measures that influence supply, development and accessibility of urban land.** In addition

* The issue in El Salvador is not, as it is in other countries, the volume of housing finance available, since with the institution of earmarked payroll taxes by Fondo Social as well as the growth of the FNV savings and loan system, local mobilization of funds for the housing sector has been significantly accelerated.

** The literature on the effectiveness of land taxation is extensive but not conclusive. For a review, see: Donald C. Shoup, Land Taxation and Government Participation in Urban Land Markets: Policy Alternatives in Developing Countries, Urban Land Issues Background Paper prepared for the World Bank, (Draft), Ch. 2, Washington, D.C., 1977, pp. 37-72; and Orville F. Grimes, Jr., "Urban Land and Public Policy: Social Appropriation of Betterment, Bank Staff Working Paper N°179, World Bank, Washington, D.C., 1974, pp. 71-79.

to the general raising of public revenues, taxation of land would have three principal objectives:

a) to provide one-time revenues for financing specific projects (such as the public market in San Salvador) or for continuous financing of public infrastructure (such as Colombia's valorization) by capturing for social use all or part of the unearned increases in land values;*

b) to increase the supply of land by inducing earlier conversion of areas normally withheld for speculation situated within or adjacent to existing development by taxing them at higher rates;** and

c) to reduce inequities relating to urban land and income.**

Land taxation would serve to increase efficiency of land use if used to reinforce planning measures by levying significantly higher taxes on land not developed according to subdivision, building or even zoning regulations. Although fiscal policies can often have unintended effects on distribution and land development, if used jointly with other land policies, they can have potentially a major impact on the supply and accessibility of land

* See summary by William A. Doebele and Orville F. Grimes, Jr.: Valorization Charges as a Method For Financing Urban Public Works: The Example of Bogota, Colombia, World Bank Staff Working Paper N°254, Washington D.C., 1977.

** It has been argued, however, that an important side effect of such taxes can be the raising of land prices, since the rate of appreciation not only covers the supply price but also the land tax. See: Shoup, op. cit., p. 50. A case study in Korea has also pointed out that land taxation introduced to control prices has not been as effective as a general capital gains tax: M.C. Hwang "A Search for Low-Cost Land Development Techniques" paper presented at the International Conference on Low-Income Housing: Technology and Policy, Bangkok, Thailand, 1977, p.491.

*** Ibid., p. 39. Land taxes may effectively help reduce the inequities due to changes in land values especially, where those changes are directly caused by public action.

for lower income sectors, especially in areas such as San Salvador where severe natural and man-made constraints limit overall land availability.*

Direct Public Participation

There are at least three other types of land interventions under a procedural reform which assume that the private market cannot achieve all of the land policy objectives and therefore assign government a more direct role in the allocation of urban land. Under the following three policies closer public control of urban land is seen as indispensable in achieving a socially desirable urban environment and a more equitable distribution of income. Under such interventions, government assumes the role of owner and/or developer of land, at least during the conversion and subdivision period, and the private market is left to operate only where public policy permits a choice. The role of the private market, however, can be either very limited or extensive depending on the intensity of intervention and on the underlying political commitment of government to the objectives of urban reform.

The three policy interventions for more direct participation in urban land development would include; a) continuous, advance public acquisition and conversion of land specifically for low-income settlement projects and other specified public interest uses; b) the acquisition of development rights

* The wide variety of possible taxes that involve explicit intervention in the land market will not be reviewed here, but generally include: general property taxation, site-value taxation, betterment or valorization levies, land value increment taxes, public infrastructure charges, vacant-land tax, etc. Land taxation has also been recently discussed in El Salvador, especially direct taxes, progressive taxation for under or non-utilized urban land, taxes for non-conforming uses and constructions, betterment taxes, etc. See "Breve Descripción de Leyes Concernientes al Desarrollo Urbano a Considerarse en el Próximo Quinquenio (1972-1977)," Departamento de Planificación Urbana y Regional, Consejo Nacional de Planificación y Coordinación Económica, San Salvador, March 21, 1972.

in the major fringe areas without actual purchase of land; and c) large-scale assembly of peripheral lands through some form of public land banking for unspecified future government development and control.

Policy N°6:

Continuous, Advance Acquisition

Government acquisition of land areas in advance and their conversion to urban use for specific low-income settlement projects and other public interest developments on a continuing basis, would have the following objectives:

a) to significantly expand the land-subdivision market for low-income families;

b) to capture land appreciation for social use rather than permitting it to accrue to illegal land developers and to distribute all or part of that appreciation to households in informal settlements;

c) to locate low-income settlements in areas of less difficult topography and with better access than the present colonias ilegales, thus lowering real housing costs for households with less disposable income;

d) to plan settlements more efficiently by achieving higher densities, more regularity in lot layouts and staged infrastructure, and by setting aside necessary community facility areas, all of which are not normally taken into account in illegal land subdivisions;

e) to achieve economies of scale, whether at the level of new towns or in smaller scale suburban developments, through public acquisition of larger sites than those of typical illegal subdivision and sites and services projects, and to plan for employment centres and other non-residential activities; and

f) because of greater political commitment to public acquisition of land for such projects to induce infrastructure agencies to program and service low-income settlements sooner than is now happening in the illegal subdivisions.

Under this policy, sufficient tracts of land would be annually acquired through a negotiated purchase or through more expedient expropriation legislation,* but would be paid for at some pre-established, non-urban current-use market price. Land purchases would be project specific, such as in IVU's multifamily communities of the 1960's or the Housing Foundation's programs in the Metropolitan Area, although on a larger scale. Public ownership would be transitory lasting only during the acquisition and conversion phases. In addition, advance public acquisition and development of land would, in part, replace government regulations in subdivisions thus avoiding the complications of enforcement on private illegal developers. This policy would require no new legislation, since the present laws of IVU and Fondo Social could be used for such a purpose. It is, rather, a matter of using present powers and legal resources for an aggressive, coordinated land acquisition policy for low-income projects.**

* El Salvador's "Land Expropriation Law for IVU Projects" was modified recently in order to streamline procedures significantly (Decreto N°319, Asamblea Legislativa, San Salvador, July 15th, 1975). To date, however, no direct use has been made of the law, even though it has allowed IVU to negotiate with more leverage.

** An example of this policy in the context of El Salvador has been the acquisition of 143 hectares of land for the Zacamil project in San Salvador during the 1960's which projected 14,000 apartments in four-story walk-ups. Other examples of project specific acquisition include the San Salvador Public Markets Corporation, the Port Authority in Acajutla, the San Bartolo Industrial Zone, the Civic Center in San Salvador, etc.

Policy N°7:

Acquisition of Land Development Rights

The seventh policy would go further but would be less complex than project-by-project piecemeal acquisition of land. This policy would involve public acquisition of development rights for large portions of the developable fringe, a process commonly called "land readjustment" in some Asian countries or "land pooling" in Australia.* The objectives of this policy in the context of El Salvador would include:

a) the reduction or suppression of both the illegal and legal land subdivision markets in specifically designated peripheral areas by designating a public agency (or agencies) as sole converter or developer of land;

b) the transference for community use of part or all of the betterment derived from public conversion of peripheral lands without the administrative complexities of betterment levies;

c) the considerable opening up of land supply for all types of development but specially low-income serviced sites, without capital outlays either for purchase or complex expropriation procedures;

* For a review of development rights, legislation and projects see: Shoup, op. cit., pp. 77-85, William A. Doebele; Land Policy in Seoul and Gwangju, Korea: With Special Reference to Land Readjustment, (Draft III), World Bank, 1976, pp. 11-63, and R.W. Archer, "Land Pooling for Planned Urban Development in Perth, Western Australia," Metropolitan Research Trust, Canberra City, Australia, 1976. U.S. Planning literature has recently become interested in development rights legislation, although for the purpose of historic and environmental protection. See, for instance, Frank S. Bangs, Jr., and Conrad Bagne, eds. Transferable Development Rights; Planing Advisory Service Report N°304, American Society of Planning Officials, Chicago, 1975, and Jerome G. Rose, ed., The Transfer of Development Rights: A new Technique of Land Use Regulation, Center for Urban Policy Research, Rutgers University, New Brunswick, N.J., 1975.

d) the establishment of internal cross-subsidization in land development between income levels through differential land pricing according to lot size and location;

e) permitting land to continue in agricultural use under the present ownership until an area is declared ready for urban development, thus avoiding unnecessary public administration of large areas of land awaiting future conversion;

f) insuring the necessary coordination of actual land conversion with long-range land planning and more immediate-range district planning as well as with subdivision and building controls; and finally,

g) a significant contribution towards the attainment of the ambitious goals of the 1978-1982 Housing Sector Plan through effective use of the unprecedented growth of the FNV mortgage market, Fondo Social's dramatic increase in compulsory housing taxes, and the Housing Foundation's ambitious sites and services program.

The intensity of such a land policy would, however, vary according to: a) the extent of commitment to the urban reform with varying degrees of intervention and proportions of betterment appropriated for social use; b) the physical extent of the areas designed for "readjustment" in relation to developable areas not so delimited and, finally, c) how far in advance non-urban land is designated a readjustment area.

Policy N°8:

General Land Banking

The last land policy identified in a procedural urban reform concerns the creation of a public land banking agency, a proposal now much

discussed in El Salvador* as well as in many developing countries.** Although, to a large extent, a policy of development rights would eliminate the need for a land bank and vice versa, it is conceivable that the two could exist simultaneously under different agencies.* The objectives for the creation of a land bank would be similar to those for the acquisition of development rights, except that the private rural land market would be eliminated altogether in areas acquired several years before development takes place. On the other hand, since land banking can be selective in the areas it acquires, it could allow private conversion if politically or otherwise desirable, depending on the desired intensity of intervention of the urban reform.

A further important difference between a land banking policy and a policy of acquisition of development rights would be the capital investment necessary for land acquisition, whether through expropriation or through negotiated purchase. Land banking would also differ from present

* Land banking has been openly proposed since the 1969 Metropolitan Planning Symposium: see "Recomendaciones Finales de la Mesa de Trabajo para Conservación y Adquisición de Tierras," Documentos Basicos, op. cit., p. 4 and has recently made its way into professional meetings: see final recommendations of the discussion group on "La Tierra y la Vivienda en el Area Metropolitana de San Salvador," II Encuentro Nacional de Arquitectos, San Salvador, October, 1977.

** Land banking has also become part of the conventional language of urban policy documents of international agencies. See for instance, Housing: Sector Policy Papers, World Bank, 1975, p.29; Chenery, op. cit., p. 152, and Grimes, op. cit., p. 96.

*** IVU and Fondo Social have publicly stated their intention of entering into a land banking operation under their present legislation. It is conceivable, then, that parallel to a development rights law, such agencies would continue with advance acquisition of title for specific projects, although this would not seem to be justified.

land acquisition for projects and from the site reserves required by DUA in all subdivisions in that the latter are use-specific and are small in area.

There are two levels on which land banking could be used * one would be limited to projected government need, such as public facilities and government sponsored housing projects, in order to capture land appreciation in those projects and achieve an efficient response to urban growth. On a larger scale, land banking would be carried out with the objectives of reducing overall land-price appreciation and directing urban patterns in a more efficient and socially responsive manner. This would be especially effective when combined with a policy of extending urban services for increasing overall supply of land.

The critical aspect of land banking at either of the two levels, however, is that prices be paid at current-use value, or not far above its agricultural value, so that most of the betterment associated with the provision of services in fact accrues to government, otherwise the impact on distribution would continue to be as regressive as that of the illegal subdivisions.

Structural Policy Interventions

The eight urban policy instruments outlined above under a procedural approach to urban reform assume, as in other procedural reform components, varying intensities of public intervention; however, they are principally aimed at counteracting the imperfections derived from a private market situation and insuring a relatively more equitable access to urban land resources for the lower income sector. In a structural urban reform,

* This distinction of scale in land banking is taken from Shoup, op. cit., p. 87.

the State rather than private action guided by public policy, assumes an exclusive role in the urban land conversion process through either of two principal interventions: public leasehold tenure of most or of all peripheral land subject to urbanization, or the outright nationalization of all land assets.

Policy N°1:

Public Leasehold of All Developable Land

A policy intervention centered on designating all or most of the urban periphery of principal urban areas under public leasehold* would emphasize, above all, the following objectives:

- a) to insure access to land for all urban households, especially those belonging to the lower-income sectors;
- b) to eliminate the negative impact on distribution of legal and illegal private land transactions;
- c) to reduce or eliminate land appreciation;
- d) to insure closer compliance with sectoral programs and urban and district plans;
- e) to guarantee land reserves for all future public use as well as for community facilities; and
- f) to provide long-term flexibility in land use, because of

* The most widely discussed examples are Sweden, The Netherlands, English New Towns, Israel, and more recently, Australia. For a review of the experiences see: William A. Doebele, Selected Issues in Urban Land Tenure, Urban Land Issues Background Paper, (Draft), World Bank, 1977, p. 52; Dalton Kehoe, et. al., Public Landownership: Frameworks for Evaluation, A Record of Idea and Debate, Lexington, D.C. Heath & Co., 1976; Neutze, op. cit., and Shirley S. Passow: "Land Reserves and Teamwork in Planning Stockholm," Journal of the American Institute of Planners, Vol. 36, N°3, 1970, p. 179.

the public nature of tenure.

The difference between such policy intervention and a land bank under a procedural reform, however, would be principally: a) that peripheral land would be simply declared public rather than acquired through purchase or eminent domain, and b) more importantly, that land would be only leased rather than sold to homeowners or non-residential urban land users.

Policy N°2:

Nationalization of Land

The alternative structural policy intervention is public freehold, or the nationalization of land assets, making all land a non-transferable resource, although not necessarily the improvements on it. Land would be leased to individuals and groups by the State after public conversion.*

The objectives of such a policy would be the same as those outlined for leasehold of the periphery, except that rather than being area specific, the policy would also apply to all developed and undeveloped portions of cities.

* Notable examples of developing countries with land nationalization policies are Cuba, Tanzania and Sri Lanka, as well as city states such as Singapore and Hong Kong.

6.4 Viability of Proposed Policy Interventions

The following policy criteria for assessing the relative effectiveness and viability of the specific interventions under the two hypothetical urban reform options were outlined in Chapter V: impact on distribution, time horizon, technical and financial viability, effect on economic growth, political acceptability, complementarity, target group and context specificity.

Degree or intensity of progressive impact on distribution is the most critical policy criterion for assessing a land policy measure, assuming that the principal objective under both a procedural as well as a structural urban reform option is to insure more progressive income and asset distribution, although with rather different degrees of commitment to that objective. The relative speed or effective time horizon involved or implied in effecting the change through the particular land policy instrument is an important parallel criterion to the extent of distribution, since a measure that involves a very long span of time may have relatively very little effectiveness.

General technical viability measures the relative ease or complexity of the particular policy instrument, including administrative or legal viability. On the other hand, financial viability assesses, in general terms, whether a particular land policy has significant or negligible impact on public finance, either requiring an alteration of national investment priorities or

the significant mobilization of new sources of public revenues to make the intervention feasible or, at the other extreme, having no impact on public finance.

Although difficult to apply, impact on economic growth attempts to assess, in very general terms, whether the policy intervention under its assumed national development paradigm would make a foreseeable and significant contribution to overall GNP growth due to its detracting from, or addition to, national resources available for directly productive investment.

On the other hand, political acceptability and support attempts to assess an important, although not so tangible, criterion to be met by a particular land policy intervention, assuming the limits of a particular hypothetical, national development paradigm. The additional criterion of policy complementarity measures whether a particular land policy is neutral, conflictive or, in the best circumstances, in accordance with other policy areas under the hypothetical urban reform option.

Target specificity assesses whether the effects of a particular land policy are centered on benefiting most particularly the lower-income or other disadvantaged target groups, or whether they are more widely diffused throughout the entire urban population. Finally, appropriateness to the local situation, or content specificity measures whether or not, in the particular situation of El Salvador, a land policy takes into account important contextual variables, but assuming two different hypothetical national development models.

Procedural Policy Interventions

The eight land policy interventions under a procedural urban reform will be assessed first and include: land supply planning, subdivision

controls, land servicing, land conversion finance, fiscal measures, advance acquisition, development rights legislation and land banking.

Policy N°1:

Planning and Coordination of Land Supply

The first procedural policy for increasing access to land concerns middle and long-range land planning and coordination for identifying critical land supply factors and necessary land areas for low-income settlement. By itself, the impact on distribution of land supply planning is not evident, especially in the short range, unless exercised with other policy interventions aimed at increasing supply. Continuous land management and planning can, however, have the effect of providing policy makers as well as housing agencies with data on the availability, location and consumption of land and would, at least in theory, permit greater coordination of agency decisions and investments on urban land with the objective of increasing general supply, rather than, as in the past, accentuating land shortage by inter-agency competition.

This policy would require little technical staff or financial commitment by government, and would imply focusing urban planning more specifically on land market analyses rather than on overall urban planning, as has been the case in the past within the Urban and Regional Planning Department of the Ministry of Planning. Such an approach to urban planning would, however, require more continuous political commitment to an urban planning staff than has been the case in the past.

Such a policy would have no direct impact on economic growth. In addition, planning and coordination of land supply would be consistent and complementary to the other functional policy interventions outlined. Although

metropolitan planning in the past has addressed the issue of land, what is proposed would specifically focus on land policies and strategies for particular low-income target groups. This intervention would also rate well in terms of context specificity, especially in the San Salvador area.

Policy Nº 2:

Realistic Land Subdivision Controls

Changes in the nature and enforcement of short-term land planning controls, especially those relating to subdivision, and building regulations, to meet the real needs and possibilities of the popular sectors, would help neutralize the present regressive nature of "rental with promise of sale" subdivision documents that are perpetually delayed and often never registered in colonias ilegales. If as a consequence of flexible controls the legal land market is significantly expanded for the lower-income sectors, it would also mean potential reductions in payment of rent transfers to developers. Both of these measures, however, would need to be accompanied by close on-site supervision of new and old developments to insure compliance. In addition, they would have fairly immediate impact once the new regulations are introduced, bureaucrats are trained and wide publicity is given to them.

Highly flexible building and subdivision regulations could, in the transition stages, pose some technical difficulties, but would be significantly easier to implement over the entire urban area even though they would imply increased control and supervision. There might be bureaucratic hindrance and perhaps opposition from developers who resist close control of even flexible standards. But in general, it can be estimated that broad political support would be derived from regularization of colonias ilegales and the introduction of flexibility in mesón legislation,

because with it would come the introduction of urban services and facilities.*

Introducing more realistic land controls would have little impact on overall economic growth and be consistent with other components of a procedural urban reform as well as an important complement to them, since it would effectively break down the distinction between "formal" and "illegal" sectors of the housing market and permit greater access for the lower income groups to public facilities. Because of this, such a policy would also rate well in terms of the criteria of context and target group specificity.

Policy N°3:

Acceleration of Land Servicing

Turning infrastructure investments into a policy of increasing land supply and servicing the unserviced but settled periphery would have a significant impact on distribution if two elements were involved. First, if in fact the increased supply of serviced land does lower the price of low-income subdivisions and increase accessibility. And second, if the costs of public infrastructure are equal to or less than actual costs for similar investments in other subdivisions. That is, infrastructure policy can be designed to have an explicit and rather immediate impact on distribution by carefully considering not only timing but also who benefits and who pays for costs. Its effect could also be rather immediate, depending on the aggressiveness of the agencies and the financial priority given to such a policy within the urban sector.

* Recent writing, however, contradicts this hypothesis on the grounds that legislation on informal housing brings with it many responsibilities as well as costs, such as municipal taxes which are then transferred to households and result in higher housing payments. See Leeds, Processes, op. cit.

There would be no serious technical difficulty involved in accelerating infrastructure extensions since it would essentially involve doing what has been done before, only on a larger scale and with different development objectives in mind. It can be assumed also, that distributing urban services more equitably would receive broad political support, especially where community groups have been petitioning for years to receive those services. It could, perhaps, encounter opposition if such a policy would also mean significantly lowering the service levels or considerably raising their price in the formal, upper-class subdivisions in the case of heavy cross-subsidization.

If acceleration of infrastructure extensions were not designed to be self-financing, but were dependent on higher public subsidies to ANDA and the Ministry of Public Works, there would be financial constraints as well as implications for economic growth, since resources from other sectors would have to be channeled into investments in urban services.

This policy intervention would be consistent with and complementary to other functional urban reform policies proposed since it focuses on improving the functioning of the present urban development processes by making them more socially responsive. In part, infrastructure policy can also be target group specific, through differential changes based on consumption rather than by physical design, since by their nature, service networks cannot efficiently skip over land according to income. This policy, however, does not seem to pose any problems in terms of the context specificity criterion.

Policy N°4:

Shifting Housing Finance to Land Conversion

The significant shift in the emphasis of government backed housing finance away from construction and towards land conversion and subdivision, especially for small-scale informal subdivisions and lower-income plot purchasers, could potentially have a direct and important impact on distribution or, at the very least, neutralize the regressive nature of present usurious financing of lot acquisition in colonias ilegales, by making available formal credit and decreasing the use of high cost short-term loans.

The impact of such a financing policy for land could be short-range, since the substitution of informal for formal credit would be immediately felt in the household budget once the policy was instituted. Although such an intervention would not pose serious technical obstacles other than those involved in changing the form and legislation of housing guarantees, it could face bureaucratic as well as political opposition from the mixed public-private housing finance associations under FNV which might fear either not being able to recuperate investments or high arrearage or both. This could be counterbalanced, however, by an aggressive and carefully conceived collections policy.* Thus, making regular commercial credit available for informal settlement finance would, in all likelihood, receive broad political support from the popular sectors.

In addition to not having any significant impact on overall economic growth, such a credit policy would be consistent with other components and land interventions outlined under functional urban reform, and

* Contrary to what was expected, the Housing Foundation in El Salvador has the lowest arrearage rate of all housing agencies: 1.35 per cent of its debt, even though it deals with the lowest 40 per cent of the urban income distribution scale and its projects are dispersed in five cities in addition to the Metropolitan Area. See: "Análisis de Mora Por Antigüedad de Saldo", (Informe Mensual), Fundación Salvadoreña de Desarrollo y Vivienda Mínima, December, 1977.

would also be an important complement to them. This policy would also rate well in terms of the target group specificity criterion, since it would involve making the present housing finance systems responsive to the settlement needs -especially land acquisition- of the informal sector. In addition, it would be fairly appropriate in the urban and national development context of El Salvador.

Policy N°5:

Introduction of Land Taxation

Fiscal measures are conceived with the objectives of increasing land supply, inducing early and efficient development, increasing accessibility of urban land, and broadening the tax base for financing urban development. The impact distribution of all of these tax instruments would be indirect; however, depending on the intensity and efficiency of the fiscal measures, the effect could be significant, especially over the medium and long terms.

Each of the various land tax instruments however, imply different issues in terms of both technical and administrative complexity and political support and opposition. For instance, one-time taxes for betterment derived from specific projects have already been treated in the context of El Salvador and would in all probability pose no serious difficulties or opposition. Valorization taxes for financing urban development would imply going a step further and require significant staff training as well as some mobilization of political support. With the increasing efficiency of the tax collection system in El Salvador, and according to the extensive experience in Colombia, administrative and political obstacles do not seem entirely insurmountable. On the other hand, specific taxes for land that is

left idle, inefficiently used or does not conform to zoning regulations would involve less technical and administrative complexities.

The recent literature on world-wide experience of urban land taxation indicates that, when used with other urban planning and control measures, fiscal measures can be effective instruments of urban policy. Seen as part of an urban policy mix, tax instruments are necessary complements to procedural urban reform. In addition, tax policy instruments lend themselves to target group specificity, if progressively designed according to income or asset distribution by increasing the contribution of the higher income and decreasing it for the lower-income sectors. Except for a valorization tax, which might be interpreted as running counter to a constitutional clause prohibiting specific purpose taxes, the other land taxes outlined could be easily adapted to the local fiscal structure.

Policy N°6:

Continuous Advance Land Acquisition

A significant increase in continuous project specific land acquisition by government, not only for public uses but also for government-supported low-income housing would, if carried out on a significant scale, have an immediate impact on distribution by: transferring land appreciation derived from public infrastructure investments to households; permitting more efficient and equitable distribution of public services; internalizing the economies of scale derived from large-scale project design and management; and last, by probable effect on the structure of prices in the colonias ilegales and mesones. Increased public land acquisition could also have a fairly immediate impact if carried out continuously according to the annual requirements of the housing targets.

Although there would be no more serious technical problems in acquiring land for public projects than there are now in the various urban institutions, on a larger scale it might possibly involve serious administrative constraints and possibly inter-institutional conflicts given the present and increasing land shortage, in addition to lending itself to graft and corruption. Increasing land acquisition through public purchase would attract political support from those benefiting from the measure, but could give rise to political objections from landowners if acquisition implied extensive expropriation.

Perhaps the most important advantage of continuous public land acquisition would be that, if done systematically, it could reduce the proportionate cost of the land component within government sponsored housing units, assuming that land is transferred at cost without the addition of profit for an intermediary. Public acquisition of land through purchases, even if done on an annual basis, would, however, imply significant public resource outlays that could detract from other investments. In addition, it could also spur land appreciation.

A continuous public land acquisition policy for projects and public facilities, however, would be consistent with previously outlined policy components and instruments, and if effectively oriented towards the colonias ilegales and mesón household levels, would be target group specific.

Policy N° 7

Acquisition of Development Rights

Development rights legislation and administration (or "land readjustment," as it is referred to in Asian countries and "land pooling" in Australia), involves transferring to the State the exclusive right to develop

and convert land to urban use without direct public acquisition. In the Korean experience, acquisition of development rights for specific project areas has implied no direct effect on distribution because original land owners are allowed all the benefit from land appreciation, the State keeping only enough land to cover conversion costs. However, development rights instruments as proposed here would have considerable impact on distribution because owners would be compensated only for non-urban land value or little more than that, thus considerably increasing the portion of urbanizable land kept by government for government backed projects or for resale. In addition, if this land policy is introduced in order to keep ahead of development pressure through government initiative, rather than as a result of landowners' petitioning as in Asian countries, increased supply would presumably keep down the price of development plots.*

Once enacted, the impact of such legislation would be immediate and would potentially release significant amounts of land adjacent to the Metropolitan Area withheld from development, especially that which is located in the valleys to the East and to the West, as well as in the principal growth area of Apopa further to the North. In terms of technical viability, many procedural questions have been raised by various authors** on the Asian land "readjustment" experience, especially in terms of the complexity of establishing costs and benefits, but none seem particularly insurmountable in the context of El Salvador. For all the technical and social

* A critical evaluation of the impact that land readjustment projects have in supplying inexpensive land in Korea has been made by Hwang, op. cit., p. 499-502, who concludes: "Given the available policy instruments provided in the various legislations for public housing, the supply of the urban land could be increased at much lower cost, either through some alternative land development method or through a modified LRP approach."

** Especially in Doebele, Selected Issues, op. cit.; and Shoup, op. cit.

drawbacks mentioned with respect to the four housing agencies, the growth of the FNV Savings and Loan System, the swift implementation of the Social Security legislation of Fondo Social, as well as the significant extension of the Housing Foundation's sites and services settlements, indicate that land readjustment would not be a difficult technical or administrative process in the context of El Salvador.

What is more difficult to assess is its political viability, especially after the controversial Agrarian Reform attempt of 1976. In the case of the San Salvador Metropolitan Area, the support of the handful of large landowners could be achieved either through a greater proportionate sharing of the benefits of public conversion or through the creation of mixed public and private development corporations to share in such benefits. This course of action has two serious drawbacks, however; it does not keep developed land prices down, and it does not solve the issue of distribution of rent gains. Smaller-scale land owners and speculators would be similarly affected, especially by the close supervision of illegal developments, unless progressive differential sharing were established according to the size or value of land converted. Public acquisition of land development rights would, however, in all likelihood, attract wide support not only from the popular sectors but also from the construction industry and the housing finance agencies that daily face the serious issue of lack of land in the Metropolitan Area.

As opposed to periodic land acquisition or to large-scale land banking, acquisition of development rights involves no payments for land and therefore no substantial mobilization of public resources, since compensation to original owners is in the form of developed land. This has the advantage of not deflecting national resources for land acquisition.

Land development rights would be consistent with and complementary to the previously outlined urban reform components of a procedural nature, as well as to the land policy instruments described above, by:

- a) making land planning and coordination effective;
- b) recovering investments from the increased infrastructure servicing;
- c) utilizing the existing housing finance systems for lower-income plot development and purchase; and
- d) greatly facilitating public acquisition of land for specific public uses, especially low-income settlements.

Acquisition of development rights, however, would not be consistent with - perhaps would even be contradictory to - valorization taxes, unless these were only applied to areas not so designated. In addition, development rights policies would be inconsistent with or unnecessary to the public land banking policy described below, since both accomplish similar objectives but through very different processes of public intervention.

Although acquisition of development rights would, under a procedural urban reform model, aim to benefit the lower two thirds of the urban income distribution, in all likelihood, upper-middle and possibly upper class households would also benefit from the opening up of the land market through public development, thus making the instrument broader based and less target group specific than others. The advantage would obviously be broader political support.

Public intervention in the private land market through the acquisition of development rights seems to be more appropriate in the present context of El Salvador than other forms of strong public intervention, principally because it avoids the pitfalls of public management of large and unutilized areas, requires no capital outlays, involves no expropriation, satisfies an ever more frequently voiced concern about the lack of urban land

availability and has in addition the potential of having a progressive effect on distribution.

Policy N° 8:

General Land Banking

The last area of policy intervention outlined in relation to land access issues under a procedural urban reform refers to extensive public land banking as has often been proposed in El Salvador, not only for specific public projects but for directing future development, both public and private, and for reducing overall land price appreciation.* Although it has not always been the case in developing countries that have attempted land banking, this policy approach can have a significant impact on distribution if government becomes the principal or exclusive converter of land. Additional impacts on distribution can be achieved if land is purchased before it is serviced at a price not far above its present-use value and the betterment accruing to government due to the provision of services is used for cross-subsidization, or at the very least, induces lower land prices by increasing the supply of serviced plots. On the other hand, if government does not use compulsory purchase, but acquires land on a small scale and compensation is not at present-use value, then not only is its impact on distribution severely limited, but also the objective of keeping land prices low and influencing development is questioned.

In terms of time horizon, land banking can potentially have immediate as well as long-range effects. In the Metropolitan Area the effects would be immediate if two or three of the largest extensions of pri-

* Ibid., pp. 92-99.

vately held, undeveloped land were acquired for making available serviced areas for the 1978-1982 Housing Sector Plan. Long-range impact could also be achieved if land banking made the government the main or only converter of land, as in Sweden and the Netherlands.

Land banking experience in developing countries, however, has revealed several technical and administrative issues that would have to be given careful consideration in the context of El Salvador, especially: a) the very real possibility of dishonest practices in both the acquisition and the disposal of land; * b) the appropriate institutional location of the land bank agency within the present anarchy of urban development institutions; c) the need for criteria for allocating serviced land among the four principal housing finance agencies and their developers, and between these and other competing non-residential uses; d) the relative ineffectiveness of the present general expropriation legislation for eminent domain purposes; and e) the public management implications of large-scale land areas during the transition period between acquisition and conversion.

Although some of these issues can be resolved by careful institutional and legislative design, they would be further complicated in El Salvador by political opposition from land owners, -large, medium and small - not willing to sell at present-use value and from developers that have purchased land at higher values based on future use and expecting greater rent gains from resale. As with other measures that directly increase land supply for the lower-income sectors, if land banking is accomplished on a large enough

* Donatus C. Ifebueme Okpala discusses this issue in the Nigerian context: The Potentials and Perils of Public Urban Land Ownership and Management: A Case Study of the Lagos Executive Development Board, (Nigeria) 1928-1972, Department of Urban Studies and Planning Dissertation, Massachusetts, Institute of Technology, 1977, especially sections 5.2 and 5.3

scale to effectively lower plot price, it would have broad popular support, especially with the projected scale of housing production in the next Five Year Plan.

Perhaps the single most important difficulty with land banking concerns the public resources required to purchase large amounts of peripheral land, which could potentially detract significant amounts from other investments in the same sector as well as in other sectors. In addition, if the distributional objectives of land banking are not clearly stated, the agency could possibly decide not to distribute appreciation gains to low-income households, but rather allow land banking to become an additional revenue source for general public finance.

Land banking would, however, be consistent with the other procedural urban reform measures outlined, except perhaps with the acquisition of development rights because both would accomplish similar objectives. As a policy for increasing land supply for low-income settlement, however, general land banking does not lend itself to target group specificity unless allocation criteria are written into the law. A local example of such a risk is IVU's frustrated San Bartolo project: after years of negotiation, the large area acquired by IVU in eastern San Salvador was eventually used for private industrial development, rather than low and middle-income housing as planned.

Finally, land banking's context specificity is not easy to assess, even though it has been in the minds of policy makers and discussed in technical documents since the late 1960's in El Salvador, unless considered within the overall urban policy and institutional framework. To quote Doebele's assessment of the Swedish experience and his conclusions on land tenure issues in development contexts:

...the favorable results in Sweden have not resulted only from the use of large-scale public ownership, but from an 'intricate complex of interlocking and mutually self-supporting institutions all focused on common objectives.'*

When it comes to actual translation into policy, however, it should never be forgotten that the national, or even local, context of each project, the institutional milieu in which it will be placed, and the exact nature of the parties with interest in its effective execution must have major effects on policy decisions concerning appropriate tenure arrangements.**

as well as Okpala's view of the Nigerian land-banking experience:

...while the theoretical potentialities of public intervention and management of urban land are immense, the realization of these potentialities is not necessarily always automatically a truism. The social, institutional and human setting in which they are applied, as well as the administrative competence of the government or public agency involved, always have much to do with whether, to what degree, in what ways, and which ones of the potential benefits can be realized.***

Structural Policy Interventions

In addition to the eight areas of policy intervention in a procedural urban reform, two additional interventions in a structural urban reform were outlined: 1) designation of all or most of the urban periphery for long-term public leasehold and 2) nationalization of all land making it a non-transferable resource, or technically valueless.

Policy N° 1:

Public Leasehold of All Developable Land

The designation of all of the developable urban periphery for permanent public leasehold in a structural urban reform as outlined would be

* William A. Doebele, A Commentary on Urban Land Policy in Sweden, Urban and Regional Economics Division, World Bank, 1974, as quoted in Shoup, op. cit., p. 97.

** Doebele, Selected Issues..., op. cit., p. 84.

*** Okpala, op. cit., Section 8.1.

simply achieved through governmental decree rather than through negotiated acquisition and paid for at present-use values. Land would be leased to homeowners rather than sold after conversion, as has been the case in traditional land banking.* The impact on distribution of such a policy would be clear, since, on the one hand, there would be no rent gains derived from future use to owners of undeveloped land, and on the other, households would only pay a fee for long-term lease rights. The impact would be both immediate and long-range, according to the pace of public conversion of land for lower-income settlements.

The management of the entire developable urban periphery within a public agency implies similar technical and administrative constraints as those indicated for large-scale land banking, except that since public land reserves are not subject to either purchase or resale no cash transfers take place and therefore there would be little possibility of corruption. In addition, there would be no need for complex eminent domain legislation or for negotiated purchases since the State would be the legal converter of all potentially urban land at the periphery.

As in other structural policy interventions that require extensive government participation in the urban development process, public ownership of all the developable fringes through decree or through urban reform legislation would be consistent with and complementary to a national development model that sees urban policy principally as a means of achieving social justice. Although under the present development model of El Salvador it would be politically untenable, since it would not only imply significant

* In Sweden, however, Doebele found that except for the largest cities, the trend was toward sales of public land reserves: 20 out of 279 municipalities regularly used leasing and only an additional 10 used it selectively. In: Doebele, Sweden..., op.cit., p. 67.

losses to landowners in terms of expected future use gains but also be equivalent to expropriation of large extensions of potentially urban land at present use value, it would be consistent with a structural urban reform.

Public leaseholds of all the developable periphery would also be target group specific because the principal objective for such policy intervention would be the achievement of greater equality in access to land, especially for the lower-income families.

By definition, such a policy would satisfy the context specificity criterion only under a structural national development model.

Policy N° 2:

Nationalization of Land

An alternative land intervention would involve nationalization of all land, not just the developable fringes, either by declaring it a non-transferable public resource and assigning it to household use through leases, or by declaring it valueless.*

Impact on distribution would be significant since the policy would not only affect future development but also tenure in the presently developed areas of cities. In terms of time horizon, this intervention would

* Little has been published in western planning literature on the efficiency and impact of urban development using nationalized land as is done in Israel, Zambia, Tanzania, Cuba or other socialist countries, although there is an increasing amount of literature on urban planning in such a context. See, for instance, Robert J. Osborn and Thomas Reiner: "Soviet City Planning: Current Issues and Future Perspectives" and Jack C. Fisher "Planning the City of socialist Man" in Journal of the American Institute of Planners, Vol. 28, N° 4, 1962, as well as "Socialist City Planning: A re-examination" by Zygmunt Pióro, Milos Savić and Jack C. Fisher, Journal of the American Institute of Planners, Vol. 31, N° 1, 1965. Also see more recently the work by Thomas A. Reiner and Robert H. Wilson, "Planning and Decision Making in the Soviet City: Rent, Land and Urban Form Considerations," in Ian Hamilton and Tony French, eds., Socialist Cities, Wiley, London, forthcoming.

also have immediate as well as longer-range effects.

Because public ownership of urban land would require public management of not only the fringe but also the developed portions of cities, the technical and administrative complexities identified above would be increased because of the need for centralized decision making.* Similarly, political resistance would mount to include all urban property owners, large and small, rather than only those affected at the fringes. And, although such strong public intervention would be consistent with a structural urban policy and national development model, it also might be questionable whether in a context with no recent tradition of either communal or tribal ownership as in Africa, or of extensive public ownership as in previous British colonies, government ownership and control of all land would be culturally acceptable.**

* Kaplan in "Reforma Urbana," op. cit., admits that among the unresolved issues of the Cuban Urban Reform is "the lack of an adequate system for transferring housing units due to changes in work place or the number of members in a family..."

** The Cuban Constitution project guarantees individual property in land and housing and provides for expropriation and indemnization due to public interest in Articles 22, 24 and 25, in "Anteproyecto de Constitución de la República de Cuba," Estudios Centroamericanos, Vol. 30, N° 318, April 1975, p. 236.

6.5 Summary of Proposed

Land Policies

Since access to land is a key factor both in the production of new housing units affordable by the low-income sectors - formal or informal - and in the control and regularization of the large, informal housing stock, urban land policy is central to an urban reform with distribution objectives under any development model.

In the particular context of El Salvador, overall national scarcity of land and concentrated land tenure, the location of cities in highly productive agricultural valleys with difficult topography, and governmental action that unreasonably restricts large developable fringe areas, have all severely limited the supply and conversion of urban land in both the formal and informal sectors.

On the demand side, very high national and urban population growth rates, highly skewed income distribution patterns and very low levels of disposable income for housing in the popular sectors all call for public definition of an explicit urban land policy component in a procedural urban reform. The general goal of a land policy that favors distribution would be to encourage or insure processes of land conversion and allocation that enable the poor to benefit more fully from urban development, rather than, as in the past, being further disadvantaged by it. In a more structural land policy reform the goal would be to use urban development primarily as an instrument for social justice.

Eight principal areas of land policy were identified under a procedural but substantive urban reform consistent with El Salvador's general development model. Because the policy instruments outlined were framed with distributional objectives in mind, all tend to improve to a greater or lesser degree the relative share of access by the lower-income families to urban land.

Indirect measures in the land market, such as peripheral land planning, flexible urban development controls, extensive land servicing, shifting housing finance to land conversion finance and, to a certain extent, some of the tax policies reviewed, can all be accomplished without significantly altering the stated objectives of the 1978-1982 National Development Plan and with no negative impact on overall economic growth, although they would require significant reorientation of priorities and strategies in the urban sector.

More direct intervention in the land market, such as larger-scale but project based and continuous public land acquisition by housing agencies would also fit the stated objectives of the present development policy but would require an adjustment of priorities and basic strategy, so that in effect advance acquisition lowers prices and increases supply for government-supported projects rather than increasing land shortage and competition.

The other two direct interventions in the land market - development rights and land banking - make government the principal actor in the land conversion and allocation process in fringe areas, necessary not only to achieve a more equitable distribution of access to urban land resources, but also to achieve overall urban development efficiency and coordination and control of overall land price appreciation.

Although land banking has been publicly discussed as an answer to urban land scarcity in El Salvador since the late 1960's and in the long run

can have greater impact in terms of distribution and efficiency than other interventions, it poses complex administrative, financial, allocation and integrity issues that would have to be carefully considered in the present institutional context.

The alternative, but direct, intervention in the land market proposed under a procedural urban reform is public acquisition of development rights of most or all of the periphery, making government the principal or even sole converter and allocator of land, without actual acquisition prior to development. Although most existing models of legislation on development rights have not been conceived with a view to affect distribution and, as a consequence, governments have only kept enough land to pay for conversion costs, as proposed here, the State could capture all or most of the betterment either for general social benefit or for direct redistribution to lower-income households. In addition, if public acquisition of land conversion rights were based on land prices at present use value, or not far above it, this would have significant impact in terms of reducing price appreciation as well as increasing overall availability, especially in the Metropolitan Area of San Salvador.

Thus, direct public development of large potential urban areas, either through land banking or through extensive acquisition of development rights would, in addition to fulfilling the objectives of reducing or suppressing illegal and private land subdivision markets, open up the supply and distribution of urban land and fulfil the ambitious 1978-1982 Housing Sector targets, allow greater economies of scale, permit efficient and planned subdivision layouts, and insure greater coordination of government investments with actual development. Acquisition of land development rights, however, would accomplish these objectives without public management of unconverted lands, capital outlays

or, perhaps more important, expropriation.

There is, however, a substantial difference between the procedural and the structural policy interventions in urban land outlined and is centered principally on: the emphasis of impact in terms of distribution, the intensity of public intervention, and the degree of conformity to institutional objectives, constitutional goals and the general national development model. This dichotomy becomes especially evident when considering the public freehold alternative for the urban fringe, or for all land, since that alternative aims at altogether changing the rules governing the urban development process through a redefinition of the nature of tenure.

Although both hypothetical urban reform models would widen the popular base of support in relation to past government action with respect to land supply and distribution, it seems safe to assume that the more direct and intensive public intervention, the greater the opposition to be expected from the established power groups in the present context of El Salvador.

TOWARDS ALTERNATIVE DISTRIBUTIONAL URBAN STRATEGIES
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and Housing Policy in El Salvador

Vol. II

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Appendix I

SUMMARY OF IMPORTANT EVENTS IN URBAN POLICIES
AND PROGRAMS IN EL SALVADOR: 1930 to 1978

Appendix IGestation Period: 1930-1950
(General Martínez' Dictatorship)

- 1930: First official Population Census conducted in El Salvador.
- 1932: Creation of the National Council of Social Defense (Junta Nacional de Defensa Social) after the peasant uprisings in Eastern El Salvador.
- 1934: Creation of the National Mortgage Bank (Banco Hipotecario de El Salvador) to finance housing in addition to productive investments.
- 1935: First public housing units built in El Salvador.
- 1942: Creation of Social Betterment (Mejoramiento Social) and elimination of Social Defense.
- 1949: First National Housing Diagnosis carried out pointing out seriousness and magnitude of urban housing conditions, especially in mesones.

Constitutional Period: 1950's
(Colonel Oscar Osorio's "Populism")

- 1950: New Constitution substitutes liberal Constitution of 1886 with a scheme of the "State as promoter of Public Welfare".
- 1950: Creation of the Department of Urbanism and Architecture (Dirección General de Urbanismo y Arquitectura, DUA) within the Ministry of Public Works to "plan and control" urban growth.
- 1950: Creation of the Institute of Urban Housing (Instituto de Vivienda Urbana) for public intervention in housing supply through production of "social interest" units.
- 1950: Creation of the Rural Colonization Institute (Instituto de Colonización Rural) for the colonization and settlement of peasant families in rural areas.
- 1950: Second National Population Census carried out.
- 1951: Passage of the "Law of Urbanism and Construction" enabling urban planning legislation as well as requirement for presenting all subdivision and construction plans for official approval.
- 1952: First "Expropriation Law" enacted for public housing construction, reformed in 1975.
- 1954: First Master Plan for the San Salvador Metropolitan Area, under the newly created DUA.
- 1955: Passage of the Law of Regulating Plans (Ley de Planes Reguladores) under DUA.

- 1956: First Metropolitan Street Plan and Approval of Urbanism and Construction Law.
- 1956: First multi-family four-story apartment buildings (multi-familiares) initiated by IVU as a new approach to urban housing.

Alliance for Progress Period: 1960's
(Colonels Rivera and Sánchez Hernández)

- 1961: Consolidation of Water and Sewer functions previously under municipal control in the National Administration of Water and Sewerage (Administración Nacional de Acueductos y Alcantarillados, ANDA).
- 1961: The Second Housing Census is carried out in El Salvador (again only in urban areas) in addition to the Third Population Census.
- 1962: First loan of the Interamerican Development Bank for massive housing construction to IVU.
- 1963: Creation of the National Housing Finance Agency (Financiera Nacional de la Vivienda, FNV) and the System of Savings and Loan Associations.
- 1964: ¹⁹⁶² The creation at presidential level of the National Council for Economic and Social Planning and Coordination (Consejo Nacional de Planificación y Coordinación Económica y Social, CONAPLAN) as well as the first enabling legislation on regional planning.
- 1964: First National Plan (Plan de la Nación para el Desarrollo Económico y Social) for the period 1964-1969, including sectoral diagnosis on Housing, Community Facilities and Urban Infrastructure, as well as the first regional diagnosis and proposal made in El Salvador.
- 1965: First loan from USAID to the FNV System.
- 1966: Initiation of the first studies of METROPLAN 80, under a USAID grant, after the 1965 earthquake that struck San Salvador.
- 1966: First units produced by IVU for less than US 1,000 dollars (2,500 colones) for "emergency" housing.
- 1967: Second "National Plan" for the Period 1968-1972.
- 1968: Second Housing Diagnostic Study conducted, under DUA's METROPLAN-associated efforts, which included first quantification of population, land and service levels involved in all major informal housing types in the Metropolitan Area.
- 1968: First institutional study of urban planning and management conducted, as part of the METROPLAN associated studies, recommending the creation of an Urban and Regional Department within CONAPLAN.

- 1968: First flexible multi-category subdivision controls drafted by DUA.
- 1969: First Metropolitan Planning Simposium and formal presentation of METROPLAN 80.
- 1969: Border war with Honduras, significant migration of Salvadoran Nationals repatriated and first use of the term "urban reform" by a Salvadorean President.
- 1969: Creation of Development and Community Cooperation (Fomento y Cooperación Comunal) to promote community projects financed by government and mutually-aided labor.

Seventies Decade

(General Sánchez Hernández and Colonel Molina)

- 1970: The legal creation of the Salvadorean Foundation for Development and Minimum Housing (Fundación Salvadoreña de Desarrollo y Vivienda Mínima) as a private, non-profit, community development and housing institution.
- 1970: Legal constitution of the Department of Urban and Regional Planning (Departamento de Planificación Urbana y Regional) within CONAPLAN, although it had been functioning informally within the Infrastructure Division since 1966.
- 1971: Publication of the third Housing Diagnostic Study (Diagnóstico Habitacional de la República de El Salvador) with intersectoral participation, as well as the first 10-years housing demand projections (Pronóstico...1981) and the first outline of a National Housing Policy for El Salvador, never officially sanctioned.
- 1971: The Third Housing Census is carried out in El Salvador (First time in rural areas) in addition to the Fourth Population Census.
- 1972: Third "National Plan" for the period 1973-1977.
- 1972: Passage of the first Condominium Legislation (Ley de Propiedad Horizontal).
- 1973: Creation of the Social Fund for Housing (Fondo Social para la Vivienda) as an extension of the national Social Security System modeled on the Brazilian and Mexican counterpart agencies.
- 1973: Inauguration of the first major-scale sites and services project in El Salvador of the Housing Foundation.
- 1974: IVU finishes its first squatter upgrading project in the port city of Acajutla, after 3 years of preparation.
- 1975: First World Bank Loan and Credit approved for 7,000 sites and services project in El Salvador for the Housing Foundation.

- 1975: Creation of the Salvadorean Institute of Agrarian Transformation (Instituto Salvadoreño de Transformación Agraria, in substitution of ICR for the execution of El Salvador's first attempted Agrarian Reform.
- 1975: ANDA initiates for the first time a program for the extension of water and sewer trunk lines to informal urban settlements in El Salvador.
- 1975: FOCCO initiates the financing of productive and educational enterprises in addition to community facility projects.
- 1975: First employment and income study focusing on the informal sectors conducted in any depth, under the auspices of the International Labor Organization and PREALC.
- 1975: Transformation of CONAPLAN into a Ministry.
- 1976: MINPLAN initiates, under the sponsorship of UNDP and IBRD four urban studies on: land tenure, housing finance, institutional structure and housing rehabilitation, later consolidated as two studies.
- 1976: First large-scale Agrarian Reform District is created by Law and then repealed three months later.
- 1976: German Mission terminates housing diagnosis (4th) as well as urban planning and management study (3rd) for the reorganization of the sector.
- 1977: Second World Bank loan and credit approved for 8,000 sites and services project in El Salvador for the Housing Foundation.
- 1977: First World Bank loan for a Large-Scale Pilot Project in Squatter Upgrading through IVU, and first project on small Business Loans through the Federación de Cajas de Crédito.
- 1977: FNV raises its housing limits to US 48,000 dollars (120,000 colones).
- 1978: FSV raises its housing limits to US 12,000 dollars (30,000 colones).
- 1978: Ministry of Planning terminates first national housing upgrading study under UNDP-IBRD sponsorship, as well as the fourth urban planning and management study.
- 1978: Fourth "National Plan" for the period 1978-1982, included objectives of "upgrading" and recognized importance of informal housing production.

Appendix II

INSTITUTIONAL SUMMARIES

Appendix II

The institutions that have had direct or indirect influence on urban development, the distribution of land and the production of housing in El Salvador are described in the following appendices.*

A standard format has been used which includes the following information:

1. legal name, 2. common name, 3. abbreviation, 4. legal base and duration, 5. important legal modifications, 6. objectives, 7. description of the institution, 8. background, 9. beneficiaries of the programs and policies of the institution, 10. sources of financing, 11. administrative structure, 12. summary of achievements.

The institutions related to housing policy in El Salvador included in the following appendices are:

- A. Mejoramiento Social (Junta Nacional de Defensa Social): created October 24, 1932.
- B. Banco Hipotecario de El Salvador: created December 18, 1934.
- C. Dirección General de Urbanismo y Arquitectura: created December 23, 1950.
- D. Instituto de Vivienda Urbana: created December 29, 1950.
- E. Instituto de Colonización Rural: created December 29, 1950.
- F. Financiera Nacional de la Vivienda: created March 13, 1963.
- G. Ministerio de Planificación y Coordinación Económica y Social; formerly Consejo Nacional de Planificación y Coordinación Económica: created in 1962 and transformed into the Ministry in 1976.
- H. Administración Nacional de Acueductos y Alcantarillados: created October 17, 1961.
- I. Dirección de Desarrollo de la Comunidad del Ministerio del Interior, formerly Fomento y Cooperación Comunal por Esfuerzo Propio y Ayuda Mutua (FOCCO): created January 1st., 1969 and transferred to the Ministry of the Interior in 1977.
- J. Fundación Salvadoreña de Desarrollo y Vivienda Mínima: founded in September 1968, and became legally constituted in 1970.
- K. Fondo Social para la Vivienda: created May 17, 1973.
- L. Instituto Salvadoreño de Transformación Agraria: created June 24, 1975.

* These appendices were prepared with the help of Porfirio Cerritos and Raúl Castro and appeared in Harth Déneke, "Hacia una Política Urbana", Vivienda Popular Vol. IV, op.cit., pp. 97-129.

Appendix II AMEJORAMIENTO SOCIAL

LEGAL NAME: Mejoramiento Social (Social Betterment)

COMMON NAME: Mejoramiento Social

ABBREVIATION: None

LEGAL BASE AND DURATION: Created October 24, 1932 as Junta Nacional de Defensa Social and was formally abolished in 1950.

IMPORTANT LEGAL MODIFICATIONS: Converted in 1943 into a corporation under the name of Mejoramiento Social, Sociedad Anónima. In 1945 it was transformed into a Public Purpose Autonomous Institution known simply as Mejoramiento Social. It was formally abolished in 1950 after the creation of the Rural Colonization Institute and the Urban Housing Institute.

OBJECTIVES: According to the law creating Mejoramiento Social it was to be a Public Purpose Autonomous Institution whose objective was to contribute to the raising of the economic level of the Salvadorean people by offering them urban and rural housing units and plots, as joint family assets, and stimulate and develop national production. The following activities were to be carried out as a means of achieving these objectives:

- a) Financing of forestation, land subdivision and colonization projects; facilitating access to land in good condition to peasants who wished to acquire such assets;
- b) Selling, either cash or through time payments the land it owns; either in one block, in small plots or in the form of small farms. The land that was sold had to become a "joint family asset" if the price of the same did not exceed US 6,000 dollars (15,000 colones).
- c) Acquiring the real estate and assets it deemed essential for the formation of corporations in whose organization and constitutions it directly intervenes; also receiving, acquiring and conserving in the name of third parties real estate which it could subdivide and colonize.
- d) Contributing in direct or indirect form to the solving of the problems of urban rental units in the country.
- e) Building low cost-housing, mesones or apartments.
- f) Building houses for employees, up to a cost of US 8,000 dollars (20,000 colones) when and if the beneficiary provides the lot and assumes "moral responsibility".
- g) Organizing and administering of a savings department for peasants.
- h) Establishing free emergency clinics.

DESCRIPTION OF THE INSTITUTION: The sphere of action of Mejoramiento Social extended to the rural as well as the urban areas. In the rural areas its purpose was to increase small land holdings, production and the construction of rural housing as a means of improving social well-being. In the cities, it was to construct low-cost housing for the low-income sectors.

HISTORICAL BACKGROUND: The institution was created on October 24, 1932 as the Junta Nacional de Defensa Social, only a few months after the peasant uprising which took place that same year. It was thus one of the first social measures enacted by the government of Martínez as a consequence of the serious social and economic crisis the country was going through at that time. This was demonstrated by its stated objectives of "studying and offering solutions to the serious problem of the unequal distribution of rural land and to the problem of urban housing".

BENEFICIARIES: Peasants and the low-income urban sectors, including salaried workers or employees to whom the law makes specific reference.

SOURCES OF FINANCING:

- a) All the real estate other property and general belongings presently administered by Mejoramiento Social created by Legislative Decree No. 70 on May 2, 1945;
- b) All the contributions and taxes created by different laws in favor of Mejoramiento Social; and those which may in the future be created in favor of the institution;
- c) All the profits earned by the institution in the fulfilment of its functions.

ADMINISTRATIVE STRUCTURE: The government of Mejoramiento Social will be the responsibility of a Board of Directors constituted as follows:

- a) a President, who will be the President of the Republic;
- b) a Vice-President and four Directors, appointed by the Executive Branch of Government from the Ministries of Agriculture, the Economy, Social Assistance and Development, in that order.

SUMMARY OF ACHIEVEMENTS: In the area of housing, the organization allocated 525 units in 19 years of existence, 170 of which were built in 1949. The cost of the units oscilated between US 715 and US 4,166 dollars (1,789 and 10,416 colones).

Appendix II BBANCO HIPOTECARIO DE EL SALVADOR

LEGAL NAME: Banco Hipotecario de El Salvador

COMMON NAME: Banco Hipotecario

ABBREVIATION: B.H.E.S.

LEGAL BASE AND DURATION: The Bank was created by a law enacted on December 18, 1934.

IMPORTANT LEGAL MODIFICATIONS: None

OBJECTIVES: According to Art. 3, the main objective of the Bank will be: 1) to extend loans backed by mortgages; and 2) to issue its own liabilities in the form of securities, debentures or other certificates of title.

DESCRIPTION OF THE INSTITUTION: The Bank is licensed by the State and operates as an autonomous commercial institution whose shareholders, by law, are the Coffee Growers Association, the Stock Farmers Association and other private individuals. It operates like any of the other private banking institutions but is financially guaranteed by the State.

HISTORICAL BACKGROUND: The consequences of the world-wide economic crisis of 1929 were deeply felt in El Salvador in the first half of the thirties. The serious limitations of banking liquidity, the frustration of the credit system by usurious capital, and the extraordinary increase in arrearage, are salient facts of this period.

The enactment of the Moratory Law, the centralization of banking through the creation of the Banco Central de Reserva de El Salvador, the creation of the Rural Credit Associations, and of the Junta Nacional de Defensa Social (Mejoramiento Social), among others, were measures aimed at economic and social reform introduced between 1932 and 1940 by the government of General Maximiliano Hernández Martínez, who imposed a dictatorship for thirteen years. One purpose of this economic policy was to methodically regulate credit. This gave rise to a plan to reform and reorganize the public and private economies. It was within this framework that the Banco Hipotecario de El Salvador was created.

BENEFICIARIES: As a credit institution, the Bank extends loans to natural or juridical persons who can provide mortgage security, and covers both various branches of production and the construction and acquisition of housing.

FINANCING: Initial capital of US 360,000 dollars (900,000 colones) divided into 9,000 shares of US 40 dollars (100 colones) each, underwritten as follows: Coffee Growers Association of El Salvador: 8,838 shares; Stock Farmers Association of El Salvador: 150 shares, and "Private persons must underwrite at least 12 shares".

The Guarantee Fund US 4,000,000 dollars (10,000,000 colones) was formed by taking 55 per cent of the profits from exportation of coffee to which the Bank is entitled.

ADMINISTRATIVE STRUCTURE: The governing bodies of the Bank are: 1. The General Board (of shareholders); 2. the Board of Directors, formed as follows: a President (appointed by the four directors); four Directors and their respective Alternates, appointed one each by the Board of Directors of the Salvadorean Coffee Growers Association, the Board of Directors of the Salvadorean Stock Farmers Association, the Ministry of Finance and the other shareholders. The President and the four Directors will also elect a Vice-President, who will be one of the Directors.

SUMMARY OF ACHIEVEMENTS: The activities of the Bank have included the extension of industrial, commercial and construction credit, the payment of debts and agriculture and cattle financing for coffee, cotton, sugarcane, basic grains and other products, cattle raising, agricultural diversification and agriculture and cattle development in general.

With respect to the capturing of resources, the Bank has depended on: 1) the placement of mortgage certificates; 2) time and sight deposits and savings; 3) bank loans. It has also maintained relations with the national and international financial system, including the use of lines of credit, rediscounts and other banking operations.

In terms of financing for housing, the Bank extended credit to finance 12,037 housing units for US 61,416,800 dollars, (153,542,000 colones) at an average unit cost of US 5,102 dollars (12,756 colones).

Appendix II CDIRECCION GENERAL DE URBANISMO Y ARQUITECTURA

LEGAL NAME: Dirección General de Urbanismo y Arquitectura
(Department of Urban Development and Architecture)

COMMON NAME: DUA

ABBREVIATIONS: D.U.A.

LEGAL BASE AND DURATION: Created by a legislative decree published on December 23, 1950. Before this date it was called the Dirección General de Obras Públicas, (Department of Public Works) which was created by executive decree on July 8, 1905.

IMPORTANT LEGAL MODIFICATIONS: None

OBJECTIVES:

- a) To administer the physical development of urban and potentially urban areas and to develop the technical instruments necessary for that purpose.
- b) To divulge and apply the laws and regulations relating to urban development, including the determining of set back lines and the review and approval of housing projects, buildings and subdivisions.
- c) To plan and carry out the construction, maintenance, repair and improvement of urban streets, storm drainage systems and public buildings; and
- d) To draw up plans and cost estimates for municipal works and those of other Ministries.

DESCRIPTION OF THE INSTITUTION: DUA is a Department of the Ministry of Public Works whose functions include the planning, control and carrying out of urban development projects.

HISTORICAL BACKGROUND: DUA emerged as such in 1950 after the change from the previous name of Department of Public Works, which occurred during the first year of the rule of Colonel Osorio (1950-1956), which was generally characterized by the intent to "modernize" the public administrative structure and by a significant increase in public investment.

BENEFICIARIES: The urban population of El Salvador.

SOURCES OF FINANCING: The organization operates with appropriations made annually in the National Budget. For the last fiscal year (1975) it received US 2.6 million dollars (6.5 million colones) for its investment capital.

ADMINISTRATIVE STRUCTURE: One general Director and one Assistant Director appointed by executive decree from within the Public Works sector. Below them there are several administrative and technical-administrative departments. DUA coordinates vertically with other state institutions as follows: Ministry of Public Works - DUA, Presidency of the Republic, CONAPLAN.

SUMMARY OF ACHIEVEMENTS: DUA has fulfilled the functions of planning execution and control of El Salvador's physical urban development as well as the care and maintenance of urban streets. One of its principal achievements is the enactment of several laws relating to urban development, such as the "Law of Urban Development and Construction" of 1951, and the "Law of Regulating Plans" of 1955. In 1968 it produced with CONAPLAN the studies relating to the Metropolitan Development Plan for San Salvador, METROPLAN '80, and the Department of Urban Development Plans, which replaced the previous Department of Regulating Plans was created. In 1969 DUA sponsored the Metropolitan Development Symposium to publicly present METROPLAN '80. During this event, the need to plan, coordinate, promote and control the development of the Metropolitan Area of San Salvador was discussed. This revealed the urgent need to strengthen DUA as a supervisory body for the execution of all urban development in El Salvador.

In spite of this, the structure and resulting efficacy of DUA have not been substantially modified until now. Its impact has only been felt in approximately 40% of subdivisions, since 60% of the population lives in unapproved subdivisions. Because of its low level in the public hierarchy, its emphasis on the planning and maintenance of urban streets and its limited resources, DUA has not achieved a multisectoral impact on the urban development of El Salvador.

Appendix II DINSTITUTO DE VIVIENDA URBANA

LEGAL NAME: Instituto de Vivienda Urbana (Urban Housing Institute)

COMMON NAME: IVU

ABBREVIATION: I.V.U.

LEGAL BASE AND DURATION: The Institute was created by a law passed on December 29, 1950.

IMPORTANT LEGAL MODIFICATIONS:

- a) Originally the Law set the maximum cost of housing units at US 10,000 dollars (25,000 colones). Subsequently, a decree enacted in 1961 reduced this amount to US 3,400 dollars (8,500 colones) for single family houses and US 3,800 dollars (9,500 colones) for apartments in multi-story buildings. At present, the maximum cost is US 6,000 dollars (15,000 colones) for any type of house.
- b) The Financing Law for the Instituto de Vivienda Urbana dated December 8, 1955, authorized the Instituto de Vivienda Urbana to issue nominative credit instruments, the income from which was to be used by the Institute to build medium-level housing.
- c) Legislative Decree No. 1346 of September 22, 1954, empowered IVU to allocate on its own account medium-level houses built by the Institute in excess of those that can be financed by the sale of bonds.
- d) The Law of the Issuance of Bonds of the Instituto de Vivienda Urbana, dated September 22, 1955.
- e) The Apartment Real Estate Law.
- f) The Land Expropriation Law of 1975 for the purposes of the Instituto de Vivienda Urbana, under which, when the Institute is unable to acquire by direct contract the land it requires for its purposes, it may obtain such land by an expropriation judgement, which will establish the amount of compensation to be paid.

OBJECTIVES:

Art. 2. The purpose of the Institute is "to promote the provision of hygienic, comfortable and economical urban dwellings for low and medium-income families".

Art. 2a. The cost of the dwellings referred to/the foregoing Article, including the value of the land and the improvements thereto, shall not exceed U S 3,400 dollars (8,500 colones) for single family units, US 3,800 dollars or (9,500 colones) for each apartment in

multi-story buildings. (Added by Decree No.356 of the Civic Military Directorate on October 23, 1961. D.O. No. 169, Vol. 193 of the same date).

DESCRIPTION OF THE INSTITUTION: The Instituto de Vivienda Urbana is a Public Corporation with economic and administrative autonomy, created by the Government in 1950 to solve the problem of urban housing "for low and medium-income families".

HISTORICAL BACKGROUND: In 1950 a new Political Constitution was enacted and the administration of Colonel Oscar Osorio began. These two events ended the transitional period of the "Revolutionary Government Junta" which emerged from the coup d'état of December, 1948 that overthrew the Government of General Salvador Castaneda Castro. The new Political Constitution of 1950, which replaced the typically liberal Constitution of 1886, established in El Salvador the concept of the "State as Promotor of the Public Good", by introducing principles such as:

- a) The State is responsible for assuring to the inhabitants of the Republic... economic wellbeing and social justice (Art. 2).
- b) The economic régime must be consonant with the principles of the public interest and social justice.
- c) The social function of private property is recognized and guaranteed.
- d) A régime of social rights: education, family and work.
- e) It is also declared that work is a social function; health is a public good and the construction of dwellings is in the public interest.

Under this concept laws were introduced with the aim of regulating matters of public interest such as urban housing and "rural settlement". Thus, from the earlier program of "Social Betterment" emerged two institutions which, between them, covered the areas previously the responsibility of the former: The Instituto de Vivienda Urbana and the Instituto de Colonización Rural.

BENEFICIARIES: Under the Law of the Instituto de Vivienda Urbana, the housing units built by the said Institution are to be allocated to low and medium-income families who possess no real estate and whose only income is derived from the work personally carried out by the members of the family.

In its Annual Report for the fiscal year 1973-1974 the Institute defines its area of influence as the population whose incomes range from US 40 to 80 dollars (100 to 200 colones) "low-income families" and from US 100 to 240 dollars (250 to 600 colones) "medium-income families".

However, the Diagnostic Housing Study of 1971 reported that up to that date, only 30 per cent of the IVU units were for the low-income strata, 50 per cent for the medium-income levels, 10 per cent for the medium-high sectors and 10 per cent for the high-income strata.

FINANCING: The funds of the Instituto de Vivienda Urbana come from the following sources: a) the capital of "Mejoramiento Social" on the date of creation of the Institute; b) the appropriations or subsidies made annually by the State; c) the issuing of nominative credit instruments; d) the long-term credit extended by the Banco Hipotecario to persons allocated medium-level housing built by the Institute; e) the issuing and sale of bonds; f) the allocation on its own account of medium-level houses the Institute builds in excess of those financed by the sale of credit instruments; and g) loans by foreign financing institutions.

ADMINISTRATIVE STRUCTURE:

Art.7. The Institute is governed by a Board of Directors. The internal Administration and business management of the Institute will be carried out by the President of the Board of Directors, who will also be the judicial and extrajudicial representative of the institution.

There will be a Manager and the necessary Heads of Department, whose functions will be determined by the Bylaws.

Art.8. a) one Director, who will assume the position of President of the Institution and who will be appointed by the Executive Branch from the Ministry of the Interior, and
 b) four Directors and four Alternates who will be appointed by the same Executive Branch, from the Ministries of the Economy, Public Works, Finance and Public Health and Social Assistance.

SUMMARY OF ACHIEVEMENTS: By 1975, IVU had been in existence for 25 years. At June 30, 1975, the Institute was administering 22,613 units of real estate. Although this does not constitute the total number of housing units it has allocated, it represents a significant part of this total, if we consider that with a payment period of 20 years, five years would already have passed since the first allocatees had finished paying off their loans.

In recent years, IVU has introduced aspects such as the following: 1) A construction system using mutual help and self help; 2) Diversification of the types of housing unit offered: a) single family units of various types; b) apartments in multi-story buildings; c) urbanized lots; d) serviced sites, e) upgrading of tugurios, including site improvement and the provision of running water, sewerage systems and a sanitary block (this was done in two tugurios in San Salvador: La Fosa and Tutunichapa, and in one in Puerto de Acajutla). 3) Extension of projects to benefit more urban areas: San Salvador, Santa Ana, San Miguel, Sonsonate, Acajutla, Puerto El Triunfo, Nueva San Salvador, San Vicente, Santiago de María, San Francisco Gotera, etc.

Appendix II EINSTITUTO DE COLONIZACION RURAL

LEGAL NAME: Instituto de Colonización Rural
(Rural Settlement Institute)

COMMON NAME: ICR or Colonización Rural

ABBREVIATION: I.C.R.

LEGAL BASE AND DURATION: The Law creating the Institute was passed on December 29, 1950. It ceased to exist on July 8, 1975 when the Law of the Instituto Salvadoreño de Transformación Agraria, ISTA, came into force.

IMPORTANT LEGAL MODIFICATIONS: None.

OBJECTIVES: According to Art. 3 of its Organic Law, the Institute's purpose was: to contribute to the social, moral and material betterment of rural workers, to which end its activities will pursue the following goals:

- a) The location or establishment of rural workers in areas of El Salvador which can be fruitfully turned to agricultural use,
- b) To raise the cultural level of the peasants and to improve their living conditions;
- c) To increase and improve agricultural production; and
- d) The progressive industrialization of agricultural products.

DESCRIPTION OF THE INSTITUTION: The Instituto de Colonización Rural, was a public utility foundation... with autonomy in the administration of its capital and the development of its activities. In the 25 years of its existence it allocated rural lots from estates which it acquired by purchase and subdivided, and developed in such areas "peasant settlements or communities in which the beneficiaries had the option of a rental-purchase contract or the simple rental of agricultural plots".

HISTORICAL BACKGROUND: (See Background for IVU, Appendix II D).

IMPORTANT POLICY MODIFICATIONS: None.

BENEFICIARIES: The "rural workers" (on other occasions the Law refers to peasants or uses another equivalent term).

ADMINISTRATIVE STRUCTURE: The ICR is governed by a Board of Directors composed of one Director appointed by the Executive Branch from the Ministry of the Interior and seven Directors, five of whom are also appointed by the Executive Branch from the Ministries of the Economy, Public Health, Education, Agriculture and Labor, and the sixth by the Federación de Cajas de Crédito.

The President of the Board of Directors also holds the position of President of the Institution.

SUMMARY OF GOALS: By 1972, the ICR had only 45 rural settlements in the same number of estates, in three zones, giving a total of 8,202 families who benefited from the program. In 1975, the ICR was replaced by the Instituto Salvadoreño de Transformación Agraria, ISTA, a body responsible for "carrying out the policy of agrarian reform", within the system of private ownership of land.

SUMMARY OF ACHIEVEMENTS: In the field of housing: 700 housing units allocated during 25 years.

Appendix II FFINANCIERA NACIONAL DE LA VIVIENDA

LEGAL NAME: Financiera Nacional de la Vivienda

COMMON NAME: Financiera de la Vivienda or FNV

ABBREVIATION: F.N.V.

LEGAL BASE AND DURATION: The Financiera Nacional de la Vivienda was created by Legislative Decree on March 13, 1963, but only began operations in 1965.

IMPORTANT LEGAL MODIFICATIONS: In 1973 the Board of Directors modified the respective standards in order to provide financing for the acquisition and construction of housing units with a price of less than US 4,000 dollars (10,000 colones) and for the urbanization of land for the same purpose.

In 1974 the Law was modified in the sense that the dwellings financed ...'may not exceed a rated value of US 16,000 dollars (40,000 colones) and must meet the conditions established in this respect by the Financiera. By 1977 this limit was raised to US 50,000 dollars (125,000 colones) for apartment units and to US 30,000 dollars (75,000 colones) for single family houses. (Originally the maximum value of housing units which could be financed by the institution was US 10,000 dollars (25,000 colones).

Other important legal modifications were introduced with respect to the extension of financing to include multi-story apartment buildings and the improvement and upgrading of urban zones. Art. 2 was altered to read as follows: ... The Financiera shall have the following purposes: a) to acquire, build, maintain, repair or improve houses and housing units in apartment buildings; b) to improve and upgrade urban zones in order to carry out the housing programs and complementary works contemplated by this law, in accordance with the standards laid down by the Financiera. The financing may also include financing for the buildings required by such services as: instruction or educational centers, pharmacies, medical and dental clinics and laboratories, health and assistance centers, businesses, offices, recreational centers, parking lots or other similar services. The value of these buildings may not exceed the limit established for this purpose by the Financiera.

OBJECTIVES: The purpose of FNV is "to contribute to a solution to the housing problem for the largest possible number of low and medium-income families". To this end, it will channel through the Savings and Loan Associations the resources provided by the State, those contributed by the public and those derived from other sources, both Salvadorean and foreign.

With respect to important legal modifications made in 1974, the objectives of the institution were extended to allow FNV to finance works of urban improvement and upgrading, such as educational centers, health and assistential centers, businesses, offices, recreational centers, parking lots or other similar facilities.

DESCRIPTION: FNV is a Public Corporation with autonomy in the administration of its capital and in the carrying out of its functions. In practice the FNV operates through a private system of Savings and Loan Associations which channel their resources primarily towards the financing of the construction and acquisition of housing, and to some extent, towards other urban development projects.

The Savings and Loan Associations, in accordance with the policies defined by FNV, provide financing for urban development and construction firms for housing projects, for up to 70 per cent of the value of such projects, which are subsequently refinanced through the persons to whom the individual housing units are allocated, using rental-installment sale contracts or mortgages in favor of the respective financing association.

BACKGROUND: FNV was created in 1963 during the government of Colonel Julio Adalberto Rivera (1962-1967); it was developed as one of the programs promoted in the previous decade in the reform-oriented context of the Alliance for Progress. By creating FNV, the government intended to combine the efforts of the public and private sectors to "solve" the problem of urban housing.

BENEFICIARIES: The Law declares that the purpose of FNV is "to benefit the largest possible number of low and medium-income families"; nevertheless, the social coverage of the system can be better estimated in terms of the maximum and minimum sales prices of the housing units financed. According to the Diagnostic Housing Study of 1971, the FNV had built, up to that date, 159 units for medium-income groups US 100-240 dollars (250-600 colones), 797 for medium-high income groups US 240-400 dollars (600-1,000 colones), and 2,232 for high income groups US 400 dollars or more (1,000 colones or more), that is, 70 per cent of its units had been built for persons with incomes of over US 400 dollars per month. (See Sections 1.1 and 11.3).

FINANCING: The capital of the Financiera includes: 1. Capital Resources: a) an initial capital of two million colones provided by the State to enable the institution to commence operations; b) subsequent capital appropriations made by the State; c) the sums delivered by the State, international or private bodies in any form; 2. Credit Resources: a) the profits and rents received in the form of interest, rates, commissions, etc., collected by reason of the operations it carries out and the services it provides; b) any income which increases its capital.

Nevertheless, the most important resources for operation of the FNV system are derived from the capturing of deposits in savings accounts made by the public through the Savings and Loan Associations. These savings represent 71.7 per cent of the institution's liabilities.

ADMINISTRATIVE STRUCTURE: The Direction and Administration of the Financiera will be carried out by a Board of Directors composed of six members: a) a Director appointed by the President of the Republic, who will be the Director-President of the Financiera; b) a Director and an Alternate appointed by the Ministry of the Economy; c) a Director and an Alternate appointed by the Ministry of Public Works; d) a Director and an Alternate appointed by the Consejo Nacional de Planificación y Coordinación Económica; e) a Director and an Alternate elected by the Savings and Loan Associations; and f) a Director and an Alternate elected by the Associations of Engineers, Architects and Builders.

Appendix II GMINISTERIO DE PLANIFICACION Y COORDINACION
ECONOMICA Y SOCIAL

LEGAL NAME: Ministerio de Planificación y Coordinación Económica y Social. (Ministry of National Planning and Economic Coordination), formerly National Council of Economic and Social Planning, CONAPLAN).

COMMON NAME: MINPLAN or Ministerio de Planificación

ABBREVIATION: MINPLAN or (CONAPLAN)

LEGAL BASE AND DURATION: Created April 24, 1962. Converted into a Ministry on February 1, 1976. ↑

OBJECTIVES: The original Law creating the Council refers to its purposes and functions in these terms (Art. 3).:

- a) To project, guide and coordinate the economic activities of the nation, in order to achieve efficient utilization of the national resources and the maximum orderly and constant development of the economy;
- b) To obtain a higher standard of living for all the inhabitants of the Republic, correcting inequalities in national income distribution between different sectors of the population in order to increase their opportunities for progress and wellbeing;
- c) To determine, through the use of the studies and basic reports of the Technical Planning Office, the medium and long-term objectives in economic, social and cultural areas, which the Executive Branch will pursue in the carrying out of its Governmental programs;
- d) To familiarize itself with, discuss, approve or reject the plans and programs prepared by the Technical Planning Office;
- e) To recommend the general economic policy of the Executive Branch and the necessary economic policy measures to create the appropriate conditions for the vigorous development of private enterprise;
- f) To study the projected General and Special Budgetary Laws in order to insure that they conform to the guidelines laid down in the general plans for economic development;
- g) To recommend the coordination of Salvadorean and foreign public credit with a view to its optimum utilization in the various State activities, including those operations in which the Government is not the guarantor;
- h) To study the programs and measures designed to achieve the economic integration of Central America, in order to incorporate them into the national economic development programs and plans;

- i) To study and coordinate the distribution of technical and financial aid provided to Government of El Salvador and to its Autonomous and Semi-Autonomous Agencies by International Bodies, Governments, Foreign Entities and private individuals; and
- j) To review and evaluate periodically the execution of the development plans and to inform the Legislative Assembly, through the Ministry of the Economy, of the same.

DESCRIPTION OF THE INSTITUTION: MINPLAN is an advisory and consultory body of the Executive Branch and was originally a dependency of the Presidency of the Republic, before becoming a Ministry in 1976.

BACKGROUND: MINPLAN emerged in 1961 as CONAPLAN during the administration of the Civic-Military Directorate, a de facto body whose administration ended in 1962, but the law creating the Council was only enacted in April, 1962.

Although CONAPLAN was legally created during the provisional administration of Dr. Rodolfo Córdón, it became a planning and coordinating body for government policy under the government of Colonel Julio Adalberto Rivera (1962-1967). The Council played a decisive role during the period when the programs of the Alliance for Progress were in operation.

FINANCING: General Budget Law.

ADMINISTRATIVE STRUCTURE: The original composition of the Council included:

- a) the President of the Republic, who may only delegate his powers to the Vice-President of the Republic;
- b) the Ministers of Finance, the Economy, Labor and Social Security, Agriculture and Stock Raising and Public Works, or in their absence, the Subsecretary of State for the corresponding Ministry;
- c) the President of the Banco Central de Reserva de El Salvador, or in his absence, the Vice-President of the said institution;
- d) two persons representing the private economic sector of the country, selected by the President of the Republic from each of the two trios proposed by the entities established by the Regulations of the Council; and
- e) The Executive Secretary of the Council.

The Executive Secretary of the Council is appointed by the President of the Republic, has the rank of a Minister of State and is also the head of the Technical Planning Office.

SUMMARY OF ACHIEVEMENTS: The need for economic and social planning in all sectors has been accepted; the first diagnostic studies of the national situation have been made and an overall vision of the country and its future, and systematic sectorial planning, have been achieved.

Appendix II HADMINISTRACION NACIONAL DE ACUEDUCTOS Y ALCANTARILLADOS

LEGAL NAME: Administración Nacional de Acueductos y Alcantarillados
(National Aqueducts and Sewers Administration)

COMMON NAME: ANDA

ABBREVIATION: A.N.D.A.

LEGAL BASE AND DURATION: Created October 17, 1961.

OBJECTIVES: To provide the urban and rural communities of El Salvador with running water and sewerage disposal systems. To this end it administers in 125 municipalities the services which previously belonged to and were administered by the municipalities themselves, extends and/or opens up new systems in different communities and studies and projects the use of water reserves in accordance with the future needs of the population as well as the systems for the final disposal of sewerage.

DESCRIPTION OF THE INSTITUTION: ANDA is an autonomous public service government organization the purpose of which is to administer at the local level the systems of running water supply and sewerage disposal.

The government's purpose in creating this organization was to make the running water supply and sewerage disposal services self-financing, thus increasing the State's capacity to administer, extend and project such services with a view to the needs of the growing urban population, and the extension of such services to the rural communities.

BACKGROUND: The law creating ANDA was enacted during the administration of the Civic-Military Directorate, a de facto body which governed the country for more than a year, starting on January 25, 1961.

ANDA was created as part of a plan of reforms intended to make some of the public services administered by the central and local government self-financing, since such services constituted a heavy burden on the national budget, either because they depended on direct allocations, or because they were financed by means of subsidies to the municipalities. It replaced the Department of Hydraulic Works (Dirección General de Obras Hidráulicas), a dependency of the Ministry of Public Works, which carried out the work of installing and maintaining the water supply and sewerage disposal systems administered by the municipalities.

In those municipalities where ANDA took over the service, the related municipal assets became part of its capital.

BENEFICIARIES: The urban and rural communities of El Salvador, although given the magnitude of the problem, ANDA has practically limited its activities to the urban centers (principal town of each municipality), and the rural communities are served by the central government through the Ministry of Public Health and Social Assistance.

FINANCING: 1) Capital appropriations and subsidies provided by the State; 2) profits and rents it receives through the provision of services; 3) loans from abroad.

ADMINISTRATIVE STRUCTURE: The powers and attributes to the institution rest with a Governing Board composed of a President and three Directors (and their respective Alternates), who are appointed as follows: a President and two Directors, by the Ministries of Public Works, the Economy and Health, respectively, and one Director by the Ministry of the Interior, selected from the trio elected by the municipalities of the leading city in each department of the country.

An Executive Director appointed by the Governing Board will be responsible for the administration of the Institution.

SUMMARY OF ACHIEVEMENTS: The institution owns and administers the services corresponding to it in 125 of the 261 municipalities in El Salvador. This coverage includes the leading towns in each department and in many secondary level municipalities. In the rural areas it has only executed and administers 33 supply systems; in order to serve this sector, the central government carries out a special program through the Ministry of Public Health and Social Assistance.

ANDA has carried out various studies on the present and future needs for running water and sewerage treatment, and on water tables, their feasibility, potential and preservation, and on the treatment of sewerage with a view to avoiding the contamination of the bodies of water or rivers into which it is discharged.

With respect to its effect on national urban development, ANDA establishes temporary restrictive policies in some areas, particularly in the Metropolitan Area of San Salvador, according to the available supplies of running water. In recent years, it has provided facilities for extending the same service to the "illegal subdivisions" of the principal cities of El Salvador, but the program has not been finally consolidated, since the present administration has accorded it low priority.

Appendix II IDIRECCION DE DESARROLLO DE LA COMUNIDAD (FORMERLY FOMENTO Y COOPERACION COMUNAL POR ESFUERZO PROPIO Y AYUDA MUTUA)

LEGAL NAME: Dirección de Desarrollo de la Comunidad or Fomento y Cooperación Comunal por Esfuerzo Propio y Ayuda Mutua (Development and Community Cooperation through Self Help and Mutual Help)

COMMON NAME: FOCCO

ABBREVIATION: Same

LEGAL BASE AND DURATION: The forerunner to this organization emerged in 1964 as an adjunct to the community brigades of various Ministries; in 1968 it was incorporated into the Ministry of Education and in 1969 it appeared under the name of Fomento y Cooperación Comunal por Esfuerzo Propio y Ayuda Mutua as part of the Department of Programming and Development of Social Sectors of the National Planning and Economic Coordination Council (CONAPLAN). In 1977 it was transferred to the Ministry of the Interior. The Program was not created by a specific Law, but derives its legal status from the sums allocated to it by the General Budget Law.

IMPORTANT LEGAL MODIFICATIONS: See above.

OBJECTIVES: In various informational documents it is stated that the objective of FOCCO is to "promote development within the communities of El Salvador as a basis for national development". Nevertheless, its activities place particular emphasis on the physical improvement of the communities.

DESCRIPTION OF THE INSTITUTION: FOCCO is a government program which was an organic dependency of the National Planning and Economic Coordination Council (CONAPLAN), although politically it is defined as a program of the Presidency of the Republic, before being transferred to the Ministry of the Interior.

Its concrete activities concern the construction or reconstruction of community infrastructure works such as roads, bridges, aqueducts, schools, parks, sports grounds, etc., in which the organization and mobilization of the community is seen mainly as a means of achieving physical development.

BACKGROUND: The program was born during the decade of the Alliance for Progress. Its origins go back to 1964, when, making use of a donation from the International Development Agency of the United States (A.I.D.) the "Small Community Development Projects" program was created, to support the action of the community brigades of various Ministries; it subsequently became "Special Projects", which in 1968 was incorporated into the Ministry of Education.

In 1969 it appeared under the name of Fomento y Cooperación Comunal por Esfuerzo Propio y Ayuda Mutua, as part of the Department of Programming and Development of Social Sectors of the National Planning and Economic Coordination Council (CONAPLAN).

There has been continuity throughout the two most recent governments (1967-1972 and 1972-1977) and the past President of the Republic has accorded it particular importance by periodically inaugurating the projects completed in communities throughout the country, on which occasions it has been said that "FOCCO is the program of the President of the Republic".

An uncertain status is predicted for FOCCO under its new location as Department of Community Development in the Ministry of the Interior.

BENEFICIARIES: The program has national coverage and its beneficiaries are the urban or rural communities in El Salvador which, after determining and presenting their needs on their own initiative, are selected to work in projects of physical works or "productive projects".

FINANCING: Allocations made by the national budget for 1977 amount to US 3.5 million dollars (8.75 million colones) approximately. In previous years it has received donations for special programs from international organizations such as UNESCO, UNICEF and FAO. At present it only receives donations from the Food for the World program.

ADMINISTRATIVE STRUCTURE: The administrative structure of FOCCO includes three levels: the executive, support services and the operational level. At the executive level the highest authority is the Executive Director, who is appointed by the President of the Republic. This level includes various advisory and technical-administrative bodies. The support services or level is composed of the divisions of Social Promotion, Engineering and Architecture, Productive Projects and Administration. The operational level includes each of the four regions into which the program divides the country. Each operational area is headed by a regional chief in charge of various technical-administrative and purely administrative divisions and sections.

SUMMARY OF ACHIEVEMENTS: The most significant achievements of FOCCO are the 5,800 physical projects completed up to 1978. Since 1974, the program has also included the so-called productive projects, conceived as "planned communal enterprises in the areas of agriculture and stock raising, crafts and small businesses", the purpose of which is to improve production and increase employment opportunities. FOCCO also prepared the project for a National Law of Community Development to institutionalize Community Development and FOCCO as the principal agent in the said area. This law was approved in 1977 and provides the legal status for community organizations, so that they would be enabled to carry out legal operations required by their objectives. The National Community Development Commission has also been created and is presently working on a diagnostic study for the purpose of drawing up the National Community Development Plan.

"Through these two instruments (the Community Development Law and Plan) FOCCO aims to transcend its emphasis on the physical improvement of communities in order to incorporate community education and organization as high priority strategies for integral community development..." Given its extensive presence in urban development, one of the principal achievements of FOCCO has been in the area of the physical improvement of urban communities and in the upgrading of tugurios (layout improvement, provision of basic urban services, construction of educational and health facilities, etc.).

Appendix II JFUNDACION SALVADOREÑA DE DESARROLLO Y VIVIENDA MINIMA

LEGAL NAME: Fundación Salvadoreña de Desarrollo y Vivienda Mínima
(Salvadorean Development and Low-Cost Housing Foundation).

COMMON NAME: Vivienda Mínima or Fundación Salvadoreña

ABBREVIATION: F.S.D.V.M.

LEGAL BASE AND DURATION: The institution commenced operations in 1968 under the name of "Fundación Pro-Vivienda Mínima", but it was only on June 16, 1970 that it was legally recognized by the State, when its Bylaws were approved.

IMPORTANT LEGAL MODIFICATIONS: None.

OBJECTIVES: Human development through housing and cooperative programs. According to Art. 3, the objectives of the Foundation are:

- a) to promote the communal and individual development of those who are struggling to improve their living conditions in the marginal areas of our cities and rural zones;
- b) to facilitate or carry out the construction of "minimal" or low-cost housing units and to improve social conditions or community services for the benefit of low-income families, in order to increase their access to property rights and to living conditions consonant with human dignity;
- c) to promote education in cooperativism and to supply financial and moral support for the creation of consumer, housing and savings and loan cooperatives run by the beneficiaries of the same;
- d) to create new sources of work for the poorest income groups and for the peasant sector in general in order to stabilize and increase the family income of these groups;
- e) to stimulate community cooperation, a sense of public solidarity, and the interest of all members of the community in the struggle for integral development and a spirit of civic responsibility;
- f) to develop any and all activities which tend to promote the spiritual, moral, cultural, intellectual and material wellbeing of our people.

DESCRIPTION OF THE INSTITUTION: "The Foundation is a non-profit public utility corporation whose activity is guided by the principles of human development and social solidarity. Although the immediate aim of the Foundation is to construct low-cost housing with low payment installments, the ultimate aim is of a social nature: the human and social development of the beneficiaries of its programs".

BACKGROUND: This institution was created as a result of local rather than national conditions: the flooding of the Acelhuate River which flows through the capital and the resulting destruction of 30 dwellings in the La Chacra settlement. A group of citizens then organized a private campaign to collect funds and donations to replace these dwellings. This campaign, carried out by a larger group, was supported by various private individuals and service agencies.

BENEFICIARIES: The Foundation's activities are directed towards very low income families, especially those who live in popular housing such as mesones and tugurios. To date the families who have participated in the projects have had an average monthly family income of US 40 dollars (100 colones), in other words an average individual income of US 6.4 dollars (16 colones) per month, barely US 0.21 dollars (0.53 colones) per day.

FINANCING: According to its bylaws, "The capital of the Foundation will be composed of: a) the donations received from the State, Salvadorean or foreign institutions and individuals; b) the assets purchased by the institution; c) membership dues; and d) inheritances or legacies received. In effect, the sources of financing used by the Foundation are: a) donations from the State in the form of annual subsidies; b) contributions from members and other benefactors; c) donations from Salvadorean and international institutions or companies; and d) long term loans obtained from Salvadorean, foreign or international organizations, especially the World Bank. In 1977 the main loans and donations were: 1) The International Bank for Reconstruction and Development. 2) IVU and the Banco Hipotecario de El Salvador; 3) the Government of El Salvador; and 5) others.

ADMINISTRATIVE STRUCTURE: Art. 9. The Foundation will be governed by: a) the General Assembly; b) the Board of Directors; and c) the Executive Director. Art. 10. The General Assembly will be composed of active and honorary members assembled by means of previous notice. Art. 16. The Foundation will be administered by the Board of Directors, which will be composed of twelve members, who will distribute between themselves the positions of: President, Vice-President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, Auditor and five Directors, in that order. The Board of Directors will be elected in an ordinary session of the General Assembly. Art. 22. The direct administration of the Foundation will be the responsibility of an Executive Director.

SUMMARY OF ACHIEVEMENTS: The Foundation has built 1,393 "Housing Units", which involves a process that includes the following stages, which together cover a period of approximately thirty months: 1) Publicity for the Project; 2) Formation and training of groups for construction by the future occupants; 3) Development and socialization of groups through the mutual help process; 4) Community Development; and 5) The Development of Cooperatives. The community organizes and mobilizes to carry out concrete tasks which satisfy immediate needs of the communities, and to develop programs which bring about a process of social change within the communities themselves.

These activities should achieve the institutionalization of the changes that have been brought about. The last stage is completed in approximately twenty months.

Apart from the projects already completed, 3,197 units are underway and 3,740 additional units are programmed. In all, it is hoped that by 1977 the Foundation will have allocated 8,330 housing units to its beneficiaries.

Appendix II KFONDO SOCIAL PARA LA VIVIENDA

LEGAL NAME: Fondo Social para la Vivienda
(Social Housing Fund)

COMMON NAME: Fondo Social, FSV

ABBREVIATION: F.S.V.

LEGAL BASE AND DURATION: Fondo Social was created by a law enacted on May 7, 1973.

IMPORTANT LEGAL MODIFICATIONS: None

OBJECTIVES: The purpose of the Fund is "to contribute to a solution to the housing problem of the workers enrolled in the social security system by providing them with adequate means to acquire comfortable, hygienic and safe housing."

DESCRIPTION OF THE INSTITUTION: The Fondo Social is an autonomous credit corporation created as part of the national "social security for workers' housing" system in 1973. Although the Fondo Social receives State subsidies, its main source of income is the contributions legally required to be paid by workers and employers. To date, under a temporary provision, contribution to the Fund is obligatory for employers and workers who at the date on which the law came into force were affiliated to and contributors to the Salvadorean Social Security Institute, but the law is applied to all employers and workers, irrespective of the type of labor relation connecting them, although special regulations,..." will determine the form and time at which different categories of workers will be incorporated into this social security program". The program may be extended on occasion to apply also to those workers who do not work for an employer.

The Fund will use its resources for the acquisition, construction, repair, extension or improvement of housing, and for the refinancing of debts contracted by reason of any of the foregoing concepts.

Its resources will also be used to: a) extend credit to employers for the construction of rooms or houses to be allocated to workers for sale, for rent or on loan, in accordance with the regulations to be established by the Fund; b) extend credit to cooperative associations which in turn finance the acquisition of furniture and household appliances by the workers; c) acquire real estate and other property necessary in order to accomplish its aims; d) finance the promotion, establishment, reorganization and expansion of industrial companies in the field of construction which produce housing for workers, either by extending credit to such companies or by participating in the capital of the same.

BACKGROUND: The Fondo Social para la Vivienda was created as part of the social policy of the past government (1972-1977). The program is conceived as part of the national social security system which is jointly financed by the workers, the employers and the State. This concept presupposes the feasibility of mobilizing the extensive resources required and the desirability and necessity of self-financing, with the support of employer contributions and possible subsidies from the State.

BENEFICIARIES: Although the social security system has been extended considerably during recent years, it still covers only a minority of workers with stable employment and who work in production units employing not less than five workers, in the principal cities of El Salvador. Although according to the Regulations those workers whose wages do not exceed US 280 dollars (700 colones) are entitled to benefit from the Fund, at present priority is given to financing housing for those whose wages range from US 80 to 200 dollars (200 to 500 colones).

FINANCING: a) contributions of 5 per cent and 0.5 per cent paid by employers and workers respectively, calculated on the basis of the wages of the latter up to a maximum of US 280 dollars (700 colones); b) State subsidies (the Fund began operations with an initial subsidy of US 10,000,000 dollars (25,000,000 colones) repayable in annual installments over a period of five years; and c) net profits the institution obtains as a result of its operations, and other revenues obtained in any fashion.

ADMINISTRATIVE STRUCTURE: The authority of the Fund lies with: 1) the Assembly of Governors; 2) the Board of Directors; 3) the Executive Director; 4) the Management; and 5) the Vigilance Council.

The Assembly of Governors constitutes the highest authority of the Fund and is composed of: the Ministers of the Economy, Finance, Labor and Social Security, Public Works, the Executive Secretary of the National Planning and Economic Coordination Council and two Governors who represent the employer sector and two Governors who represent the workers.

The Board of Directors is composed of a Director appointed by the President of the Republic, and who will be the President of the Board of Directors and Executive Director of the Fund; four Directors, one for the employer sector, one for the workers and two for the public sector.

For each Director there will be an Alternate.

The Vigilance Council is composed of four members: one appointed by the employer sector, one appointed by the workers and two appointed by the Executive Branch, one from the Ministry of the Economy and the other from the Ministry of Labor and Social Security.

SUMMARY OF ACHIEVEMENTS: The Department of Financial Administration announced that in 1974 it handled the individual accounts of approximately 150,000 workers and of 10,000 employers who contributed to the Fund, and that 6,605 applications were received, and that in 1,849 of these cases credit was extended for a total amount of US 7,800,000 dollars (19,690,300 colones).

Appendix II LINSTITUTO SALVADOREÑO DE TRANSFORMACION AGRARIA

LEGAL NAME: Instituto Salvadoreño de Transformación Agraria
(Salvadorean Agrarian Reform Institute).

COMMON NAME: None

ABBREVIATION: I.S.T.A.

LEGAL BASE AND DURATION: The Law creating the Institution was approved on June 26, 1975.

IMPORTANT LEGAL MODIFICATIONS: None

OBJECTIVES: Art. 2 of the ISTA Law establishes the objective of carrying out, in coordination with other State agencies, the Agrarian Reform policy dictated by the National Agrarian Reform Commission, especially with respect to the acquisition of agrarian properties for social purposes. Art. 3. "In order to enable it to achieve its objectives, the ISTA is empowered to... carry out the following activities:

- a) to acquire... the real estate required to make changes in the structure of land tenure and to administer such real estate temporarily;
- b) to draw up the technical plans required for the preparation of the land acquired, during the phase of temporary administration, in order to allocate it to the beneficiaries of the program;
- c) to train, promote and organize the peasant sector, to enable the members of this sector to become incorporated as active and positive elements in the process of agrarian reform.

DESCRIPTION OF THE INSTITUTION: The ISTA is a public corporation with economic and administrative autonomy, created by the Government for the purpose of acquiring land in order to carry out the State policy of agrarian reform.

BACKGROUND: The undeniable need for agrarian reform has produced, from the thirties onwards, varying proposals originated by the political groups active in El Salvador. The last four governments (1962-1977) have been approaching the subject ever more frequently, in the face of pressures created by the prevailing situation and the more radical proposals made by the Left. The government of Sánchez Hernández spoke of the "need for agrarian reform", and although this never went beyond speeches, at times a decision on the problem seemed imminent.

The previous Government, after emphatic references in various speeches made by the President of the Republic to his concern with the agrarian problem, decreed the ISTA Law as a political and social measure designed to recover the wealth derived from agrarian property.

ISTA, given the recentness of its creation and the nature of the problem involved is still the object of controversy at present. The private sector, through its various cooperative bodies, strongly opposed the Law, and the leftist political parties, for their part, expressed the view that the little good that could be achieved through this "timid" instrument of "agrarian reform" would be nullified by a provision introduced at the time the project was discussed by the legislative, to the effect that "a new agrarian reform project cannot be commenced until the previous project has been substantially completed". (Art.33).

BENEFICIARIES: Art. 50 of the ISTA Law does not define the family groups who would benefit from the program in terms of their relation to agrarian activities, but this can be deduced from the tenor of sections b) and c) and especially of Art.52 of the same Law, which states: "There will be representatives of the family group, who must be... d) tenant farmers or lessees, landless peasants or peasants who possess an area of land smaller than that defined by ISTA as a minimum unit; or agricultural wage-earners."

FINANCING: The ISTA Law establishes that the capital of the institution will be composed of: a) all the assets which form the capital of the Instituto de Colonización Rural; b) the assets transferred to the ISTA by the State; c) the subsidies and contributions made to ISTA by the State; d) the real estate or other property the ISTA acquires by any means; e) the income from Agrarian Reform Bonds issued by the institution; and f) the income from transactions concerning real estate involving the beneficiaries of the process (Art.24). It may also contract loans both within the country and abroad and may issue securities. (Section "c", Art.3).

ADMINISTRATIVE STRUCTURE: The direction and administration of the ISTA will be the responsibility of a Board of Directors composed of: a) a President appointed by the President of the Republic, from a trio proposed by the National Agrarian Reform Commission;* b) a Director appointed by the Executive Branch from the following Ministries: Agriculture and Stock Raising, Public Works, and Labor and Social Security; c) a Director appointed by the National Planning and Economic Coordination Council; d) a Director representing the Banco Central de Reserva de El Salvador, appointed by the Board of Directors of said institution; e) a Director representing the Banco de Fomento Agropecuario, appointed by the Board of Directors of said institution; and f) a Director representing the Instituto Regulador de Abastecimientos (Food Regulation Institute), appointed by the Council of Directors of said institution.

* The National Agrarian Reform Commission is a high level Commission created to define and promote the process of agrarian reform, and is composed of the Ministers of Agriculture and Stock Raising, Education, Public Works, Public Health and Social Assistance, and Labor and Social Security; the President of the Banco Central de Reserva and the Manager of the National Planning and Economic Coordination Council are also members. The projects agreed on by this Commission must be approved by the President of the Republic and carried out by the Instituto Salvadoreño de Transformación Agraria.

The President will be appointed for a period of four years and the Directors for three years; they may be reappointed for additional periods.

SUMMARY OF ACHIEVEMENTS: This institution is presently in the process of organization, on the basis of the structure and resources of its predecessor, the Instituto de Colonización Rural. Its principal achievement to date, however, has been to create an awareness within El Salvador of the fact that in 10 or 12 years large-scale rural properties will have been eliminated, in accordance with the social and political goals of the government party and the General Staff of the Armed Forces.

Appendix III A

HOUSEHOLD QUESTIONNAIRE

ENCUESTA DE DEMANDA

Cuestionario N° _____

I. Encuestador:

a) Nombre: _____ b) N° _____

II. Localización

Codificación
Variable Score

1. Dirección	_____
2. Nombre de zona o colonia	_____
3. Tipo de asentamiento:	1) mesón <input type="checkbox"/> 2) lotificación <input type="checkbox"/> 3) tugurio <input type="checkbox"/> 4) otro: _____
4. Municipio	_____
5. Departamento	_____

_____	_____
_____	_____
_____	_____
_____	_____

III. Visitas realizadas:

N°			
Fecha:			
Hora:	De: A:	De: A:	De: A:

IV. Revisión:

Revisor (nombre)	Vo. Bo. Revisor	Supervisor (nombre)	Vo. Bo. Supervisor	Codificador (nombre)	Revisor Califica ción. (nombre)

1- Cuántos años cumplidos tiene usted?
_____ años.

Codificación
Variable Score

2- Usted es:

- 1- soltero (a) ?
- 2- casado (a) ?
- 3- acompañado (a)?
- 4- divorciado (a)?
- 5- separado (a)?
- 6- viudo (a) ?
- 7- otro: (especifique)

3- Sabe leer y escribir?

- 1- Sí
- 2- No

4- Estudia actualmente?

- 1- Sí A) Qué estudia?
_____ (pase a pregunta 6)

- 2- No

5- Asistió a la escuela?

- 1- Sí
- 2- No

A) Cuál es el último grado de educación primaria y/o básica que aprobó?

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

B) Realizó otros estudios?

- 1- Sí
- 2- No

C) De qué especialidad?

- 1- comercio
- 2- magisterio
- 3- bachillerato
- 4- universidad
- 5- otro: (especifique)

no responde

- 6- Tendría la gentileza de decirme cuál es su ocupación principal? (Describa detalladamente. Repregunte para especificar al máximo).

Codificación
Variable, Score

- 7- Tiene actualmente algún trabajo que le proporcione ingresos?

1- Sí 2- No

A) dónde trabaja?

D) porqué?

B) qué clase de ocupación u oficio desempeña en este lugar?

C) su trabajo allí es:

1- permanente?

2- o temporal?

porqué?

8- Por favor dígame su lugar de nacimiento

Departamento _____

Municipio _____

Cantón _____

A) Hasta qué edad vivió allí?
 _____ años.

Codificación
Variable Score

Si el informante no nació en este Municipio FORMULE las preguntas 9, 10 y 11. Si nació en este mismo Municipio, deje dichas preguntas y pase a la pregunta 12.

9- De _____ usted vino a: _____
 (Menciónale el nombre de la ciudad donde está realizando la entrevista).

1- directamente sin vivir en ninguna otra parte? (Pase a pregunta 10)

2- o vivió en otros lugares antes de llegar a éste?

A) Puede decirme por favor el nombre del último lugar en que vivió antes de llegar en que vivió antes de llegar a esta ciudad?

Departamento _____

Municipio _____

Cantón _____

B) Su vivienda en ese lugar era:

1- una casa en lotificación?

2- una pieza en mesón?

3- o una champa en tugurio?

4- otro: (especifique)

no responde

10- Cuando usted llegó a esta ciudad venía:

- 1- solo?
 2- con familiares?
 3- o con amigos?
 4- otra forma: (especifique)

no responde

Codificación
Variable Score

11- Dónde quién se fue a vivir cuando llegó a esta ciudad?

- 1- donde parientes?
 2- donde amigos?
 3- o donde un compadre?
 4- otra forma:(especifique)

no responde

12- En cuántos lugares ha vivido dentro de esta ciudad antes de vivir aquí?

- 1- solo en éste?
 2- o en varios?

no responde

A) podría decirme el nombre del último barrio o colonia en que vivió dentro de esta ciudad?

B) allí su vivienda era:

- 1- una casa en lotificación?
 2- una pieza en mesón?
 3- o una champa en tugurio?
 4- otro: (especifique)

no responde

13- Cuáles eran las tres principales ventajas que le ofrecía su vivienda anterior?

Codificación
Variable Score

1- _____

2- _____

3- _____

no sabe

no responde

14- Y las principales tres desventajas cuáles eran para usted?

1- _____

2- _____

3- _____

no sabe

no responde

A) es por alguna de estas desventajas que usted se pasó a este lugar?

1- Sí

2- No

no sabe

no responde

a) por qué razón decidió trasladarse a este lugar?

- Ahora le ruego que me conteste algunas preguntas sobre esta casa pieza

Codificación
Variable Score

15- Esta casa pieza es: propia, alquilada, habitada sin documento de propiedad y sin pagar alquiler? (Marque en la casilla correspondiente)

1- Propia

Entonces dígame por favor:

A) cómo adquirió esta casa?

1- la recibió como herencia?

2- la compró ya construída?

a) cómo obtuvo el dinero para comprar su casa?

1- con ahorro?

2- con préstamo o crédito?

3- con ahorro y préstamo?

3- o la construyó?

a) cómo obtuvo el dinero para construir su casa?

1- con ahorro?

2- con préstamo o crédito?

3- con ahorro y préstamo?

b) si usted construyó su casa lo hizo:

1- por partes?

2- de una sola vez?

c) en la construcción de su casa?

1- trabajó usted en ella?

2- contrató un albañil, carpintero o maestro de obra?

3- trabajó usted y a la vez contrató a un albañil, carpintero o maestro de obra?

4- otra forma: (especifique)

B) cuánto pagó o cree que vale la construcción de su casa sin el terreno?

₡ _____

no sabe

no responde

Codificación
Variable Score

2- Alquilada

Entonces dígame por favor:

_____ casa ?

A) cuánto paga mensualmente por esta pieza ?

₡ _____

B) qué servicios incluye el pago de alquiler?

1- luz

2- agua

3- luz y agua

4- otro (especifique)

no sabe

no responde

3- Habitada sin documento de propiedad y sin pagar alquiler.

Codificación
Variable Score

Entonces dígame por favor:

A) cómo adquirió esta casa?

1- se la cedió el usuario anterior?

2- o la compró?

a) cómo la compró?

1- al contado ("cash")?

2- al crédito?

b) cuál es el valor de cada cuota?

¢ _____

c) aproximadamente cuánto pagó en total?

¢ _____

3- la construyó?

a) cómo obtuvo los materiales de construcción?

b) quiénes trabajaron en la construcción de su casa?

B) aproximadamente cuánto le costó solo la casa?

¢ _____

4- Otra forma de tenencia.

Codificación
Variable Score

(Solo para Lotificaciones y Tugurios)

Las siguientes preguntas se refieren exclusivamente al terreno donde está su casa.

16- Este terreno lo tiene en: Propiedad, arrendamiento con Promesa de Venta, Alquilado o simplemente Ocupado? (Marque la casilla correspondiente).

1- Propio ya cancelado.

A) cómo adquirió este terreno?

1- lo recibió como herencia?

2- o lo compró?

a) cómo lo compró?

1- al contado ("cash")?

2- al crédito?

b) cuánto pagó de prima?

ℓ _____

c) cuál era el valor de la cuota mensual?

ℓ _____

d) cuál fue el plazo de pago?

_____ años.

_____ meses.

no sabe

no responde

2- Arrendamiento con promesa de Venta.

Codificación
Variable Score

A) cuánto pagó de prima? _____

B) cuánto paga mensualmente _____

C) cuál es el plazo de pago?

_____ años.

_____ meses.

D) qué tipo de interés paga?

_____ %

no sabe

no responde

E) puede decirme por favor si el valor de la cuota incluye los intereses.

1- sí, los incluye

2- no los incluye

no sabe

no responde

F) cuánto le costará el terreno al terminar de pagarlo?

no sabe

no responde

3- Alquilado

A) cuánto paga mensualmente? _____

B) siempre ha pagado esta cantidad?

1- Sí

2- No

C) cuánto pagaba antes? _____

4- Ocupado sin documento de propiedad.

Codificación
Variable Score

A) cómo decidió ocupar este terreno?

B) qué seguridad tiene de permanecer aquí el tiempo que usted quiera sin que lo vayan a sacar?

1- bastante

2- poca

3- ninguna

no sabe

a) porqué _____

5- Otra forma de tenencia.

(especificar)

17- Si fuera suya, por cuanto vendería esta casa con todo y terreno, suponiendo que decidiera venderla?

¢ _____

18- Usted u otros miembros de su familia realizan algún trabajo o actividad que le produzca ingresos dentro de esta casa?

1- Sí

2- No

A) cuál? _____

20- Aproximadamente, cuáles son los gastos mensuales o semanales de su familia?

Codificación
Variable Score

	Semana	Mensual
1- pago de vivienda (lote, pieza, etc.)	ℓ	ℓ
2- alimentación	ℓ	ℓ
3- pago de letras	ℓ	ℓ
4- agua	ℓ	ℓ
5- corriente eléctrica	ℓ	ℓ
6- combustible para cocina (gas, leña, carbón, etc.)	ℓ	ℓ
7- transportes		
8- otros	ℓ	ℓ
_____	ℓ	ℓ

TOTAL	ℓ	ℓ

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

21- Tiene ahorros?

Codificación
Variable Score

1- Sí A) para qué planea utilizar esos ahorros? _____

2- No B) podría usted ahorrar alguna cantidad de dinero si se lo propusiera?

1- Sí a) para qué lo utilizaría?

2- No b) porqué?

no sabe

22- Cómo supo que existía este (a) mesón?
tugurio?
lotificación?

23- Quién es el encargado de esta (e) lotificación?
mesón?

1- el propietario?

2- un empleado especial?

3- un residente en este (a) mesón (o lotificación)?

4- otro: (especifique)

no sabe

no responde

24- Cómo considera las relaciones con esta persona encargada de administrar el mesón? la lotificación?

Codificación
Variable Score

- 1- buenas?
- 2- regulares?
- 3- o malas?
- no sabe
- no responde

A) porqué? _____

25- Ha tenido retrasos en el pago de las letras mensuales? alquiler?

- 1- Sí
- 2- No

A) qué hace el dueño en este caso?

26- Considera que lo que paga por esta vivienda es justo?

- 1- Sí
- 2- No A) cuánto cree que sería lo justo?

- no aplica

27- Cuáles son las tres ventajas principales que le ofrece vivir en esta casa? pieza?

- 1- _____
- 2- _____
- 3- _____

28- Perdona tanta molestia pero, podría decirme cuáles son las tres desventajas principales que le ofrece vivir en esta casa?
pieza?

Codificación
Variable Score

- 1- _____
- 2- _____
- 3- _____

(Formular solo a residentes en Colonias Ilegales)

29- Qué documento ampara la tenencia de su lotes?

- 1- las letras o recibos cancelados?
- 2- una copia del contrato de arrendamiento con promesa de venta?
- 3- una escritura con hipoteca?
- 4- ninguno
- 5- otro: (especifique) _____

- no sabe
- no responde

30- Sabe usted si existen oficinas o instituciones que dan vivienda para gente pobre en el país?

- 1- Sí
- 2- No

A) cuáles? _____

31- Ha tratado usted de conseguir vivienda propia con esta (s) oficina (s) o institución (es)?

Codificación
Variable Score

1- Sí

2- No

A) con cuál (es)?

C) porqué?

B) Ha presentado solicitud a esa (s) oficina (s) o institución (es)?

1- Sí

a) cuál ha sido el resultado?

2- No

b) porqué?

32- Si se le tomara en cuenta en un programa para obtener vivienda propia usted estaría dispuesto a pagar una prima?

1- Sí

2- No

A) hasta cuánto podría pagar?

B) porqué

ℓ _____

33- Estaría dispuesto a ayudar a construir su vivienda en su tiempo libre para que el valor de su trabajo disminuya el de la prima?

Codificación
Variable Score

1- Si

2- No

A) porqué

34- Si se le tomara en cuenta en un programa para obtener vivienda propia, estaría dispuesto a pagar una cuota mensual?

1- Sí

2- No

A) hasta cuánto podría pagar como cuota o letra mensual?

B) porqué

35- Por favor, dígame, si se le incluyera en un programa para adquirir vivienda, usted preferiría:

1- un lote rústico?

2- un lote con agua potable, aguas negras y drenaje y construir la casa después?

3- un lote con los servicios anteriores y una casa sencilla?

4- otros: (especifique)

A) porqué prefiere éste?

Para terminar, le ruego me de un poquito más de su amable colaboración. Ahora le haré las últimas preguntas.

Codificación
Variable Score

36- A quién acude usted cuando tiene problemas familiares, económicos o de otra índole?

- 1- a parientes?
- 2- a compadres?
- 3- a vecinos?
- 4- a amigos fuera de esta vecindad?
- 5- al sacerdote (al pastor o similares)?
- 6- otros: (especifique a quién)

37- Pertenece usted a alguna organización, club, asociación o comité de su barrio

colonia

- 1- Sí
- 2- No

A) de qué clase?	B) asiste a reuniones		
	Frecuente-mente	de vez en cuando	nunca
1- deportivo <input type="checkbox"/>			
2- religioso <input type="checkbox"/>			
3- cooperativa <input type="checkbox"/>			
4- sindical <input type="checkbox"/>			
5- político <input type="checkbox"/>			
6- comunal <input type="checkbox"/>			
7- otro: (especifique)			

38- Participa en reuniones o actividades tendientes a resolver problemas de esta comunidad?

Codificación
Variable Score

- 1- frecuentemente
- 2- de vez en cuando
- 3- nunca

Resumen de cualquiera otra información de importancia resultante de la entrevista y/o de la observación.

OBSERVACIONES:

Appendix III B

HOUSEHOLD SURVEY MANUAL

MANUAL DEL ENCUESTADORCONTENIDO

	Página
I - PRESENTACION	1
II - RECOMENDACIONES GENERALES	2
III - INSTRUCCIONES GENERALES PARA EL REGISTRO DE LAS RESPUESTAS	6
IV - INSTRUCCIONES ESPECIFICAS POR PREGUNTA	7
V - INSTRUCCIONES PARA LA CODIFICACION	

I. PRESENTACION

Estimado Encuestador:

Nuestra investigación pretende conocer la estructura y características del mercado de la vivienda popular en el país y responde a dos propósitos amplios, uno interno de la Fundación, cual es el de proporcionar información que le permita tener mejor base para orientar y retroalimentar sus políticas y programas y otro externo, conforme al cual este estudio es parte de la investigación más amplia que se realiza en ocho países latinoamericanos con el título de: "Vivienda a Bajo Costo para Familias de Bajos Ingresos", como parte del Proyecto SIAP-CIID.

Para esta responsabilidad hemos solicitado su valiosa colaboración.

Indudablemente su experiencia en trabajos similares nos ofrece condiciones imponderables que van a favorecer el grado de confianza de los datos que se recojan.

La encuesta solo es una parte de la investigación pero es una parte muy importante porque es la oportunidad de obtener datos directos, de primera fuente, sobre los cuales se hará el análisis del problema concreto que nos ocupa.

Estamos seguros pues, que para una parte tan delicada de nuestro cometido, contamos en usted con un colaborador experimentado y bien dispuesto.

Permitanos presentarle este manual el cual tiene el objetivo fundamental de dar las instrucciones necesarias para administrar el cuestionario.

II. RECOMENDACIONES GENERALES

(1) USE EL CUESTIONARIO DE MANERA INFORMAL.

"Debe hacer cada pregunta con un tono de voz natural y de conversación y obviamente no en tono de lectura".

Establecer una relación agradable, cordial y de confianza con el entrevistado es necesario para lograr el tipo de información que requiere una investigación científica. Una atención demasiado evidente al cuestionario crea una atmósfera de interrogatorio y nada menos apropiado para obtener una buena disposición del informante.

La regidez del cuestionario no debe impedir que la entrevista sea una conversación agradable.

(2) HAGA LAS PREGUNTAS CON EL MISMO LENGUAJE DEL CUESTIONARIO.

A todas las personas encuestadas se deben aplicar las mismas preguntas si queremos que los datos obtenidos sean comparable.

El enunciado de la pregunta y el orden de las alternativas ha sido estudiado previamente y aún en el caso que el cuestionario contenga algunas preguntas discutibles desde este punto de vista, es necesario plantearla al entrevistado tal cual aparece, para que su comparabilidad permita, incluso, demostrar que no funciona. En casos necesarios, siempre que mantenga el enunciado de la pregunta, pueden darse estímulos mandatorios al informante toda vez que le ayuden a comprender lo que se pregunta. Los estímulos mandatorios no deben inducir la respuesta ni alterar el sentido de la pregunta.

Evite términos o expresiones que puedan generar actitudes defensivas, agresividad o resentimiento de parte del entrevistado.

Por ejemplo la expresión: "colonia ilegal" puede afectar la susceptibilidad del entrevistado, lo mismo que la palabra "tugurio". Para estos casos use Lotificación y champas, respectivamente.

En todo caso trate de percibir la sensibilidad de su informante y proceda con mucho tacto. El lenguaje y la entonación pueden ser decisivos para lograr una buena entrevista.

(3) HAGA LAS PREGUNTAS EN EL ORDEN PRESENTADO POR EL CUESTIONARIO.

Las preguntas son secuentes y guardan a veces un orden lógico, otras veces dicho orden responde a razones de estrategias que aseguran la buena disposición del entrevistado.

Para yudarle a visualizar el orden y secuencia de algunas subpreguntas o subalternativas, se han usado flechas.

Ejemplo:

30 - Ha tratado usted de conseguir vivienda propia con estas oficinas o instituciones?

1- Sí

A) con cuál?

2- No

C) porqué?

(4) HAGA TODAS LAS PREGUNTAS QUE APARECEN EN EL CUESTIONARIO Y QUE SEAN APLICABLES A SU ENTREVISTADO.

Cada pregunta tiene una razón de ser. Algunas preguntas repetidas, idénticas o equivalentes pueden tener diferentes propósitos uno de los cuales es controlar las respuestas dadas a preguntas anteriores.

Obtenga respuestas para cada una de las preguntas.

La alternativa "no sabe" recoge una respuesta posible; la alternativa "no responde" nos indica que no se obtuvo respuesta pero que la pregunta fue formulada.

(5) ESTUDIE PREVIAMENTE EL CUESTIONARIO Y CONSULTE TODAS LAS DUDAS QUE SE LE PRESENTEN.

Dentro del cuestionario encontrará indicaciones especiales para algunas preguntas.

Repare cuidadosamente en ellas.

En el cuestionario para residentes ("DEMANDA") encontrará preguntas exclusivas para mesones o para tugurios o para lotificaciones. Como se indica en su lugar, dichas preguntas solo se formularán a quienes corresponda.

(6) ENTREVISTE AL JEFE DE FAMILIA Y SOLO A EL.

La entrevista debe realizarse directamente con el Jefe de Familia, pues buena parte de las preguntas necesitan no solo que el informante sea un adulto sino que conozca algunas cuestiones relacionadas con gastos de vida, capacidad de pago, decisiones familiares, compromisos económicos, etc.

El Jefe de Familia puede ser:

- a) El marido (referido al ama de casa) o sea el padre (referido a los hijos), en familias nucleares integradas.
- b) La madre, en familias nucleares organizadas en torno a la figura y autoridad materna. En este caso puede ocurrir que algún o algunos hijos sean económicamente activos y que el sostén económico provenga de ellos, pero que la madre conserve las condiciones premencionadas.
- c) En familias del tipo anterior puede ser que uno de los hijos (o hijas) tenga el estatus que nos interesa como informante.

En todo caso, tome como Jefe aquel miembro a quien la familia concede tal calidad.

La conversación inicial o de contacto debe ayudar a asegurarse que se trata del Jefe de Familia. No inicie la entrevista propiamente dicha, si no está absolutamente seguro que se trata del tipo de informante que necesitamos.

(7) EN NINGUN MOMENTO MENCIONE A FUNDASAL.

Si el informante insiste en preguntar que "de parte de quien se hace este estudio", explíquele que la investigación está patrocinado por SIAP (Sociedad Interamericana de Planificación) y CIID (Centro Internacional de Investigación para el Desarrollo), organismos que están interesados en estudiar las características de la vivienda en varios países.

Previo a la pregunta N°1, debe tenerse sumo cuidado al definir el tipo de asentamiento. El cuestionario llevará marcado en el rubro II (localización) el tipo de asentamiento donde se hará la entrevista, pero usted puede constatar que en algún caso el lugar que le ha sido asignado no corresponde exactamente al tipo de asentamiento señalado, pues puede tratarse de combinaciones concretas como tugurio en mesón, mesón en lotificación etc. En caso así, especifique en "otros" (II 3.4).

III. INSTRUCCIONES GENERALES PARA EL REGISTRO DE LA RESPUESTA.

En este cuestionario encontrará tres tipos de preguntas:

1. Preguntas cerradas.
2. Preguntas abiertas.
3. Preguntas semicerradas.

1. Como en las preguntas cerradas las respuestas posibles ya vienen dadas, usted no tiene más que marcar con una X (equis) en el cuadrado correspondiente () Ejemplo: Pregunta 5 y subpreguntas A) y B) de la misma.

Las preguntas cerradas constan de dos o más alternativas. De una pregunta o de una alternativa pueden derivarse subpreguntas abiertas o cerradas.

2. En las preguntas abiertas usted debe anotar las respuestas en forma textual, excepto en aquella en las que haya indicaciones específicas; por ejemplo; el caso de la pregunta N°6, otros ejemplos de preguntas abiertas son las N°s. 13 y 14.

3. En el tercer tipo (preguntas semicerradas) se combinan las formas 1 y 2 y pueden dar lugar a indicaciones específicas. Ejemplos de este tipo son las preguntas N^os. 2, 10, y 11, subpregunta 5C).

En caso que la respuesta no corresponda a ninguna de las alternativas presentadas anótelas textualmente en la categoría "otro", ESPECIFIQUE.

Las instrucciones específicas de cada pregunta se presentan en el apartado siguiente:

IV. INSTRUCCIONES ESPECIFICAS POR PREGUNTA.

Consulte cuidadosamente este apartado utilizando simultáneamente el cuestionario.

Pregunta N^o1

Sin problema evidente.

Pregunta N^o2

Esta pregunta tiene por objeto conocer la situación conyugal del informante, ya sea legal o de hecho.

Observe que entre las alternativas las hay que derivan una de matrimonio civil y otras de "unión libre".

Antes de anotar respuesta cerciódrese que no se hayan confundido las categorías que pueden presentarse a equívoco: soltero, acompañado, y separado o separado y divorciado. La categoría viudo debe aplicarse a quien se le ha muerto el cónyuge, independientemente de que fuera casado o simplemente acompañado, toda vez que no haya contraído nueva situación conyugal.

Pregunta N^o3

Sin problema evidente.

Pregunta N°4

Sin problema evidente.

Pregunta N°5Subpregunta 1-A).

Si contesta la alternativa 1 (sí) , formule la subpregunta 1-A), referente al último grado aprobado.

Téngase en cuenta que:

1. en el plan antiguo:
 - a) Educación Primaria = del 1º al 6º grado.
 - b) Plan Básico = 1º, 2º y 3er. curso.

Total nueve años

2. en el plan vigente:

Educación Básica del 1º al 9º grado.

Total nueve años.

Para los efectos de nuestra encuesta, 1º, 2º y 3er. curso de Plan Básico (Plan Antiguo) se tomarán como equivalentes a 7º, 8º y 9º grados, respectivamente y por lo tanto se anotarán en las casillas 7, 8 y 9 según el caso.

Subpregunta 1-B)

Si la subpregunta "otros estudios" corresponde a estudios diferentes de la educación primaria y/o básica. Para que se de esta posibilidad no es necesario que se haya concluído el Plan Básico o el Noveno Grado pues anteriormente se cursaban carreras como Teneduría de libros y Técnico Oficinista, con solo el Sexto Grado.

A la categoría 1 (Comercio) corresponden carreras como Contador, Secretaria Comercial, Teneduría, Oficinista, Bachiller Comercial.

En la categoría "otros", caben estudios por correspondencia, cursos técnico prácticos de cosmetología, corte y confección y otros similares

que se imparten fuera del sistema educativo nacional por parte de agencias estatales, municipales o de otra índole.

Pregunta N°6

Se entenderá como ocupación principal, la profesión oficio, o trabajo desempeñado del que dependen en forma exclusiva o en mayor proporción los ingresos de la persona.

Anótese la respuesta en forma precisa, utilizando nominaciones usuales lo más detallado posible, por ejemplo: mecánico de automóviles, propietario de taller automotriz, vendedor de baratijas, vendedora ambulante, lavandera y aplanchadora de ropa ajena, reparador de aparatos electrónicos, ordenanzas, vendedor de almacén, etc.

Repregunte para especificar el máximo si es necesario.

Pregunta N°7

Subpregunta 1-B)

Ver indicaciones de pregunta N°6.

Pregunta N°8

Subpregunta A)

Lo que se necesita es saber hasta qué edad aproximadamente vivió el informante en el lugar de su nacimiento.

Si el informante nació en el mismo Municipio en que se realiza la entrevista NO FORMULE las preguntas 9, 10 y 11 y PASE a la pregunta N°12.

Las preguntas 9, 10 y 11 son para entrevistados migrantes.

Pregunta N°9

Complete esta pregunta utilizando en el primer espacio el nombre del Municipio donde nació el informante y en el segundo espacio el nombre de la ciudad donde se realiza la entrevista.

Si obviamente el lugar de la entrevista no está en el radio urbano -como es el caso de algunas colonias ilegales que están en área rural-urbana o en área rural-, si es necesario use estímulos mandatorios a fin

de que el entrevistado comprenda que a pesar de no vivir dentro de la ciudad propiamente dicha, su lugar de residencia está comprendido en el Municipio X (San Miguel, Sonsonate, San Salvador, Soyapango, Mejicanos, etc.).

La supregunta 9-2A) se formulará solo en caso que la respuesta anterior corresponda a la alternativa dos.

Pregunta N°10

Esta pregunta trata de detectar si el migrante llegó solo a su actual lugar de residencia o con quienes llegó en caso de que lo hubiese hecho acompañado. En "otro" se puede incluir: compadre, etc.

Pregunta N°11

Esta pregunta trata de conocer si el entrevistado realizó una "migración auspiciada" o no, de modo que debe explorarse si al llegar se alojó donde parientes, amigos, compadres, etc. o si no poseyendo donde quien llegar, pagó de inmediato hospedaje, alquiló habitación, compró casa u ocupó un predio y levantó una champa. Casos como éstos que no están categorizados, caben en "otra forma".

Pregunta N°12

En forma similar a lo explicado en la pregunta N°9 use el término Municipio en vez de ciudad, si es necesario.

La subpregunta 2-A) formúlese solamente si a la pregunta anterior contestó "en varios" (alternativa 2-).

La subpregunta 2-B) funciona solo en el caso que haya respuesta significativa para 2-A).

Pregunta N°13

Escriba textualmente un máximo de tres ventajas en orden de importancia.

Pregunta N°14

Escriba textualmente un máximo de tres desventajas en orden de importancia.

Subpregunta A).

Sin problema evidente.

Pregunta N°15

Esta pregunta se refiere a la casa en sí, EXCLUIDO el terreno. Cerciórese que el informante puede distinguir casa y terreno. Estudie la pregunta referente al terreno (N°16) para que le sea fácil separar el objetivo de ambas.

Aplique el término pieza a entrevista en mesones y casa a entrevistas en lotificaciones y tugurios.

Después de formular la pregunta lea las alternativas que se presentan a continuación y al obtener respuesta marque en la casilla correspondiente. Formule las subpreguntas que correspondan a la alternativa seleccionada.

Si el caso no corresponde a ninguna de estas alternativas, vea en página 9 del cuestionario la alternativa OTRA FORMA DE TENENCIA (alternativa 4).

Alternativa 15-1 (Propia)

Esta alternativa aplica en entrevista a usuarios de lotificaciones que ya han cancelado su lote. Puede suponerse que poseen escritura pública que ampara su propiedad.

Subpregunta 1-A)

Esta alternativa aplica en entrevistas a usuarios de lotificaciones que ya han cancelado su lote. Puede suponerse que poseen escritura pública que ampara su propiedad.

Tiene a su vez tres alternativas.

Si el entrevistado aplica a la alternativa 1 (la recibió como herencia) PASE a la subpregunta B) y subsiguientemente a la pregunta N°16.

Si aplica a la alternativa 2- (la compró ya construida) fórmese la 2-a). (Cómo obtuvo el dinero para construir?).

Después PASE a la subpregunta B) y subsiguientemente a la pregunta N°16.

Si aplica a la alternativa 3- (la construyó?), fórmese 3-a),3-b) y 3-c).

Después PASE a la subpregunta B) y subsiguientemente a la pregunta N°16.

Alternativa 15-2 (Alquilada)

Esta alternativa aplica en entrevistas a usuarios de mesón, preferentemente. Pero pueden encontrarse usuarios que alquilan casa en lotificaciones o en tugurios.

Alternativa 15-3 (Habitada sin documento de Propiedad y sin pagar alquiler).

Esta alternativa aplica en entrevistas a usuarios de tugurios.

Subpregunta A)

Tiene tres alternativas.

Si aplica a la alternativa 1- (se la cedió el usuario anterior?) PASE a la pregunta N°16.

Si aplica a la alternativa 2- (la compró?), fórmúlese 2-a) (cómo la compró?).

Si en a) contesta 1- (al contado), PASE a subpregunta B) y luego a pregunta N°16.

Si en 2-a) contesta 2- (al crédito), fórmúlese los sublitterales a), b) y c).

Si aplica a la alternativa 3- (la construyó?), fórmúlese los sublitterales a) y b). Después PASE a subpregunta B) y luego a pregunta N°16.

Alternativa 13-4 (otra forma de tenencia)

Sin problema evidente.

Preguntas N°16 y N°17

Formúlese solamente a residentes en LOTIFICACIONES y en TUGURIOS.

Pregunta N°16

Después de formular la pregunta lea las alternativas que se presentan a continuación y al obtener respuesta marque en la casilla correspondiente.

Formule las subpreguntas que correspondan a la alternativa ya seleccionada.

Si el caso no corresponde a ninguna de estas alternativas, vea en página 11 del cuestionario la alternativa OTRA FORMA DE TENENCIA. (alternativa 5).

Alternativa 16-1 (Propio ya cancelado)

Esta alternativa aplica en entrevistas a usuarios de lotificaciones, que ya han cancelado su lote. Puede suponerse que poseen escritura pública que ampara su propiedad.

Subpregunta A)

Tiene a su vez dos alternativas.

Si el entrevistado aplica a la alternativa 1- (lo recibió como herencia?) PASE a la pregunta N°17.

Si el entrevistado contesta a la alternativa 2- (lo compró?), formule el literal a). Si contesta que lo compró al contado, PASE a la pregunta N°17; si contesta que lo compró al crédito, formule los literales b), c) y d).

Alternativa 16-2 (Arrendamiento con Promesa de Venta)

Esta alternativa aplica en entrevistas a usuarios de lotificaciones que aún están pagando el lote.

Alternativa 16-3 (Alquilado)

Esta alternativa puede aplicar a casos diferentes:

- En lotificaciones, donde el usuario alquila un lote y ha construido por su cuenta la vivienda.
- En tugurios en los cuales los usuarios pagan alquiler por el terreno.
- En mesones "caídos" en los que el dueño alquila al usuario el "puesto" para que levante una champa.

Alternativa 16-4 (Ocupado sin documento de propiedad).

Esta es la alternativa del tugurio típico en el que el usuario ocupa de hecho y no paga alquiler.

Subpregunta A)

Lo que se busca con esta subpregunta es conocer si el usuario ocupó el lugar por iniciativa propia o si varias familias decidieron ocuparlo simultáneamente (invasión).

Subpregunta B)

Sin problema evidente. PASE a pregunta N°17.

Alternativa 16-5 (Otra forma de tenencia).

Uno de los casos que caben en esta alternativa es el del lote con escritura de propiedad pero hipotecado como garantía del pago (es un mecanismo de venta alternativa del arrendamiento con promesa de venta).
ESPECIFIQUESE.

Pregunta N°17

Esta pregunta busca la estimación en que el entrevistado valúa su casa incluido el terreno. Se formulará a residentes en lotificaciones y tugurios.

Si el entrevistado es propietario, suprima la expresión: "si fuera suya".

Pregunta N°18

Se busca con esta pregunta conocer si la casa o pieza se usa además para actividades económicas: tienda, taller, tortillería, pupusería, etc.

Pregunta N°19

Se anotará información para cada miembro del grupo familiar. Observe que en cuanto al Jefe de Familia las preguntas: B), D), E), F), y G) ya no deben formularse.

Tenga en cuenta que según se estipula en las indicaciones específicas de algunas categorías, no se debe recoger información de menores de cierta edad. (Ejemplo: Estado Civil, solo para personas de catorce años o más. Nivel Educativo, solo para personas de seis años o más. Ocupación, solo para personas de diez años o más).

- A. Número de Orden (N.O.). Enumere correlativamente los miembros del grupo familiar. Registre solamente las personas que permanente y efectivamente viven en la unidad habitacional visitada.
- B. Parentesco. Se entenderá como el vínculo que existe entre cada uno de los miembros del grupo y el Jefe de Familia y deberá estar referido a éste: Ejemplo: cónyuge (del Jefe de Familia), hijo (del Jefe de Familia), tío (del Jefe de Familia), suegra (del Jefe de Familia), cuñado (del Jefe de Familia, etc.) Los hijos se inscribirán de mayor a menor edad.
Si vive con el grupo familiar alguna persona que no tiene parentesco ni por consanguinidad ni por afinidad con el Jefe de Familia, se deben registrar todos sus datos en las respectivas columnas y en cuanto al parentesco debe anotársele la palabra ninguno.
- C. Sexo. Masculino = M
 Femenino = F
- D. Edad. Anótese el número de años cumplidos; para menores de un año anótese 0 (cero).
- E. Tómese solamente para personas de catorce años o más. Las categorías son: soltero, casado, acompañado, divorciado, separado, viudo. Si se da otra categoría, especifíquela.
- F. Nivel Educativo. Tómese solo para personas de seis años o más. Escríbase el número correspondiente al último grado aprobado. Si es estudiante actual, escriba "E" antes del número que indica el grado. Plan Básico antiguo tómese como 7º, 8º y 9º grado, respectivamente. Si no tiene ninguna escolaridad, escriba 0 (cero).
Si tiene estudios de educación media, universitaria o superior no universitario u otros, especifique la especialidad. Ejemplos: Contador, Profesor, Bach. (Bachillerato, plan antiguo), Bach. Agríc. (Bachillerato Agrícola), Bach. Acad. (Bachillerato Académico), Medicina, Economía, etc.

- G. Ocupación Principal. Formúlese solo a personas de diez años o más (VEANSE indicaciones de pregunta N°1.)
- H. Ingreso Mensual. Formúlese para miembros del grupo familiar que perciban remuneración ya sea como trabajadores activos o como rentista, pensionado, jubilado, etc.
- I. Aporte Mensual. Solo para personas que obtienen ingresos.

Pregunta N°20

Sondee los gastos semanales o mensualmente según su naturaleza y/o la mayor facilidad para obtener respuesta, PERO conviértalos todos a gastos mensuales.

En el rubro 8- "otros" ESPECIFIQUE.

Pregunta N°21

Tiende dos alternativas.

Si aplica en la primera, formúlese la subpregunta A).

Si aplica en la segunda, formúlese la subpregunta B).

Observe que esta subpregunta B) se descompone en dos alternativas:

1. Sí formúlese a) (para qué?...)
2. No formúlese b) (porqué ...)

Pregunta N°22

Lo que se quiere saber es a través de qué canales de información -formal e informal- tuvo conocimiento sobre este tipo de solución habitacional.

Complete el sentido de la pregunta con el término adecuado (mesón o champas o lotificación).

Pregunta N°23

Formúlese SOLAMENTE a residentes de MESONES y de LOTIFICACIONES.

Complete el sentido de la pregunta con el término adecuado (lotificación o mesón).

Pregunta N°24

Formúlese SOLAMENTE a residentes de MESONES y de LOTIFICACIONES.

Complete el sentido de la pregunta con el término adecuado (mesón o tugurio o lotificación).

Subpregunta A)

ESPECIFICAR. Formúlese solamente en caso que la respuesta anterior sea a las alternativas 1, 2 ó 3.

Pregunta N°25

Formúlese SOLAMENTE a residentes de LOTIFICACIONES y de MESONES.

Complete el sentido de la pregunta con el término adecuado (las letras mensuales?, alquiler?).

Subpregunta A)

Escriba la respuesta en forma textual.

Pregunta N°26

No aplica significa que la pregunta no corresponde al entrevistado. Este es el caso de los que no pagan la vivienda que habitan o de los que son propietarios de la misma.

Pregunta N°27

Complete el sentido de la pregunta con el término adecuado al caso (casa o pieza). Anote textualmente la respuesta.

Pregunta N°28

IDEM pregunta N°27

Pregunta N°29

Formúlese solamente a residentes en LOTIFICACIONES!

Pregunta N°30

Si contesta la alternativa 1- (sí haga la subpregunta A) (Cuáles?) y anote la respuesta del informante.

Si contesta la alternativa 2- (no , pase a la pregunta N°32.

Pregunta N°31

Si contesta la alternativa 2- (no , siga con la subpregunta C) (porqué?).

Si contesta la alternativa 1- (sí , plantee la sub-pregunta A) (Con cuál?), y a continuación formule la subpregunta B).

Ha presentado solicitud ...?

- 1- Sí pase a A) cuál ha sido el resultado?
 2- No pase a B) porqué?

Pregunta N°32

Sin problema evidente.

Pregunta N°33

Observe que esta pregunta trata de detectar la disposición de la gente para trabajar en programas de Ayuda Mutua. Formúlese textualmente y de acuerdo con el objetivo de la pregunta, use estímulos mandatorios si es necesario.

Subpregunta A)

Anote textualmente la respuesta.

Pregunta N°34

La alternativa 1- (sí , tiene la subpregunta A):

- 1- Sí
 A) hasta cuánto ...?

La alternativa 2- (no , tiene la subpregunta B):

- 2- No
 B) porqué?

Pregunta N°35

En esta pregunta se busca el grado de preferencia que tienen las diferentes soluciones habitacionales. Explique en qué consiste cada alternativa si es necesario.

Subpregunta A)

Anote textualmente.

Pregunta N°36

El objeto de esta pregunta es detectar redes de relación o redes sociales que operan en la población estudiada.

Pregunta N°37

Si contesta la alternativa 2- (no), marque en la casilla correspondiente y pase a la pregunta N°38.

Si contesta la alternativa 1- (sí), marque en la casilla correspondiente y formule la subpregunta A) y B). En seguida pase a la pregunta N°38

Pregunta N°38

Sin problema evidente.

Appendix IV

CODE FOR VARIABLES, QUESTIONS AND
SCORES FOR HOUSEHOLD SURVEY

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Nº de tarjeta	1	--	1	1	Primera tarjeta
Nº del cuestionario	2	--	2-3-4	001	Cuestionario Nº1
				748	Cuestionario Nº748
Nº Encuestador	3	--	5-6	01	Araya, David
				02	Argueta C., J. Miguel
				03	Azmitia, Mario Ernesto
				04	Díaz Chamorro, J. Salomón
				05	Fernández M., C. Alberto
				06	Flores F., Florencio
				07	García, I. Antonio
				08	Gil C., J. Francisco
				09	Gutiérrez A., Hans
				10	Hennessy A., E. Sócrates
				11	Herrera A., I. Miguel
				12	Herrera, F. Mauricio
				13	Landos, Alirio
				14	López A. Eric Napoleón
				15	Mármol P., J. Mauricio
				16	Mercado A., C. Armando
				17	Molina L., M. Alfredo
				18	Moreira, J. Antonio
				19	Murillo L., F. Reynaldo
				20	Pérez M., O. Francisco
				21	Rivas M., Francisco
				22	Rodríguez, B. Lidia
				23	Ruiz D., J. Abelardo
				24	Valle, César
				25	Villarreal S., Pedro
				26	Sandoval A., M. Ernesto
				27	Zaldaña M., Juan

Variable	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Nombre zona o colonia	4	--	7-8-9	0	<u>San Salvador</u>
				001	Colonia El Guaje
				002	Colonia Santa Carlota
				003	Colonia Menjívar
				004	Colonia Figueroa
				005	Colonia Azucena
				006	Colonia San Luis
				007	Colonia Los Angeles
				008	Colonia Los Alpes
				009	Colonia El Roble
				010	Colonia Amiquino
				011	Colonia Guadalupe
				012	Colonia Humberto
				013	Colonia 26 de Enero
				014	Colonia San Juan
				015	Colonia Buenos Aires
				016	5a. Ave.N.Nº2-1,Sta. Tecla
				017	43 Ave. Sur y C.Colón Nº907, Col., 3 de mayo
				018	34 Ave. Sur Nº123,Lourdes.
				019	C. Concepción Nº281
				020	21 C. Poniente Nº734
				021	10a.Ave.Norte Nº3-9, Sta. Tecla
				022	Final 20 Ave. Norte Nº 610 Plazuela Ayala
				023	Final C. Los Tanques, Col. Sn. Francisco Cus- catancingo
				024	C. Atlántida Nº1215, Col. Sn. Antonio, Ba- rrio Sta. Anita
				025	4a. C. Oriente Nº1915, Barrio Lourdes

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Nombre zona o colonia				026	Ave.3 de mayo N° 129, Col. 3 de Mayo
				027	Ave. Juan Bertis N°48, Delgado
				028	Pje. Olmedo N°48, A, Ave. Castro Morán,, Mejicanos.
				029	Ave. Castro Morán N°44, Mejicanos
				030	Col. Dina, Pje.6 N°214
				031	32 Ave. Norte N°220
				032	C. Colón, Pje. Zeus, Barrio San Sebastián
				033	Ave.Roosevelt Poniente N° 37, Soyapango
				034	49 Ave. Sur N° 1408
				035	Pje.Guatemala,Ave. Castro M., Mejicanos
				036	16 Ave. Norte N°610 (por Plazuela Ayala)
				037	C. El Carmen, C. a San Antonio Abad
				038	C. Principal N°125, Plazuela Ayala
				039	38 Ave. Norte N°114, Lourdes
				040	19 Ave. Sur N°1538, Col. San Antonio, Barrio Santa Anita
				041	C. México N°1223, Barrio San Jacinto
				042	Col. San Juan y 23 Ave. Sur N°
				043	20 Ave. Sur N°214, Lourdes
				044	2a. Calle O. N°1212
				045	Col.San Judas, 13 C. Oriente N°770

VARIABLE	Nº de Variable	No. de Pregunta	Co-lumna	Score	Categoría
Nombre zona o colonia				046	1a. C. Poniente N°5-8, Sta. Tecla
				047	Terrenos Julia Valle
				048	Callejón El Molino
				049	Tinetti
				050	San Judas
				051	Anexo a la Fuente
				052	Mesón Medina
				053	Terrenos del Hospital
				054	Predio N°9
				055	Quinta América
				056	La Fortaleza N°2
				057	Polvorín
				058	Reparto San Patricio
				059	Comunidad Modelo
				060	H. Villacorta
				1	<u>San Miguel</u>
				101	Colonia Guzmán
				102	Colonia Maltez
				103	Colonia Zapata
				104	Colonia Granillo
				105	Lotificación Vásquez
				106	6a. Ave. Sur y 7a. C. Oriente N°310
				107	6a. C. Poniente N°708
			108	15 C. Poniente N°112	
			109	15 C. Poniente N°203	
			110	Final 2a. Ave. Sur y 25 C. Poniente	
			111	5a. Ave. Sur N°319	
			112	Las Chilcas	
			113	La Castellana	
			114	Antigua C. a Sta. Rosa de Lima	

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Nombre zona o colonia				115	Zamorano
				116	Dolores Retes
				2	<u>Sonsonate</u>
				201	Colonia Santa Eduvigis
				202	Colonia Belén
				203	Lotificación Marín
				204	Colonia San Genaro
				205	Lotificación Loma Linda
				206	10a.Ave.Norte N°7-9
				207	Pje.San Gerardo y C. Alberto Masferrer
				208	9a.Calle Poniente N°4-9
				209	3ra. Ave. Sur y 6a. C. Poniente
				210	C. a San Antonio N°4-2
				211	Final 6a. Ave. sur, antigua Carretera a Acajutla
212	La Gila				
213	Puente de Hierro				
214	Márgenes Río Julupe				
Tipo asentamiento	5	--	10	1	mesón
				2	lotificación
				3	tugurio
				4	mesón en tugurio
				5	mesón en lotificación
Municipio	6	--	11-12	01	Soyapango
				02	Ilopango
				03	Sta. Tecla o Nueva San Salvador
				04	Mejicanos
				05	Delgado

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Municipio				06 07 08 09 10 11 12	San Marcos Cuscatancingo San Salvador Antiguo Cuscatlán Ayutuxtepeque San Miguel Sonsonate
Departamento	7	--	13	1 2 3 4	San Salvador San Miguel Sonsonate La Libertad
Años cumplidos	8	1	14-15	01 98 99	un año o menos noventa y ocho años y más no hay dato
Estado conyugal	9	2	16	1 2 3 4 5 6 9	soltero casado acompañado divorciado separado viudo no hay dato
Sabe leer y escribir	10	3	17	1 2 9	Sí No no hay dato
Estudia	11	4	18	1 2 9	Sí No no hay dato

VARIABLE	Nº de Variable	Nº. de Pregunta	Co-lum-na	Score	Categoría
Estudio actual	12	4-A)	19	0	no aplica
				1	primer ciclo
				2	segundo ciclo
				3	tercer ciclo
				4	bachillerato
				5	comercio
				6	estudios técnicos por correspondencia
				7	estudios técnicos en academias especializadas
				9	no hay dato
Asistencia a la escuela	13	5	20	0	no aplica
				1	Sí
				2	No
				9	no hay dato
Grado aprobado	14	5-A)	21-22	00	no aprobó ningún grado
				01	primer grado
				09	noveno
				98	no hay dato
				99	no aplica
Otros estudios realizados	15	5-B)	23	0	no aplica
				1	Sí
				2	No
				9	no hay dato
Especialidad	16	5-C)	24	0	no aplica
				1	comercio
				2	magisterio
				3	bachillerato
				4	universidad

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Especialidad				5	estudios técnicos por correspondencia
				6	estudios técnicos en academias especializadas
				9	no hay dato
Escolaridad	17	5	25-26	00	no asistió a la escuela o no aprobó ningún grado
				01	primer grado
				00	noveno grado
				10	más de noveno grado
				99	no hay dato
Asistencia Escolar	18	4-5	27	1	no estudió actual ni anterior
				2	estudio actual o estudio anterior
Ocupación principal del Jefe de familia	19	6	28-29	00	no aplica
					<u>1. AGRICULTURA Y PESCA</u>
				11	profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, otros de nivel superior).
				12	Empleados agrícolas, contadores, oficinistas, capataces, caporales, mayordomos, mandadores (empleados de confianza).
				13	Operadores de maquinaria agrícola.
				14	Vigilantes
				15	Asalariados permanentes agrícolas (mozos, colonos, jornaleros, peones)

VARIABLE	Nº. de Variable	Nº de Pregunta	Columna	Score	Categoría	
Ocupación principal del jefe de familia..					permanentes, pequeños propietarios, pescadores).	
					16	Trabajadores agrícolas estacionales (cortadores, obreros beneficio de café, zafra, corta del algodón, legumbres, frutas).
					17	Otros trabajos agrícolas.
					<u>2. INDUSTRIA MANUFACTURERAS.</u> (Grandes y mediana industria).	
					21	Profesionales y/o técnicos (de Universidades, Instituciones Tecnológicas, otros de nivel superior).
					22	Empleados de la Industria (oficinas, bodegas, contabilidad, control, transporte, comunicaciones, mantenimiento).
					23	Obreros calificados de la industria (contra-maestres, jefes de sección, fresadores, torneros, responsables de equipo).
24	Obreros semi-calificados (carpinteros, mecánicos, zapateros, tejedores, tipógrafos, ordenanzas, panificadores, reparadores, montajistas, ajustadores, instaladores y asimilados.					

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación principal del jefe de familia.				25	Obreros no calificados (ayudantes obreros: jornaleros, peones, trabajadores en general empacadores, embaladores, embotelladores, ciclistas).
				26	Otros trabajadores en industrias manufactureras.
					<u>3. CONSTRUCCION Y AFINES</u>
				31	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, otros de nivel superior.)
				32	Empleados de las oficinas, compañías o dependencias de la construcción (dibujantes).
				33	Contramaestres, maestros de obra, jefes de personal, controladores.
				34	Obreros calificados de la construcción (albañiles armadores, fontaneros, electricistas, pintores.)
				35	Obreros semi-calificados de la construcción (piseros, repelladores, carpinteros del armado)
			36	Otros no clasificados: ayudantes de obrero: mozos, peones.	

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría	
Ocupación principal del jefe de familia.					<u>4. TRANSPORTE Y ALMACENAJE.</u>	
					41	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos u otras escuelas de nivel superior).
					42	Empleados de compañías de transporte, terrestre, acuático o aéreo (almacenaje, bodegas, depósitos).
					43	Operadores de vehículos naves, automotores de transporte urbano, extraurbano (cabotaje)
					44	Conductores de animales y de vehículos de tracción animal, carretoneros.
					45	Otros no clasificados.
						<u>5. SERVICIOS DE ELECTRICIDAD, AGUA, GAS, TELEFONO, TELEGRAFOS, COMBUSTIBLES, CORREOS.</u>
					51	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos u otras escuelas de nivel superior).
					52	Empleados de las oficinas, compañías, dependencias, plantas de suministro de electricidad, gas, agua, teléfonos, etc.
					53	Operadores, instaladores, montadores, reparadores de aparatos eléctricos de gas, agua, combustible, teléfonos.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría			
Ocupación principal del jefe de familia				54	Ayudantes y peones de estaciones, subestaciones, puestos de emergencias.			
				55	Otros asimilados no clasificados.			
				<u>6. COMERCIO Y AFINES</u>				
				61	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, u otras escuelas de nivel superior).			
				62	Empleados, contables, contadores, oficinistas, dependientes de comercio mayorista, cobrador, bodegueros.			
				63	Empleados, operadores de restaurantes, hoteles, moteles, turicentros, bares, similares.			
				64	Empleados, operadores de comedores, cafeterías, casas de huéspedes, pupilajes, similares.			
				65	Empleados, operadores, propietarios, refresquerías, dulcería, puserías, tortillería con puesto fijo establecido.			
66	Empleados, dueños, dependientes, vendedores de comercio minorista, con puesto fijo establecido, tiendas, pulperías.							

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación principal del jefe de familia				67	Dueños, operadores, vendedores de comercio minorista ambulante.
				68	Otros similares no clasificados.
					<u>7. SERVICIOS COMUNALES SOCIALES Y PERSONALES</u>
				71	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, u otras escuelas de nivel superior)
				72	Empleados de la administración pública y de la empresa privada (personal burocrático, maestros, compañías, ministerios).
				73	Personal de los servicios de protección y seguridad (Policía, ejército, cuerpos paramilitares, bomberos vigilantes).
				74	Trabajadores, obreros, laborantes del gobierno, empresa privada, serenos, costureras, ayudantes, lavandería, cocina, motoristas, mecánicos.
				75	Servicios domésticos en residencias privadas (además lavanderas, planchadoras, "de adentro," "niñeras).
				76	Servicios personales diversos (lavadoras de ropa ajena, planchadoras, sañre cosmetóloga, jardineros, relojeros)

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación principal del jefe de familia					jardineros, fontaneros, costurera, zapatero).
				77	Otros asimilados no clasificados.
					<u>8. SERVICIOS BANCARIOS SEGUROS, AHORROS, FINANCIEROS.</u>
				81	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos y otras escuelas de nivel superior).
				82	Empleados de oficina, de confianza de instituciones bancarias, de seguros, ahorros, financieros.
				83	Personal de servicio de dichas instituciones (serenos, vigilantes, policías, motoristas, motociclistas, ordenanzas).
				84	Servicios personales diversos, servidumbre, aseo, limpieza.
				85	Otros similares no clasificados.
					<u>9. TRABAJADORES DE DIFICIL CLASIFICACION</u>
				91	Amas de casa dedicadas exclusivamente a los oficios del hogar.
			92	Personas que declaran dedicarse a cuidar la casa-hogar (el hogar donde se les entrevista)	

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación principal del jefe de familia				93	Personas que han declarado ocupaciones no identificados e insuficientemente descritas.
				94	Personas que no han declarado ninguna ocupación.
				95	Personas que declaran andar en busca de su primer empleo.
				96	Persona de quien se ignora su oficio u ocupación.
Prestigio de la ocupación principal del jefe de familia	20	6	30	0	no aplica (ocupaciones no remuneradas o de difícil clasificación).
				1	17, 26, 36, 45, 55, 68, 77, 85, 94, 95, 96
				2	16, 44, 67, 75, 76, 84,
				3	25, 54, 66, 74, 92, 83,
				4	15, 35, 65,
				5	14, 24, 34, 73
				6	43, 53, 64
				7	13, 23, 33, 63
				8	12, 22, 32, 42, 52, 62, 72, 82,
				9	11, 21, 32, 41, 51, 61, 71, 81,

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación-Desocupación	21	7	31	1 2 3	Sí No no hay dato
Lugar de trabajo actual	22	7-A)	32-33	00 01 02 03 04 05 06 07 08 09 10 11 99	no aplica ambulante puesto o local para negocio fuera del hogar. institución gubernamental o municipal. empresa de transporte y/o servicios. empresa manufacturera y/o industrial empresa o unidad agropecuaria. empresa o unidad comercial. empresa de construcción. en el hogar. no clasificado. en casa de patrón. no hay dato.
Ocupación en el lugar de trabajo actual	23	7-B)	34-35	00 11 12	no aplica (no trabaja). <u>1. AGRICULTURA Y PESCA</u> Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, otros de nivel superior). Empleados agrícolas, contadores, oficinistas, capataces, caporales, mayordomos, mandadores, (empleados de confianza).

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación en el lugar de trabajo actual				13	Operadores de maquinaria agrícola.
				14	Vigilantes
				15	Asalariados permanentes agrícolas (mozos, colonos, jornaleros, peones permanentes, pequeños propietarios, pescadores)
				16	Trabajadores agrícolas estacionales (cortadores, obreros beneficio de café, zafra corta de algodón, legumbres, frutas).
					<u>2. INDUSTRIAS MANUFACTURERAS</u> (Grande y Mediana Industria)
				21	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, otros de nivel superior)
				22	Empleados de la Industria (Oficinas, bodegas, contabilidad, control, transporte, comunicaciones, mantenimiento).
				23	Obreros calificados de la industria (contra-maestres, jefes de sección, fresadores, torneeros, responsables del equipo).
24	Obreros semi-calificados (carpinteros, mecánicos, zapateros, tejedores, tipógrafos, ordenanzas, panificadores, reparadores, montajistas, ajustadores, instaladores y asimilados).				

VARIABLE	Nº. de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación en el lugar de trabajo actual				25	Obreros no calificados (ayudantes obreros: jornaleros, peones, trabajadores, empaques, embotelladores, embotelladores, ciclistas).
				26	Otros trabajadores en industria manufacturera.
					<u>3. CONSTRUCCION YAFINES</u>
				31	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, otros de nivel superior)
				32	Empleados de las oficinas, compañías o dependencias de la construcción (dibujantes).
				33	Contramaestros, maestros de obra, jefes de personal, controladores.
				34	Obreros calificados de la construcción (albañiles, armadores, fontaneros, electricistas, pintores).
				35	Obreros semi-calificados de la construcción (piseros, repeladores, carpinteros del armado).
			36	Otros no clasificados: ayudantes de obreros: mozos, peones.	

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación en el lugar de trabajo actual.					<u>4. TRANSPORTES Y ALMACENAJE.</u>
				41	Profesionales y/o técnicos de Universidades, Institutos Tecnológicos u otras escuelas de nivel superior.
				42	Empleados de compañías de transporte, terrestres, acuático o aéreo (almacenaje, bodegas, depósitos).
				43	Operadores de vehículos, naves, automotores de transporte urbano, extraurbano (cabotaje).
				44	Conductores de animales y de vehículos de tracción animal, carretoneros.
				45	Otros no clasificados.
					<u>5. SERVICIOS DE ELECTRICIDAD, AGUA, GAS, TELEFONO, TELEGRAFOS, COMBUSTIBLES, CORREOS.</u>
				51	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos u otras escuelas de nivel superior.)
				52	Empleados de las oficinas, compañías, dependencias, plantas de suministro de electricidad, gas, agua, teléfonos, etc.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación en el lugar de trabajo actual				53	Operadores, instaladores, montadores, reparadores de aparatos eléctricos, de gas, agua, combustible, telégrafos.
				54	Ayudantes y peones de estaciones, subestaciones puestos de emergencias.
				55	Otros asimilados no clasificados.
					<u>6. COMERCIO Y AFINES</u>
				61	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos, u otras escuelas de nivel superior).
				62	Empleados, contables, contadores, oficinistas dependientes de comercio, mayoristas, cobrador, bodegueros).
				63	Empleados, operadores de restaurantes, hoteles, moteles, turicentros, bares, similares.
				64	Empleados, operadores de comedores, cafeterías, casas de huéspedes, pupilajes, similares.
				65	Empleados, operadores propietarios, refresquerías, sorbeterías, neverías, dulcerías, pupuserías, tortillerías con puesto fijo establecido.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación en el lugar de trabajo actual.				66	Empleados, dueños, dependientes, vendedores de comercio minorista, con puesto fijo establecido, tiendas, pulperías.
				67	Dueños, operadores, vendedores de comercio minorista ambulante.
				68	Otros similares no clasificados.
					<u>7. SERVICIOS COMUNALES SOCIALES Y PERSONALES</u>
				71	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos u otras escuelas de nivel superior).
				72	Empleados de la administración pública y de la empresa privada (personal burocrático, maestros, compañías, ministerios).
				73	Personal de los servicios de protección y seguridad (policía, ejército, cuerpos paramilitares, bomberos, vigilantes).
				74	Trabajadores, obreros, laborantes del gobierno, empresa privada, serenos, costureras, ayudantes, lavandería, cocina, motoristas, mecánicos.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ocupación en el lugar de trabajo actual.				75	Servicios domésticos en residencias privadas, (además lavanderas, aplanchadoras, "de adentro," "niñeras).
				76	Servicios Personales diversos (lavadoras de ropa ajena, aplanchadoras, sastres, cosmetóloga, jardineros, fontaneros, costurera, zapatero, relojeros).
				77	Otros asimilados no clasificados.
					<u>8. SERVICIOS BANCARIOS SEGUROS, AHORROS, FINANCIEROS.</u>
				81	Profesionales y/o técnicos (de Universidades, Institutos Tecnológicos y otras escuelas de nivel superior).
				82	Empleados de oficina de confianza de instituciones bancarias, de seguros, ahorros, financieros.
				83	Personal de servicio de dichas instituciones (serenos, vigilantes, policías, motoristas, motociclistas ordenanzas).
				84	Servicios personales diversos, servidumbre, aseo, limpieza.
				85	Otros asimilados no clasificados.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría	
Ocupación en el lugar de trabajo actual.					9. TRABAJADORES DE DIFÍCIL CLASIFICACION	
					91	Amas de casa dedicadas exclusivamente a los oficios del hogar.
					92	Personas que declaran dedicarse a cuidar la casa-hogar (el hogar donde se les entrevista)
					93	Personas que han declarado ocupaciones no identificadas o insuficientemente descritas).
					94	Personas que no han declarado ninguna ocupación.
					95	Personas que declararon andar en busca de su primer empleo.
					96	Persona de quien se ignora su oficio u ocupación.
					99	no hay dato.
Prestigio de la ocupación actual del jefe de familia.	24 ;7-B)		36	0	no aplica (ocupaciones no remuneradas o de difícil clasificación).	
					1	17, 26, 36, 45, 55, 68, 77, 85, 94, 95, 96
					2	16, 44, 67, 75, 76, 84
					3	25, 54, 66, 74, 92, 93
					4	15, 35, 65
					5	14, 24, 34, 73

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Prestigio de la ocupación actual del jefe de familia.				6	43, 53, 64
				7	13, 23, 33, 63
				8	12, 22, 32, 42, 52, 62, 72, 82
				9	11, 21, 31, 41, 51, 61, 71, 81
Trabaja en ocupación principal.	25	6-7-B)	37	0	no aplica (no trabaja actualmente)
				1	SÍ
				2	No
				9	no hay dato
Estabilidad ocupacional	26	7-C)	38	0	no aplica
				1	permanente
				2	temporal
				9	no hay dato
Razón de su permanencia.	27	7-C)	39	0	no aplica
				1	propio
				2	trabajo fijo
				3	nombramiento o contrato
				4	bastante tiempo de trabajar en el lugar.
				5	por la demanda
6	por planilla				
				9	no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Razón de su temporabilidad.	28	7-C)	40	0	no aplica.
				1	varía según disponibilidad de dinero para comprar materia prima.
				2	varía según disponibilidad de dinero para comprar mercadería.
				3	demanda variable de mercadería.
				4	demanda variable de su trabajo como asalariado.
				5	no tiene contrato.
Causa de Cesantía.	29	7-D	41	9	no hay dato.
				0	no aplica .
				1	edad avanzada.
				2	cierre de la unidad de producción.
				3	enfermedad.
				4	necesidad de atender su casa.
				5	falta de oportunidad de trabajo,
				6	baja remuneración.
				7	rentista, pensionado y similares.
				9	no hay dato.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Lugar de nacimiento	30	8	42	1	Hasta 2000 (Todos los municipios que no aparecen en las listas de las otras categorías).
				2	Más de 2000 a 5000 Apaneca Apastepeque Arcatao Candelaria de la Fronte ra Concepción de Ataco Concepción de Oriente Concepción de Quezal- tepeque Conchagua Chirilagua Estanzuelas Guatajiagua Intipuca Jayaque Jiquilisco Lolotique Jocoro Mercedes Umaña Nahizalco Nueva Concepción Nueva Guadalupe Ozatlán Panchimalco Pasaquina San Alejo San Bartolomé Perulapía San Jorge San Juan Talpa San Julián San Miguel Tepezontes San Pedro Masahuat San Rafael Oriente Sonzacate Tacuba Teculuca Tepecoyo Tonacatepeque Turín Victoria Yucuayquín

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Lugar de nacimiento.				3	Más de 2000 a 5000 con infraestructura vial o contiguos a centros urbanos importantes. Ciudad Barrios Coatepeque El Congo Juayúa Nejapa Olocuilta Puerto El Triunfo Rosario de la Paz San Antonio del Monte Santa Elena San Francisco Gotera San Juan Nonualco San Juan Opico San Martín Santiago Nonualco Santiago Texacuangos
				4	Más de 5000 a 10000 Acajutla Aguilares Apopa Armenia Atiquizaya Berlín Ciudad Arce Chalatenango Chinameca El Tránsito (San Miguel) Ilobasco Izalco Jucuapa La Libertad Metapán Santa Rosa de Lima Santiago de María Sensuntepeque Suchitoto

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría				
Lugar de nacimiento.				5	Más de 10000 a 20000 Ahuachapán Chalchuapa La Unión Quezaltepeque San Vicente Usulután Zacatecoluca				
				6	Más de 20000 a 50000 Cojutepeque Sonsonate				
				7	Más de 50000 a 100000 San Miguel Santa Ana				
				8	Zona Metropolitana Antiguo Cuscatlán Ayutuxtepeque Cuscatancingo Ciudad Delgado Ilopango Mejicanos Nueva San Salvador San Marcos San Salvador Santo Tomás Soyapango				
				9	no hay dato				
				Permanencia en el lugar. Si no hay dato y es no migrante, poner edad declarada en pregunta 1.	31	8-A)	43-44	01	un año
								98	noventa y ocho años y más
								99	no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Tipo de migración	32	9	45	0	no aplica
				1	directamente sin vivir en ninguna otra parte.
				2	vivió en otros lugares antes de llegar a éste.
				9	no hay dato
Nombre último lugar residencia anterior a esta ciudad.	33	9-A)	46	0	no aplica
				1	Hasta 2000 (Todos los municipios que no aparecen en las listas de las otras categorías).
				2	Más de 2000 a 5000 Apaneca Apastepeque Arcatao Candelaria de la Frontera Concepción de Ataco Concepción de Oriente Concepción de Quezaltepeque Conchagua Chirilagua Estanzuelas Guatajiagua Intipucá Jayaque Jiquilisco Jocoro Lolotique Mercedes Umaña Nahuizalco Nueva Concepción Nueva Guadalupe Ozatlán Panchimalco Pasaquina San Alejo

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Nombre último lugar residencia anterior a esta ciudad.				3	<p>San Bartolomé Perulapía San Jorge San Juan Talpa San Julián San Miguel Tepezontes San Pedro Masahuat San Pedro Nonualco San Rafael Oriente Sonzacate Tacuba Tecuoluca Tepecoyo Tonacatepeque Turín Victoria Yucuyquín</p> <p>Más de 2000 a 5000 con infraestructura vial o contiguos a centros urbanos importantes.</p> <p>Ciudad Barrios Coatepeque El congo Juayúa Nejapa Olocuilta Puerto El Triunfo Rosario de la Paz San Antonio del Monte Santa Elena San Francisco Gotera San Juan Nonualco San Juan Opico San Martín Santiago Nonualco Santiago Texacuangos.</p>

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría		
Nombre último lugar residencia anterior a esta ciudad.				4	Más de 5000 a 10000 Acajutla Aguilares Apopa Armenia Atiquizaya Berlín Ciudad Arce Chalatenango Chinameca El Tránsito (San Miguel) Ilobasco Jucuapa La Libertad Metapán Santa Rosa de Lima Santiago de María Sensuntepeque Suchitoto		
				5	Más de 10000 a 20000 Ahuachapán Chalchuapa La Unión Quezaltepeque San Vicente Usulután Zacatecoluca		
				6	Más de 20000 a 50000 Cojutepeque Sonsonate		
				7	Más de 50000 a 100000 San Miguel Santa Ana		

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Nombre último lugar residencia anterior a esta ciudad.				8	Zona Metropolitana Antiguo Cuscatlán Ayutuxtepeque Cuscatancingo Ciudad Delgado Ilopango Mejicanos San Marcos Nueva San Salvador San Salvador Santo Tomás Soyapango
Tipo de vivienda en último lugar.	34	9-B)	47	9	no hay dato
				0	no aplica
				1	lotificación
				2	mesón
				3	tugurio
				4	otro tipo de vivienda urbana
				5	vivienda rural
				9	no hay dato
Con quién llegó a esta ciudad.	35	10	48	0	no aplica
				1	solo
				2	con familiares
				3	con amigos
				9	no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Dónde quién llegó .	36	11	49	0	no aplica
				1	donde parientes
				2	donde amigos
				3	donde un compadre
				4	donde un patrón
				5	sin establecimiento de relación primaria
				9	no hay dato
Lugares en esta ciudad antes de aquí.	37	12	50	1	solo en éste
				2	en varios
				3	no hay dato
Tipo de vivienda último lugar.	38	12-B)	51	0	no aplica
				1	casa en lotificación
				2	pieza en mesón
				3	champa en tugurio
				4	otro tipo de vivienda urbana
				9	no hay dato
Ventaja vivienda anterior (Codificar la primera).	39	13	52-53	00	no aplica
				01	precio de alquiler bajo
				02	no paga alquiler
				03	vivía en casa propia
				04	mayor tranquilidad, higiene, comodidad y seguridad.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría				
Ventaja vivienda anterior (Codificar la primera).				05	accesibilidad a trabajo, mercado, transporte y otros servicios.				
				06	disponibilidad de luz y/o agua.				
				07	factibilidad de realizar actividades económicas en el lugar.				
				08	proximidad a parientes y otros sujetos de relación primaria.				
				09	no sabe				
				10	ninguna				
				99	no hay dato				
				Desventajas vivienda anterior. (Codificar la primera).	40	14	54-55	00	no aplica
								01	pago de alquiler o precio alto
								02	pago sin posibilidad de acceso a propiedad
03	falta de tranquilidad higiene, comodidad y seguridad.								
04	inaccesibilidad a trabajo, mercado y otros servicios.								
05	falta de luz y/o agua								
06	imposibilidad de realizar actividad económica en el hogar.								
07	problemas de relación con parientes, vecinos o con el propietario de la vivienda.								

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Desventajas vivienda anterior. (Codificar la primera).				08	no sabe.
				09	ninguna.
				99	no hay dato
Desventaja de vivienda anterior como causa de traslado.	41	14-A)	56	0	no aplica
				1	Sí
				2	No
				3	no sabe
				9	no hay dato
Otras causas traslado.	42	14-a)	57-58	00	no aplica
				01	deterioro de la vivienda.
				02	problemas de relación con parientes, vecinos o propietarios.
				03	integración de grupos familiares, crecimiento del mismo o acercamiento a parientes.
				04	venta de vivienda propia.
				05	retraso o imposibilidad de pago de cuotas de alquiler o arrendamiento.
				06	problemas de oferta y/o de remuneración en el trabajo.
				07	liberarse de pago de alquiler.
				08	inaccesibilidad a trabajo, mercado, transporte y otros servicios.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Otras causas de traslado				09	lanzamiento
				10	cambio de ambiente
				11	el propietario vendió
				99	no hay dato
Tenencia de la <u>CASA</u> .	43	15	59	1	propia
				2	alquilada
				3	habitada sin documento de propiedad y sin pagar alquiler
				4	comodato o colonato
				9	no hay dato
(Casa Propia) Cómo la adquirió? .	44	15-1	60	0	no aplica
				1	la recibió como herencia.
				2	la compró ya construida
				3	la construyó
				9	no hay dato
(Casa Propia) Cómo obtuvo el dinero en caso de compra .	45	15-1 A)-2-a)	61	0	no aplica
				1	con ahorro
				2	con préstamo o crédito
				3	con ahorro y préstamo
				9	no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Casa Propia) Cómo obtuvo el dinero para construir.	46	15-1-A)-3-a)	62	0 1 2 3 9	no aplica con ahorro con préstamo o crédito con ahorro y préstamo no hay dato
(Casa Propia) Construcción por etapas.	47	15-1-A)-3-b)	63	0 1 2 9	no aplica por partes de una sola vez no hay dato
(Casa Propia) Quién trabajó? .	48	15-1-a)-3-c)	64	0 1 2 3 9	no aplica trabajó usted en ella y/o su familia. contrató un albañil, carpintero o maestro de obra. trabajó usted y a la vez contrató a un albañil, carpintero o maestro de obra. no hay dato.
(Casa Propia) Cuánto vale la construcción.	49	15-1-B)	65-66 67-68	0000 0001 ... 9998 9999	no aplica Ø1 Ø9998 y más no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Casa alquilada) Alquiler Mensual.	50	15-2-A)	69-70	00 01 ... 98 99	no aplica Ø1 Ø98 y más no hay dato
(Casa Alquilada) Servicios que incluye.	51	15-2-B)	71	0 1 2 3 4 5 9	no aplica luz agua luz y agua ninguno no sabe no hay dato
(Casa sin Documento) Cómo la adquirió?.	52	15-3-A)	72	0 1 2 3 9	no aplica se la cedió el usuario anterior la compró la construyó no hay dato
(Casa sin Documento) Cómo la compró?.	53	15-3-A)-2-a)	73	0 1 2 9	no aplica al contado ("cash") al crédito no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Casa sin Documento) Valor cuota.	54	15-3-A)-2-b)	74-75	00 01 ... 98 99	no aplica Ø1 Ø98 y más no hay dato
Nº de Tarjeta.	55	--	1	2	Segunda Tarjeta
Nº de Cuestionario:	56	--	2-3-4-	001	Cuestionario Nº748
(Casa sin Documento) Total pagado.	57	15-3-A)-2-c)	5-6	00 01 ... 98 99	no aplica Ø1 Ø98 y más no hay dato
(Casa sin Documento) Cómo obtuvo materiales.	58	15-3-A)-3-a)	7	0 1 2 3 4 9	no aplica se los regalaron los compró compró una parte y la regalaron otra los consiguió no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Casa sin Documento) Quiénes construyeron?.	59	15-3-A)-3-b)	8	0 1 2 3 4 9	no aplica trabajó usted y/o la familia. contrató un albañil, carpintero, o maestro de obras. trabajó usted y a la vez contrató a un albañil, carpintero o maestro de obra. trabajó usted y amigos no hay dato
(Casa sin Documento) Costo Total.	60	15-3-B)	9-10 11-12	0000 0001 ... 9998 9999	no aplica Ø1 ... Ø9998 y más no hay dato
Tenencia del <u>TERRENO</u> .	61	16	13	0 1 2 3 4 5 6 9	no aplica. propia ya cancelada arrendado con promesa de venta alquilado ocupado sin documento de propiedad comodato o colonato compra con hipoteca no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Terreno Propio) comprado -heredado .	62	16-1 A)	14	0 1 2 9	no aplica lo recibió como herencia. lo compró no hay dato
(Terreno Propio) Compró contado-crédito .	63	16-1 A)-2- a)	15	0 1 2 9	no aplica al contado (''cash'') al crédito no hay dato
(Terreno Propio) Prima .	64	16-1 A)-2- b)	16-17 18	000 001 ... 998 999	no aplica Ø1 ... Ø998 y más no hay dato
(Terreno Propio) Cuota mensual.	65	16-1 A)-2- c)	19-20	00 01 ... 98 99	no aplica Ø1 ... Ø98 y más no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Terreno Propio) Plazo años.	66	16-1 A)-2- d)	21-22	00 01 ... 98 99	no aplica un año noventa y ocho años y más no hay dato
(Terreno Promesa de Venta). Prima.	67	16-2- A)	23-24 25	000 001 ... 998 999	no aplica Ø1 Ø998 y más no hay dato
(Terreno Promesa de Venta). Cuota Mensual	68	16-2- B)	26-27	00 01 ... 98 99	no aplica Ø1 Ø98 y más no hay dato
(Terrenos Promesa de Venta). Plazo	69	16-2 c)	28-29	00 01 ... 98 99	no aplica un año y menos noventa y ocho años y más no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Terreno Promesa de Venta) Interés .	70	16-2 D)	30-31	00 01 ... 97 98 99	no aplica 1% y menos 97% y más no sabe no hay dato
(Terreno Promesa de Venta). Interés incluido en cuota.	71	16-2- E)	32	0 1 2 8 9	no aplica sí los incluye no los incluye no sabe no hay dato
(Terreno Promesa de Venta). Costo Total.	72	16-2- F)	33-34 35-36	0000 0001 ... 9998 9999	no aplica ∅1 ∅9998 y más no sabe
(Terreno Alquilado) Cuota mensual.	73	16-3- A)	37-38	00 01 ... 98 99	no aplica ∅1 ∅98 y más no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
(Terreno Alquilado) Variación alquiler.	74	16-3-B)	39	0 1 2 9	no aplica Sí No no hay dato
(Terreno Alquilado) Alquiler anterior.	75	16-2-C)	40-41	00 01 ... 98 99	no aplica Ø1 Ø98 y más no hay dato
(Terreno sin Documento) Seguridad permanencia.	76	16-4-B)	42	0 1 2 3 9	no aplica bastante poca ninguna no hay dato
(Terreno sin Documento) Por qué bastante seguridad.	77	16-4-B) a)	43	0 1 2 3 4	no aplica por constituir una parte de la población cuya reubicación generaría problemas. por respaldo institucional. por la antigüedad en el lugar por no tener problemas hasta el momento

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría				
(Terreno sin Documento) Por qué poca seguridad .	78	16-4 B)-2- a)	44	5	otros				
				9	no hay dato				
				0	no aplica				
				1	sujeción al lanzamiento por ocupar terreno ajeno				
				2	no existe ninguna institución que les respalde				
				3	otros				
				9	no hay dato				
				(Terreno sin Documento) Por qué ninguna seguridad	79	16-4- B)-3- a)	45	0	no aplica
								1	sujeción al lanzamiento por ocupar terreno ajeno
								2	no existe ninguna institución que los respalde
3	otros								
9	no hay dato								
Precio vivienda si fuera suya y la quisiera vender .	80	17	46-47 48-49	0000	no aplica				
				0001	∅1				
				...					
				9998	∅9998 y más				
				9999	no hay dato				

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Actividad económica dentro de la casa .	81	18	50	1 2 9	Sí No no hay dato
Tipo de actividad económica dentro de la casa .	82	18-A)	51	0 1 2 3 4 9	no aplica comercio artesanía servicios producción y/o venta de alimentos no hay dato
Tamaño del grupo familiar	83	19-A)	52-53	01 ... 98 99	1 miembro 98 miembros y más no hay dato
Estructura del grupo familiar .	84	19-B)	54	1 2 3 4 5 6 7 8 9	jefe de familia pareja conyugal familia nuclear familia extensa jefe y allegados pareja y allegados familia nuclear y allegados familia extensa y allegados no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Ingreso mensual del grupo familiar.	85	19-H)	55-56-57	001	Ø1
				...	
				998	Ø998 y más
				999	no hay dato
Total de aportes al hogar.	86	19-I)	58-59-60	000	no aplica
				001	Ø1
				...	
				998	Ø998 y más
				999	no hay dato
Pago mensual de vivienda	87	20-1	61-62	00	no pago
				01	Ø1
				...	
				98	Ø98 y más
				99	no hay dato
Gastos mensual alimentación.	88	20-2	63-64-65	000	no pago
				001	Ø1
				...	
				998	Ø998 y más
				999	no hay dato
Gasto mensual en letras.	89	20-3	66-67	00	no pago
				01	Ø1
				98	Ø98 y más
				99	no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Gasto mensual en agua.	90	20-4	68-69	00	no pago
				01	Ø1
				...	
				98	Ø98 y más
				99	no hay dato
Gasto mensual corriente eléctrica .	91	20-5	70-71	00	no pago
				01	Ø1
				...	
				98	Ø98 y más
				99	no hay dato
Gasto mensual combustible	92	20-6	72-73	00	no pago
				01	Ø1
				...	
				98	Ø98 y más
				99	no hay dato
Gasto mensual transporte.	93	20-7	74-75	00	no pago
				01	Ø1
				...	
				98	Ø98 y más
				99	no hay dato
Otros.	94	20-8	76-77	00	no pago
				01	Ø1
				...	
				98	Ø98 y más
				99	no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Nº de Tarjeta.	95	--	1	3	Tercer Tarjeta
Nº del Cuestionario.	96	--	2-3-4	001	Cuestionario Nº 1
				...	
				748	Cuestionario Nº748
Total egresos mensuales del grupo familiar.	97	20	5-6-7	001	Ø1
				...	
				998	Ø998 y más
				999	no hay dato
Tiene ahorros.	98	21	8	1	Sí
				2	No
				9	no hay dato
Uso previsto ahorros .	99	21-A)	9	0	no aplica
				1	comprar casa propia o terreno donde construir o "hacer" su casa.
				2	invertir en la vivienda actual (amueblarla, mejorarla, terminarla, etc.)
				3	atención de necesidades futuras (enfermedades, educación o imprevistos)
				4	establecimiento o ampliación de negocio o taller.
				5	mejoramiento de condiciones de vida.
				9	no hay dato.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Posibilidad ahorro.	100	21-B)	10	0	no aplica
				1	Sí
				2	No
				9	no sabe
Uso ahorro posible.	101	21-a)	11	0	no aplica
				1	comprar casa propia o terreno donde construir o "hacer" su casa.
				2	invertir en la vivienda actual (amueblarla, mejorarla, terminarla, etc.)
				3	atención de necesidades futuras (enfermedades, educación, etc.).
				4	establecimiento de condiciones de vida.
9	no hay dato				
Razón imposibilidad para ahorrar.	102	21-b)	12	0	no aplica
				1	ingresos insuficientes
				2	desempleo o subempleo
				3	compromisos económicos adquiridos (letras mensuales y pagos similares).
				9	no hay dato.
Como supo que existía el lugar donde vive.	103	22	13	1	casualmente, pasaba o vivía cerca.
				2	buscándola
				3	a través de parientes o amigos.
				4	a través de propietario o intermediario

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Encargado del Asentamiento .	104	23	14	5	a través de instituciones, agencias gubernamentales o políticas.
				6	por propaganda gráfica y/o radial
				9	no hay dato
				0	no aplica
				1	el propietario
				2	un empleado especial
				3	un residente en este mesón o lotificación
				4	no sabe
				9	no hay dato
Relaciones entre encargado y usuario.	105	24	15	0	no aplica
				1	buenas
				2	regulares
				3	malas
				4	no sabe
				9	no hay dato
Razón de relaciones buenas.	106	24-A)	16	0	no aplica
				1	amistad
				2	no existen problemas de relación
				3	es una persona considerada
				9	no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Razón de relaciones regulares .	107	24-A)	17	0 1 2 3 4 5 6 9	no aplica amigable ni amigable existen problemas de relación no existen problemas de relación es persona considerada no es persona considerada no hay dato
Razón de relaciones malas.	108	24-A)	18	0 1 2 3 9	no aplica no amigable existen problemas de relación no es una persona considerada no hay dato
Retrasos pago mensual vivienda.	109	25	19	0 1 2 9	no aplica Sí No no hay dato
Medidas tomadas por el propietario.	110	25-A)	20	0 1 2	no aplica espera indefinidamente y/o busca un acuerdo espera un tiempo prudencial, luego procede según la ley o las condiciones del contrato.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Considera justo el pago de la vivienda actual.	111	26	21	3	procede inmediatamente pidiendo que desocupe según la ley o las condiciones del contrato.
				9	no hay dato.
				0	no aplica
				1	Sí
				2	No
				9	no hay dato
Cantidad que considera justa como pago de la vivienda actual.	112	26-A)	22-23	00	no aplica
				01	Ø1
				...	
				98	Ø98 y más
				99	no hay dato
Ventaja vivienda actual.	113	27	24-25	01	precio alquiler bajo
				02	no paga alquiler
				03	vive en casa propia
				04	mayor tranquilidad, higiene, comodidad y seguridad.
				05	accesibilidad a trabajo mercado, transporte, y otros servicios.
				06	disponibilidad de luz y/o agua.
				07	factibilidad de realizar actividad económica en el hogar.
				08	proximidad a parientes y otros sujetos de relación primaria.
				09	no sabe
				10	ninguno

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Desventajas vivienda actual.	114	28	26-27	01	precio alquiler o cuota de arrendamiento alto.
				02	pago sin posibilidad de acceso a propiedad.
				03	falta de tranquilidad higiene, comodidad y seguridad.
				04	inaccesibilidad a trabajo, al mercado y otros servicios.
				05	falta de luz y/o agua
				06	imposibilidad de realizar actividad económica en el hogar.
				07	problemas de relación con parientes, vecinos o con el propietario de la vivienda.
				08	no sabe
				09	ninguna
				99	no hay dato.
Documentos ampara tenencia.	115	29	28	0	no aplica
				1	las letras o recibos cancelados
				2	una copia del contrato de arrendamiento con promesa de venta.
				3	una escritura con hipoteca.
				4	una escritura pública
				5	no sabe
9	no hay dato.				

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Conocimiento existencia instituciones vivienda.	116	30	29	1 2 9	SÍ No no hay dato
Conoce Vivienda Mínima .	117	30-A)	30	0 1 2 9	no aplica SÍ no no hay dato
Conoce el Fondo Social para la Vivienda .	118	30-A)	31	0 1 2 9	no aplica SÍ No no hay dato
Conoce IVU .	119	30-A)	32	0 1 2 9	no aplica SÍ No no hay dato
Conoce Alcaldía Municipal	120	30-A)	33	0 1 2 9	no aplica SÍ No no hay dato
Conoce OMCOM	121	30-A)	34	0 1 2 9	no aplica SÍ No no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Conoce Instituciones de ahorro y préstamo de FNV y Bancos.	122	30-A)	35	0 1 2 9	no aplica SÍ No no hay dato
Total instituciones de vivienda conocidas.	123	30-A)	36	0 1 2 9	ninguna una institución ocho instituciones no hay dato
Acción para conseguir vivienda propia.	124	31	37	0 1 2 9	no aplica SÍ No no hay dato
Acción para conseguir vivienda propia en Vivienda Mínima	125	31-A)	38	0 1 2 9	no aplica SÍ No no hay dato
Acción para conseguir vivienda propia en Fondo Social para la vivienda.	126	31-A)	39	0 1 2 9	no aplica SÍ No no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Acción para conseguir vivienda propia en IVU.	127	31-A)	40	0 1 2 9	no aplica SÍ No no hay dato
Acción para conseguir vivienda propia en Alcaldía Municipal.	128	31-A)	41	0 1 2 9	no aplica SÍ No no hay dato
Acción para conseguir vivienda propia en OMCOM	129	31-A)	42	0 1 2 9	no aplica SÍ No no hay dato
Acción para conseguir vivienda propia en Instituciones de ahorro y préstamo de FNV y Bancos.	130	31-A)	43	0 1 2 9	no aplica SÍ No no hay dato
Total de instituciones hacia las cuales ha dirigido alguna acción para conseguir vivienda propia.	131	31-A)	44	0 1 ... 8 9	ninguna una institución ocho instituciones y más no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Razón de ninguna acción para conseguir vivienda propia.	132	31-C)	45	0 1 2 3 4 5 6 7 8 9	no aplica. conformismo. falta de interés. difícil situación económica e imposibilidad de pagar cuota. falta de información. desacuerdo al sistema de las instituciones. trámites engorrosos y resultados lentos. no reúne los requisitos formales establecidos. ya tiene vivienda. no hay dato.
Presentación de solicitud para conseguir vivienda.	133	31-B)	46	0 1 2 9	no aplica Sí No no hay dato
Resultados de la solicitud para conseguir vivienda.	134	31-a)	47	0 1 2 3 4 9	no aplica no la recibieron (por no alcanzar ingreso mínimo u otros requisitos establecidos). ninguno (no ha recibido resolución) resolución negativa. resolución favorable (pendiente o imposibilidad de formalizarla) no hay dato.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Razón por la que no ha presentado solicitud.	135	31-b)	48	0 1 2 3 4 5 6 7 8 9	no aplica conformismo falta de interés difícil situación económica e imposibilidad de pagar cuota. falta de información. desacuerdo al sistema de esas instituciones. trámites engorrosos y resultados lentos. no reúne los requisitos formales establecidos. ya tiene vivienda. no hay dato.
Disposición para pago de prima.	136	32	49	1 2 9	SÍ No no hay dato
Cuantía de la prima que podría pagar.	137	32-A)	50-51-52	000 001 ... 998 999	no aplica Ø1 ... Ø998 y más no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Razón de la indisposición para pago de prima.	138	32-B)	53	0 1 2 3 4 5 9	no aplica ingresos insuficientes desocupación o subocupación imposibilidad para trabajar (por enfermedad o edad avanzada). ya tiene vivienda. falta de interés. no hay dato.
Disposición ayuda mutua.	139	33	54	1 2 9	SÍ No no hay dato
Indisposición ayuda mutua .	140	33-A)	55	0 1 2 3 4 9	no aplica imposibilidad de trabajar (por enfermedad o edad avanzada). falta tiempo disponible. falta de interés. porque ya tiene vivienda. no hay dato.
Disposición pago cuota mensual vivienda.	141	34	56	1 2 9	SÍ No no hay dato

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Cuantía cuota mensual vivienda.	142	43-A)	57-58-59	000 001 ... 998 999	no aplica Ø1 Ø998 y más no hay dato
Razón de indisposición para pago de cuota mensual.	143	43-B)	60	0 1 2 3 4 5 9	no aplica ingresos desocupación o subocupación. imposibilidad para trabajar (por enfermedad o edad avanzada). ya tiene vivienda. falta de interés. no hay dato.
Solución habitacional preferida.	144	35	61	1 2 3 4	lote rústico lote con agua potable, aguas negras y drenaje. lote con servicios y una casa sencilla. ninguna
Razón por la que prefiere lote rústico.	145	35	61	0 1 2	no aplica es más barato podría construir según su gusto y/o posibilidades y/o necesidades.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Razón por la que prefiere lote con agua potable, aguas negras y drenaje.	146	35-A)	63	0 no aplica 1 es más barato 2 podría construir según su gusto y/o posibilidades y /o necesidades. 3 por los servicios y/o comodidades que ofrece. 9 no hay dato.	
Razón por la que prefiere lote con servicios y casa sencilla.	147	35-A)	64	0 no aplica 1 tiene todo lo indispensable. 2 no tendría el problema de construir. 3 adquiriría un solo compromiso económico. 9 no hay dato.	
Razón por la que no prefiere ninguna solución.	148	35-A)	65	0 no aplica 2 tiene casa propia 3 conformismo 9 no hay dato	
Personas o instituciones a quien acude en caso de problemas	149	36	66-67	01 a parientes 02 a compadres 03 a vecinos 04 a amigos fuera de esta vecindad. 05 al sacerdote, pastor o similares	

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Pertenencia y/o asistencia a organización deportiva.	150	37-A)	68	06 al patrón 07 a la cooperativa u otras instituciones de crédito. 08 a un prestamista. 09 a nadie. 99 no hay dato.	1 pertenece y asiste frecuentemente. 2 pertenece y asiste de vez en cuando. 3 pertenece y no asiste nunca. 4 pertenece y no hay dato sobre asistencia. 5 no pertenece. 9 no hay dato.
Pertenencia y/o asistencia a organización política.	154	37-A)	72	1 pertenece y asiste frecuentemente. 2 pertenece y asiste de vez en cuando. 3 pertenece y no asiste nunca. 4 pertenece y no hay dato sobre asistencia. 5 no pertenece 9 no hay dato	

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Pertenencia y/o asistencia a organización comunal.	155	37 A)	73	1 2 3 4 5 9	1 pertenece y asiste frecuentemente. 2 pertenece y asiste de vez en cuando. 3 pertenece y no asiste nunca. 4 pertenece y no hay dato sobre asistencia. 5 no pertenece. 9 no hay dato.
Pertenencia y/o asistencia a otro tipo de organización.	156	37-A)	74	1 2 3 4 5 9	1 pertenece y asiste frecuentemente. 2 pertenece y asiste de vez en cuando. 3 pertenece y no asiste nunca. 4 pertenece y no hay dato sobre asistencia. 5 no pertenece. 9 no hay dato.
Participación en actividades pro-comunales.	157	38	75	1 2 3 9	1 frecuentemente 2 de vez en cuando 3 nunca 9 no hay paso
Pertenece y/o asistencia a organización religiosa	151	37-A)	69	1 2 3	1 pertenece y asiste frecuentemente. 2 pertenece y asiste de vez en cuando. 3 pertenece y no asiste nunca.

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
Pertenencia y/o asistencia a organización cooperativa.	152	37-A)	70	4 5 9	pertenece y no hay dato sobre asistencia. no pertenece. no hay dato.
Pertenencia y/o asistencia a organización sindical.	153	37-A)	71	1 2 3 4 5 9	pertenece y asiste frecuentemente. pertenece y asiste de vez en cuando. pertenece y no asiste nunca. pertenece y no hay dato sobre asistencia. no pertenece. no hay dato.
Ingresos del jefe de familia.	158	18-H)	76	0 1 2 3 4	0 - 050.00 1 051. - 100.00 2 0101. - 150.00 3 0151. - 200.00 4 0201. - 250.00

VARIABLE	Nº de Variable	Nº de Pregunta	Columna	Score	Categoría
				5	Ø251.00 - Ø 300.00
				6	Ø301.00 - 350.00
				7	Ø351. - 400.00
				8	Ø401.0 - más
				9	no hay dato.
Sexo del entrevistado	159	19-C)	77	1	masculino
				2	femenino
				9	no hay dato.

Appendix V

QUESTIONNAIRE FOR MESON LANDLORDS

ENCUESTA DE OFERTA (Mesones)

Cuestionario N° _____

I. Nombre del encuestador _____

II. Localización:

1. Tipo de asentamiento: Mesón
2. Dirección del entrevistado: _____ _____
3. Municipio: _____

III. Visitas realizadas:

N°	1	2	3
Fecha:			
Hora:	De: A:	De: A:	De: A:

IV. Revisión:

Revisor (nombre)	Vo.Bo. Revisor	Supervisor (nombre)	Vo.Bo. Supervisor	Codificador (nombre)	Revisor Codificador (nombre)

PRESENTACION:

Estamos entrevistando a muchas personas como usted con el objeto de conocer las características de los diferentes tipos de viviendas y lotificaciones en El Salvador.

Con ese fin se está llevando a cabo una encuesta en las cinco ciudades más importantes del país y por ello estamos solicitando su valiosa colaboración para que nos responda unas pocas preguntas que yo leeré de este cuestionario.

Usted no se verá comprometido por su información u opiniones, PERO es importante que lo que nos diga sea totalmente verídico para que nuestro estudio pueda obtener conclusiones útiles.

TOMAREMOS SOLO UNOS MINUTOS DE SU TIEMPO.

1- Cuántos años cumplidos tiene usted?

_____ años.

2- Sexo: 1- masculino

2- femenino

3- Lugar de nacimiento: _____

4- Estado Civil: 1- soltero (a)?

2- casado (a)?

3- acompañado (a)?

4- divorciado (a)?

5- separado (a)?

6- viudo (a)?

5- Qué estudios realizó usted?

6-Cuál es su ocupación principal? (Describa detalladamente)

7- Tiene otra ocupación además de la anterior?

1- Sí A) cuál? _____

2- No

8- Podría decirme cuál de estas categorías representan los ingresos mensuales obtenidos por usted?

☒ _____

9- Hace cuánto tiempo adquirió su primer mesón?

_____ años.

10- Podría decirme cómo adquirió su mesón? (Si tiene varios pregúntele por el último).

1- lo compró ya construído?

2- lo recibió como herencia?

3- lo construyó?

A) en qué forma construyó?

1- por partes?

2- de una sola vez?

B) Tendría la gentileza de decirme cómo obtuvo el dinero para construir?

1- con ahorro

2- con préstamo

3- con ahorro y préstamo

4- otra forma: _____

11- Cuáles de los siguientes servicios tienen sus inquilinos?

1- luz eléctrica

2- agua

3- luz eléctrica y agua

4- otro: _____

12- Cuáles de los servicios mencionados van incluidos en la cuota de alquiler que pagan los inquilinos?

1- luz eléctrica

2- agua

3- luz eléctrica y agua

4- otro: _____

13- Le agradeceré mucho que me diga qué limitaciones tiene el uso del servicio eléctrico:

14- Cuáles limitaciones tiene el uso del servicio de agua?

15- Qué protección le dan las disposiciones legales cuando se tropieza con inquilinos irresponsables?

16- Desde que usted es propietario de este mesón se han podido hacer mejoras en él?

1- Sí

2- No

A) cuáles? _____

D) por qué? _____

B) cuál ha sido su propósito al invertir su dinero en tales mejoras?

C) cuál fue la fuente de financiamiento para mejorar la propiedad?

17- Quién administra su(s) mesón (es)?

1- usted mismo

2- un empleado especial

3- un residente del mesón

4- otro: _____

18- Por favor, podría decirme si se relaciona usted con otros propietarios de mesones con el objeto de actuar de común acuerdo en cuanto a precios de alquiler y otros asuntos importantes para su interés?

1- Sí

2- No

19- En base a qué (aspectos o criterios) fija los precios de alquiler?

20- Considera que los precios de alquiler en su mesón compensan su inversión y esfuerzos?

1- Sí

2- No

A) por qué? _____

21- Selecciona a sus inquilinos?

1- Sí

2- No

A) podría decirme cuáles aspectos o criterios tiene en cuenta para hacer tal selección?

22- Cuáles son las ventajas principales que ofrece al inquilino su mesón, en comparación con otros?

23- Y las desventajas? _____

24- Qué tipo de gente es la que busca casa como la que usted alquila?

25- Necesito su opinión en este sentido:

Cree usted que la clientela de los mesones ha disminuido por el apareamiento de tugurios y lotificaciones?

1- Sí

2- No

A) por qué? _____

26- Para termina solicito nuevamente su amabilidad.

Necesito que me de información sobre los siguientes aspectos de su(s) mesón(es).

N. O.	Tenencia	Qué uso tenía anteriormente este mesón?	Nº de Piezas	Precios de alquiler	
				máximo	mínimo
1	1- propio <input type="checkbox"/> 2- arrendado con promesa de venta <input type="checkbox"/> 3- arrendamiento simple <input type="checkbox"/> 4- otro: _____ (especifique)	1- siempre ha sido mesón <input type="checkbox"/> 2- vivienda unifamiliar <input type="checkbox"/> 3- establecimiento comercial <input type="checkbox"/> 4- hospedaje o pensión <input type="checkbox"/> 5- fábrica o similares <input type="checkbox"/> 6- otro: (uso) _____ (especifique)		ℓ	ℓ
2	1- propio <input type="checkbox"/> 2- arrendado con promesa de venta <input type="checkbox"/> 3- arrendamiento simple <input type="checkbox"/> 4- otro: _____ (especifique)	1- siempre ha sido mesón <input type="checkbox"/> 2- vivienda unifamiliar <input type="checkbox"/> 3- establecimiento comercial <input type="checkbox"/> 4- hospedaje o pensión <input type="checkbox"/> 5- fábrica o similares <input type="checkbox"/> 6- otro: (uso) _____ _____		ℓ	ℓ
3	1- propio <input type="checkbox"/> 2- arrendado con promesa de venta <input type="checkbox"/> 3- arrendamiento simple <input type="checkbox"/> 4- otro: _____ (especifique)	1- siempre ha sido mesón <input type="checkbox"/> 2- vivienda unifamiliar <input type="checkbox"/> 3- establecimiento comercial <input type="checkbox"/> 4- hospedaje o pensión <input type="checkbox"/> 5- fábrica o similares <input type="checkbox"/> 6- otro: (uso) _____ _____ (especifique)		ℓ	ℓ

27- Usualmente cuántas piezas están ocupadas?

28- Siempre ha tenido usted esta misma demanda?

1- Sí

2- No

A) anteriormente era:

2- mayor

2- menor

29- Además de ésta, posee otras propiedades de alquiler?

1- Sí

2- No

A) cuántas más? (pregunte para especificar el tipo de propiedad: mesón, casa de alquiler, etc.)

Evaluación de la colaboración del entrevistado:

buena

regular

mala

OBSERVACIONES _____

- a) de 0 a 250.00
- b) de 251. a 500.00
- c) de 501. a 750.00
- d) de 751. a 1,000.00
- e) de 1,001. a 1,250.00
- f) de 1,251. a 1,500.00
- g) de 1,501. a 1,750.00
- h) de 1,751. a 2,000.00
- i) de 2,001. a 2,500.00
- j) de 2,501. a 3,000.00
- k) de 3,001. y más

Appendix VI

QUESTIONNAIRE FOR COLONIA ILEGAL DEVELOPERS

ENCUESTA DE OFERTA (Colonias Ilegales)

Cuestionario N° _____

I. Nombre del encuestador: _____

II. Localización.

1. Tipo de asentamiento: Lotificación.
2. Dirección del entrevistado: _____ _____
3. Municipio: _____

III. Visitas realizadas:

N°	1	2	3
Fecha:			
Hora:	De: A:	De: A:	De: A:

IV. Revisión:

Revisor (nombre)	Vo.Bo. Revisor	Supervisor (nombre)	Vo.Bo. Supervisor	Codificador (nombre)	Revisor Codifi- cación (nombre)

PRESENTACION:

Estamos entrevistando a muchas personas como usted con el objeto de conocer las características de los diferentes tipos de vivienda y lotificaciones en El Salvador.

Con ese fin se está llevando a cabo una encuesta en las cinco ciudades más importantes del país y por ello estamos solicitando su valiosa colaboración para que nos responda unas pocas preguntas que yo leeré de este cuestionario.

Usted no se verá comprometido por su información u opiniones, PERO es importante que lo que nos diga sea totalmente verídico para que nuestro estudio pueda obtener conclusiones útiles.

TOMAREMOS SOLO UNOS MINUTOS DE SU TIEMPO.

1- Cuántos años cumplidos tiene usted?
 _____ años.

2- Sexo: 1- masculino
 2- femenino

3- Estado Civil: 1- soltero (a)?
 2- casado (a)?
 3- acompañado (a)?
 4- divorciado (a)?
 5- separado (a)?
 6- viudo (a)?

4- Educación alcanzada:

5-Cuál es su ocupación principal? (Describa detalladamente).

6- Tiene usted además de la ocupación anterior otra ocupación?

1- Sí A) cuál? _____
 2- No _____

7- Podría decirme cuál de estas categorías representan los ingresos mensuales obtenidos por usted. (Mostrar al entrevistado la tabla que aparece al reverso de la última página del cuestionario y encerrar en un círculo la letra de la categoría que indique el entrevistado).

8- En qué fecha hizo usted su primera lotificación ?

9- En qué forma cree que las lotificaciones ayudan a resolver el problema de la vivienda en el país?

10- Quién se encargó de parcelar el (los) terreno (s) que lotificó?

1- usted mismo

2- pagó un ingeniero

3- pagó un topógrafo

4- otra persona: _____

(especifique)

11- Incurrió en gastos especiales al parcelar?

1- Sí 2- No

12- Cómo financió esos gastos?

1- con ahorro

2- con crédito

3- con ahorro y crédito

4- otra forma: _____

(especifique)

13- Con qué servicios cuenta (n) su (s) lotificación (es)?

A) calles (construcción, mejoramiento y/o mantenimiento)

1- Sí

a) Cómo se introdujeron?

1- por iniciativa de los usuarios

2- por iniciativa suya

2- No

B) alcantarillas

1- Sí

a) Cómo se introdujeron?

1- por iniciativa de los usuarios

2- por iniciativa suya

2- No

C) luz

1- Sí

a) Cómo se introdujeron?

1- por iniciativa de los usuarios

2- por iniciativa suya

2- No

D) agua

1- Sí

a) Cómo se introdujeron?

1- por iniciativa de los usuarios

2- por iniciativa suya

2- No

14- Si tiene o tuviera otro terreno apropiado lo parcelaría con el objeto de ofrecer en venta los lotes?

1- Sí

2- No

A) por qué? _____

15- Se relaciona usted con otros propietarios de lotificaciones con el objeto de actuar de común acuerdo en cuanto a precios y otros asuntos importantes para sus intereses?

1- Sí

2- No

16- Qué aspectos o criterios tiene en cuenta para fijar el precio de venta de los lotes?

17- Considera que los precios de venta de los lotes compensan su inversión y esfuerzo?

1- Sí

2- No A) por qué? _____

18- Dónde efectúan los clientes el pago de las cuotas?

1- en la casa suya

2- en una oficina especial de la lotificación

3- en una institución bancaria

4- otra forma: _____

(especifique)

19- Qué aspectos o criterios tiene en cuenta para seleccionar a los clientes?

20- Existen disposiciones legales que protejan sus derechos cuando se encuentra con clientes irresponsables?

21- Utiliza intermediarios para la venta de lotes?

1- Sí

2- No

A) por qué? _____

22- Qué facilidades de pago ofrece a sus clientes?

23- Qué tipo de documento ampara al cliente con respecto a la tenencia del lote?

1- las letras o recibos cancelados

2- una copia del contrato de arrendamiento con promesa de venta

3- una escritura con hipoteca

4- ninguno

5- otro: _____

(especifique)

24- Cuáles son las ventajas que su lotificación ofrece a la gente en relación a otras lotificaciones?

25- Y las desventajas?

26- Qué tipo de interés aplica en la venta a plazos de los lotes?

_____ % (Haga la conversión necesaria si el informante ofrece dato mensual).

27- Muy poca gente es consciente de que las lotificaciones ayudan a resolver problemas habitacionales a la población necesitada.

Dígame, usted ha recibido apoyo del gobierno para esta actividad?

1- Sí

A) en qué forma?

2- No

B) qué problemas ha encontrado?

∞ 28- Cuántas parcelaciones ha hecho usted a esta fecha?

A								
N. O.	Forma de Adquisición *	Qué uso tenía la tierra antes de lotificar? **	Valor del terreno antes de lotificar	Nº de lotes	Area lotes (V ² ó m ² ... especifique	Plazo: Número cuotas	Prima (ℓ)	Cuotas (ℓ)

- 28- A _____
- 28- B _____
- 28- C _____
- 28- D _____
- 28- E _____
- 28- F _____
- 28- G _____
- 28- H _____
- 28- I _____

* compra, herencia, permuta,
 ** plantación agrícola, cultivos estacionales, pastos naturales, granja, etc.

(Si en el literal G responde uso agrícola formule la siguiente pregunta):

29- Qué renta producía la tierra agrícola antes de convertirla a tierra urbana?.

∅ _____

Evaluación de la colaboración del entrevistado:

buena
regular
mala

OBSERVACIONES _____

- | | | | |
|----|-----------|---|----------|
| a) | de 0 | a | ∅ 250.00 |
| b) | de ∅ 251. | a | 500.00 |
| c) | de ∅ 501. | a | 750.00 |
| d) | de ∅ 751. | a | 1000.00 |
| e) | de ∅1001. | a | 1250.00 |
| f) | de ∅1251. | a | 1500.00 |
| g) | de ∅1501. | a | 1750.00 |
| h) | de ∅1751. | a | 2000.00 |
| i) | de ∅2001. | a | 2500.00 |
| j) | de ∅2501. | a | 3000.00 |
| k) | de ∅3001. | | y más |

Appendix VII

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