The Problem of Housing Access

Social Housing Policies in Quito

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Introduction

“We do not want to generate ghettos, or urbanizations for the poorest. What we want is to address decent housing, in a safe, inclusive habitat with access to services, which is a right”

(Minister of Housing, 2018)

The Ecuadorean Constitution, as most constitutions around the world, recognizes in its 40th Article that people have the right to life in safe, healthy, and adequate housing notwithstanding social or economic conditions. The strategies to guarantee the accomplishment of this right are defined in the “Plan of Well-Living” where one of the goals is to reduce the national housing deficit to 10.5%. Even though this objective was defined in 2013, in the further years there were not significant changes. In fact, the quantitative deficit of housing was 33.6% in 2016, and it has remained around 40%, according to the National Institute of Statistics and Census.

The incongruence between the Ecuadorian Constitution and the Ecuadorian reality, in housing, motivates this investigation, which will focus on understanding the housing access problem. Therefore, the research will conduct an analysis from a social and economic point of view which will start analysing people’s living conditions using indicators such as poverty, unemployment, education, and GINI index. These indicators will help to describe how improper living conditions lead to health problems, lack of education, joblessness, ending in poverty cycles. Moreover, a political approach is also needed to understand how public policies are used to solve the housing access problem, and why these policies cannot achieve the housing goals and guarantees established in the Plan of Well-Living and the Ecuadorian Constitution.

This research starts with a general analysis about the Ecuadorian situation in economic, social, and political fields, which will be useful in order to understand the narrow scenario in which the city of Quito is developed. Among the research, Quito’s complexities and particularities will be described taking Quito’s geographical conditions and segregation as a starting point. Afterwards, more particularities will be added to the analysis such as the aggressive population growth due to migration from the countryside to the city, Quito’s territorial expansion, and housing problems.
The municipality has been designing several policies, programs, and projects to face the problems that appeared in Quito among the years, especially housing problems. Some of the housing policies and programs will be also mentioned in this analysis, but with the objective of having some evidence that the social housing program named “Bicentennial City” will be described as a case of study. Unfortunately, it is not possible to have official information about the impacts of this project, but critiques from some experts in urban planning will be mentioned. It is crucial to analyze “Bicentennial City” because it is the classic model under which the social housing programs are designed by Quito’s municipality; therefore, this program and a comparison with other social housing programs in developed countries will give us enough evidence to understand why social housing programs do not work in Quito.

This research is developed within 8 Chapters. Chapter 1 is focused on analyzing the importance of access to a good quality dwelling; some evidence about impacts on people’s lives is provided based on literature review. In addition, the importance of analyzing housing programs in Quito is explained considering segregation problems.

Chapter 2 leads the analysis into an economic, social, and political context. Ecuador is compared with other countries in Latin America and the European Union. The analysis will provide information about poverty, unemployment, inequality, housing shortages, among others.

Chapter 3 defines the Hypothesis of this investigation; in addition, this chapter will describe the research methodology, data and information used for the analysis.

Chapter 4 is the theoretical framework that lets us understand the social exclusion of certain members of the society in different ways. Moreover, this chapter explains how social exclusion through housing happens. At the end of the chapter, theories about poverty will be highlighted.

Chapter 5 is a detailed analysis about Quito. The chapter starts with an explanation about how Quito was created and how the city has been growing over the years. The chapter provides an explanation about how the different problems appeared and grew, such as poverty, segregation, population growth, and housing problems. At the end of the chapter the housing access problem in Quito will be explained.
Chapter 6 will present case studies in the United Kingdom, Denmark, and Spain to find similarities and differences among social housing programs. Firstly, the context of every country will be explained and afterwards the housing policies and program access will be described. It will help us to formulate conclusions and recommendations in Chapter 7.
1 The Importance of Accessing to Adequate Housing

Generally, if housing conditions are good enough, there are higher housing costs, which constitutes the key concern for households in many countries. Having good quality accommodation is one of the most valuable aspects of people’s lives, and housing is also the clue of people’s material living standards. (Streimikiene, 2015)

“It is essential to meet basic needs, such as for shelter from weather conditions, and to offer a sense of personal security, privacy and personal space. Good housing conditions are also essential for people’s health and affect childhood development. As housing costs make up a large share of the household budget and constitute the main component of household wealth.” (Streimikiene, 2015)

Access to housing is a recognized right, but it also means that a housing is more than four walls and a roof. Good quality housing is fundamental to satisfy basic needs because it shelters people from environmental conditions such as weather and pollution. Moreover, housing provides people a suitable, secure, and private place to rest and sleep, which has an impact on personal security and personal privacy. In addition, housing can satisfy other needs such as having a family space where people can share time with their relatives and make their house a “home”. That is why understanding how the housing market works in general is interesting, but to study whether people can afford adequate housing without any kind of exclusion or discrimination is imperative in Ecuador.

It is imperative to examine living conditions; for instance, whether a dwelling has access to basic facilities, or whether the average number of rooms shared per person has impacts in other aspects of people’s lives. For instance, overcrowded housing may have a negative impact on physical and mental health, relations with others, and children’s development.

Several studies in UK and US have demonstrated that social housing programs have impacts on people’s health. In fact, the report “The Health Impacts of Housing Improvement” has compiled some studies around the world and presented relevant findings. One study reported a statistically significant improvement in health (+12.3%) among adults but not children. Other studies assessed respiratory effect across several outcomes, but there was slight evidence of improvements in respiratory health. Nevertheless, in each of these studies some of the respiratory outcomes were better in the
control group following the intervention. (Thomson, Thomas, Sellstrom, & Petticrew, 2009).

There is also evidence about housing impacts on mental health. Within the same research mentioned before, 9 studies assessed mental health impacts. In the 3 most rigorous studies there was no clear impact on mental health, whereas in the less rigorous studies, statistically significant positive impacts were reported.

In the same research, three studies reported socioeconomic impacts. In 2 studies inhabitants informed that they were more able to afford basic needs, signifying reduced financial strain. No other studies informed socioeconomic impacts attributable to the improvement in housing (Thomson, Thomas, Sellstrom, & Petticrew, 2009).

Studies in developed countries identifying and evaluating the provision of basic housing needs is necessary. The authors (Thomson, Thomas, Sellstrom, & Petticrew, 2009) also mention interventions such as replacing mud floors with cement to the provision of warmth and energy efficiency measure because investment in basic housing needs can mean reductions in illness amid children and adults. Or maybe the impacts could be perceived in the long term, benefiting the next cohort of inhabitants. Improvements to basic housing amenities have also been associated with improvements in socioeconomic opportunities. (Thomson, Thomas, Sellstrom, & Petticrew, 2009)

“Interventions to provide basic housing amenities in a develop world may generate health improvements, especially among children. Few studies assessed the impacts of housing interventions on socioeconomic determinants of health. There is some suggestion that improvements in warmth and energy efficiency lead to reduced heating costs, less time off from school or work, and increased use of the home for studying and leisure and may also increase privacy and improve relationships between household members. Although none of the studies reported differential impacts by socioeconomic status, all but 4 studies focused on low-income households.” (Thomson, Thomas, Sellstrom, & Petticrew, 2009)

Another study uses enriched data from the Panel Study of Income Dynamics to examine the future effects of living in public housing during childhood. This study affirms that effects can be on welfare; individual earnings; household earnings relative to the
poverty line; and employment. The research claims that living in public housing during childhood increased employment and raised earnings, but it did not have an effect on household earnings relative to the poverty line. The beneficial effects could have risen because public housing improved physical conditions, reduced residential mobility, or enabled families to spend more of their income on items that benefit children's development. (Newm & Harkness, 2002)

It has been demonstrated through several studies that well-focused social housing programs are important because they have positive impacts on people’s lives. However, it would be interesting to analyse if the explanations and theories can be applied in Quito as well. Otherwise, it will be interesting to describe Quito’s particularities.

In Quito, the national and local governments try to solve the housing problem by attacking the effects rather than the causes. That is why the main purpose of this research is to describe the real roots of the problem of accessing a dwelling. Analysing the housing problem is important from an economic, social, and political point of view. From the economic point of view, analysing the housing projects in Quito is important because maybe these projects are not reaching the poor strata of society and they are creating new forms of poverty. In the social point of view, analysing the housing problem from the exclusion approach is relevant because part of the problem is rooted in the exclusion of indigenous and other ethnics. It is important to analyse and compare this problem from the political point of view, to understand if the change to a new paradigm, which is reflected in the Constitution, has had positive impacts and is solving the problem of inclusion through access to housing.

This research would help policy makers to change the approach to face the problem. Moreover, this research will collect and describe the data of different housing policies in other countries to formulate recommendations to improve the social housing programs. According to the results that this research can achieve, it could be also used to think about new alternatives to face social housing storage and create arguments that can be also considered in the agenda-setting process in Quito.
2 Brief Explanation of Ecuador and Quito Context

Latin America and the Caribbean region grew faster than countries in the European Union between 2003-2014. Even when the economies in both regions had a decrease in GDP in 2009, this drop was smaller in Latin America than in the European Union. This outstanding growth in Latin America was determined by a boom in the price of some natural resources such as petroleum, metals, fruits, etc.

In terms of GDP, Latin America had a higher growth than the European Union from 2003 until 2013. Although the effect of the global crises was stronger in Europe and it was reflected in 2009 with a negative rate -4.4%, in Latin America the GDP decreased just -1.3%, but the internal problems in some countries of Latin America have discouraged the region’s growth.

“Less favorable external conditions and domestic problems in some economies in Latin America and the Caribbean have dampened the region’s growth. Although something of a recovery is expected in the medium term, a return to the rates of growth seen before and immediately after the global financial crisis is unlikely.” (Economic Commission for Latin America, 2015)

Between 2006-2014, Ecuador had an average increase of Gross Domestic Product of 4.3%, which was boosted by higher petroleum prices and external financing flows, mainly to the public sector. As a result, the public expenditure, including social expenditure and investments in energy and transport system, was augmented.
Regarding the unemployment rate, this indicator was around 8.53% in the European Union (2016), and according to Economic Commission for Latin America and the Caribbean (ECLAC), there were some countries which had an unemployment rate of 25% during the crises. The unemployment rates in Latin America and Caribbean region were lower than the EU and remained under 8% until 2016. For instance, Ecuador has been keeping this rate lower than 4.6% for a long time. The unemployment rate in Ecuador is even lower than in Hungary (5.10%). However, this indicator in Latin America is not only a picture of labour market. As the ECLAC claims:

“The open unemployment rate is not the only relevant indicator of labor market conditions. Indeed, around half of the labor force in Latin America and the Caribbean works in informal jobs, generally on low wages, with neither social protection nor job security.” (Economic Commission for Latin America, 2015)
The inequality gaps in Latin America are enormous; in fact, this region is one of the most inequitable around the world. The effects of inequality are felt in people’s well-being, which affects their economic and social progress. The data shows that Gini index for Latin America is close to 1.7 times that of the European Union in 2013. Among 2002 and 2013, the average Gini index value for Latin America diminished by 10%, from 54.2 to 48.6 (Economic Commission for Latin America, 2015). The Gini index value in Ecuador has been decreasing slowly through the years mainly because of the efforts of the last government’s focus on social investment; the Gini index in Ecuador is even lower than Brazil and Colombia (51.3 and 51.1, respectively). Nevertheless, the inequality in Ecuador does not achieve the levels of the European Union; for instance, Hungary 30.9.
Poverty has been decreasing in Latin America since 2000. According to ECLAC, the population living in poverty fell from nearly 44% in 2002 to just over 28% in 2014. (Economic Commission for Latin America, 2015). For first time some poor people joined the ranks of the middle class, while at the same time impacts in social and economic aspects were felt. However, the growth of the middle class in Latin America still means that people need to satisfy the basic needs of housing, health, education, etc, and the current challenge of the current government is to keep a strong and skilled middle class that is able to create new enterprises, jobs, and opportunities.

In the Ecuadorian case between 2006-2014, poverty was reduced from 37.6% to 22.5% and inequality index of GINI was reduced from 0.53 to 0.45 because poor people’s incomes rose up faster than the average incomes in Ecuador. However, all these achievements of the country are currently at risk because of the low petroleum prices and dollar appreciation. The situation intensified afterwards because an earthquake happened in the coast zone in April 2016. From 2014 to 2016, urban unemployment increased from 4.5% to 6.5%, and rural underemployment increased from 11.7% to 18.8%.

Ecuador does not have its own currency; the country changed the Sucre to American Dollars after an economic crisis in 1998. This means that for the current economic difficulties there is no control over the local currency and a lack of fiscal savings, so the government needs to decrease public investment and current expenditure. The government has resorted to foreign financing as another economic measure to face the current situation. At the same time, other policies to increase non-oil public revenue
and restrict imports were implemented. Although these policies have allowed them to face the effects of the lower petroleum prices and allows them to finance post-earthquake reconstruction, the debt has increased. At this time, Ecuador faces a very complicated transition period at the political level as well due to the fact that a new president was elected in May 2017. Currently, Ecuador faces the challenge of achieving political consensus, and the new government faces the challenge of guaranteeing political, social and economic stability. (World Bank, 2017)

It is evident poverty will remain a problem in Ecuador. A review over the years demonstrates that poverty had a slightly decreasing trajectory (31.1%) between 2006-2014. This means that around 1.6 million people left poverty by unsatisfied basic needs (UBN). In contrast, the reduction of the poverty by UBN was only 18.7%, in the period 1998 to 2006. There was a 22.3% and 35.3% reduction in poverty by UBN in rural and urban areas respectively between 2006-2014. During the period from 1998-2006, poverty reduction was 11.5% in rural areas and 20.3% in urban areas. (National Institute of Statistics and Census INEC [Instituto Nacional de Estadísticas y Censos], 2014)

Figure 3 Poverty by Unsatisfied Basic Needs

Source: (National Institute of Statistics and Census INEC [Instituto Nacional de Estadísticas y Censos], 2014)

Ecuador is a multi-ethnic and multicultural country. The dominant ethnicity is “mestizo”; people rarely self-define as “white people”. This ethnic class, mestizo, has the best quality of life in Ecuador, and this ethnic class means people of European and Amerindian descent. Nevertheless, racial discrimination is still latent in that country. This is a problem that unfortunately was not only in the past; its ramifications reach the present. According to the National Census of Population and Housing, Ecuador had 14.4 million inhabitants in 2010. According to the last census, 72% of the population is mestizo, 6%
is white, 7% is indigenous, and 4% is afro-descendent. The highest concentration of indigenous population is found in the provinces of the Sierra: Napo, 57%; Morona Santiago 48%; Pastaza 40%; Orellana 32%; Chimborazo 38%. (National Institute of Statistics and Census [Instituto Nacional de Estadísticas y Censos], 2010).

Source: (National Institute of Statistics and Census [Instituto Nacional de Estadísticas y Censos], 2010)

Table 1 Self-identification according to culture and customs

<table>
<thead>
<tr>
<th>Self-identification according to culture and customs</th>
<th>% of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>0,4%</td>
</tr>
<tr>
<td>Black</td>
<td>1,0%</td>
</tr>
<tr>
<td>Mulatto</td>
<td>1,9%</td>
</tr>
<tr>
<td>Afro-Ecuadorian</td>
<td>4,2%</td>
</tr>
<tr>
<td>White</td>
<td>6,1%</td>
</tr>
<tr>
<td>Indigenous</td>
<td>7,0%</td>
</tr>
<tr>
<td>Montubio</td>
<td>7,4%</td>
</tr>
<tr>
<td>Half Blood</td>
<td>71,9%</td>
</tr>
</tbody>
</table>

Source: (National Institute of Statistics and Census [Instituto Nacional de Estadísticas y Censos], 2010)

Inequality can be perceived according to the ethnic conditions in several aspects, such as housing, education or health. It is relevant to note that in the analysis of who is living in a house, 73% of mestizos live in a house while just 7% of indigenous live in a house. A greater amount of indigenous do not have a place to live (18%), and 17% are
living in a partially-constructed house. On the other hand, among an analysis of housing conditions in every ethnicity, it is proven that more than 22% of the indigenous are living in a partially-constructed house and in other types of housing such as huts, shelters, or collective housing. While less than 9% of mestizos are living under the same conditions, 19% of the indigenous population and 14% of the black population are illiterate while 93% of the mestizos can read and write. Meanwhile, 78% of mestizos have access to the public health system, but just 3% of the indigenous and 3% of black people have access to the public health system.

![Figure 5: Ethnics VS. Type of Housing](image)

Source: (National Institute of Statistics and Census [Instituto Nacional de Estadísticas y Censos], 2010)

The situation about inequality is reflected in Quito as well. The primary ethnic culture in Quito is mestizo (83%), white people (7%), indigenous (4%), and the rest (6%) are from other ethnicities. Most of the indigenous people are living outside the city, as the map demonstrates. However, some of the indigenous are living in the urban area as well, but in precarious conditions. For instance, in the city centre it is not possible to find a proper place to live, yet it is possible to rent a cheap place to survive. In fact, 88% of citizens in Quito are living in a house or apartment, and 3% are living in a partially-
constructed house. All in all, it is not strange to see that most of the poor people in Quito are living within the city limits. The following map describes Quito Canton, focusing on Quito City. The extreme poverty location is coloured in red in Map 1 and the location of indigenous people is coloured in brown in Map 2.
Map 1 Extreme Poverty in Quito

Source: (National Institute of Statistics and Census [Instituto Nacional de Estadísticas y Censos], 2010)
Figure 6: Type of housing in Quito

Source: (National Institute of Statistics and Census [Instituto Nacional de Estadísticas y Censos], 2010)

Map 2: Location of indigenous people in Quito Canton, including Quito City

Source: (National Institute of Statistics and Census [Instituto Nacional de Estadísticas y Censos], 2010)
Thanks to the tenacity of the indigenous struggle, only since 1998 have the rights of the indigenous people been recorded in the current Constitution. The political presence of the indigenous movements has emerged, building a series of internal educational initiatives and international cooperation programs that promote inclusion and equity. "Interculturality" appears in the Constitution as the principle that promotes respect for the diversity of Indigenous People, other types of Nationalities and other Ecuadorian social sectors, but at the same time Interculturality also demands unity in the economic, social, cultural and political fields in order to transform the current structure of the country and build a New Pluri-national State, in a framework of equal rights, mutual respect, peace and harmony between ethnics.

In this context, the Government of Ecuador reformed its Constitution in 2008, and the Government also established and implemented the National Development Plan of 2007-2010. The general approach of both documents is to improve life conditions and eradicate inequities, inequalities and social exclusion. This approach implies a better focus and control of public policies and a substantial increase in public investment.

Access to good quality housing is a right specifically recognized by the Ecuadorian Constitution (Article 30); in addition, the Constitution also points out the rights to improve quality of life which include the right to access to water and food, and the right to live in a healthy environment. Therefore, the State, at all levels of government, must design social housing projects, focus on people with limited financial resources, and women as heads of household (Article 375). These housing projects also provide financial support to households through government banks and credit institutions. The main priority of these projects is to give households their own house.

\textit{Article 30. Persons have the right to a safe and healthy habitat and adequate and decent housing, regardless of their social and economic status. (National Assembly, 2008)}

The Ecuadorian government demarcates within the Plan of Well-Living where improving people’s quality of life is presented as the Government’s biggest challenge that demands inter-sectorial policies and consolidation of the National System for Social Inclusion and Equality. The Plan of Well-Living identifies the following goals:

\textit{“Goals: To improve people’s quality of life}
To reduce the percentage of homes with crowding to 10.3% nationwide and 13.4% in rural areas.

To reduce the quantitative national housing deficit to 10.5%, and the rural deficit by 4.5 percentage points.

To have 95.0% of homes in rural areas with an adequate system for sewage disposal.

To have 83.0% of homes with access to public water supply networks."

(National Secretariat of Planning and Development, 2013-17)

Notwithstanding, access to good quality housing is a recognized right, yet Ecuador still has housing problems. The qualitative housing deficit is measured through the counting of private homes that do not have good infrastructure, enough space or access to basic services and, therefore, their housing requires an improvement or expansion of the housing unit in which they live. But the qualitative deficit does not imply the need to build more houses. Currently, Ecuador has a 34% qualitative deficit of housing, which means that 1.29 million families live in households unsafe for habitation. These households lack basic services, suffer overcrowding, are built with substandard materials and often informally (National Institute of Statistics and Census INEC [Instituto Nacional de Estadísticas y Censos], 2016). Moreover, since Ecuador has a 33.6% quantitative deficit of housing, nearly 494 thousand families share their household with one or more families, or they are living in unplanned housing. (Coordinating Ministry of Social Development [Ministerio Coordinador de Desarrollo Social], 2017)

1 According to the National Census of Population and Housing 2010, the number of families in Ecuador is 3,810,548.
The housing shortage mostly affects poor households, but the prevalence of the housing shortage also depends on the localization of the households. Meanwhile, 34% of families in the urban areas live in unsafe housing, and the situation is even worse in rural areas because the scattering of houses makes difficult for the government to provide basic services to these areas. In consequence, the housing shortage in rural areas is higher.

A family is under overcrowding conditions if the ratio between the number of people and the number of bedrooms is greater than three. Rural areas have 13.7% of families who are living under overcrowding, in 2016. This is 2.5 percentage points over the national overcrowding conditions of 11.2%. According to the National Institute of Statistics, the overcrowding was reduced 9.3 percentage points between 2006-2014. The highest drop occurred in rural areas in this period where overcrowding was reduced 13.6 percentage points, from 29.2% to 15.6%. The National Institute of Statistics affirms that overcrowding is reduced because poor families have improved their quality of living. This affirmation is demonstrated through an analysis of quintiles.
According to the Survey of Employment, Unemployment and Under-employment, 9% of families in Ecuador had access to pure water provided by public network of drinking water in 2006. Nevertheless, drinking water coverage presented a slow improvement over the years and achieved 78.0% of drinking water coverage in 2014. Hence, 11.1 more percentage points of families have drinking-water coverage. Regarding rural areas, drinking-water coverage was 30% and it maintained the same level from 1999 to 2006; however, drinking water coverage has been rising since 2014, but just in rural areas. An analysis by quintiles let us conclude that the poor population is benefitting.
Before, waste disposal facilities coverage just served 82.6% of the families. In 2014, it went up to 91.4%. This means that 8.8 additional percentage points of family units can access this service. The significant rise in households with sanitation conditions occurred in rural areas where waste disposal facilities coverage increased by 18.3 percentage points between 2009-2014. All in all, there has been a development of the service where the poorest population benefitted the most.

Source: (National Institute of Statistics and Census INEC [Instituto Nacional de Estadísticas y Censos], 2016)
The net enrolment rate in basic education is defined as the ratio of the number of persons from 5 to 14 years old enrolled in mid-level education establishments, divided by the entire population of 5 to 14-year-olds. Ecuador had a 90% enrolment rate in basic education in 2006 and this rate passed 95% coverage in 2014. The National Institute of Statistics affirms that this growth is a direct effect of access to education for poor populations living in rural areas.

The shortage of housing is the effect of a combination of several social problems that affects more than 1,29 million families in Ecuador. Ecuador has an increase of around 111 thousand families per year. The Ministry of Housing affirms that more than 64 thousand houses are needed every year. There is a higher demand for housing in 6 of the most populated cities in Ecuador, including Quito. The shortage is higher in the rural areas than in the urban areas.

All in all, the Ecuadorian territory is the result of social, cultural, geographical, economic, and political features. It is a clearly a result of the development model under which Ecuador is working, characterized by a primary export economy which is highly dependent on natural resources and highly influenced by external economic shocks. Furthermore, revenue distribution is inequitable within the territory; infrastructure, technology, and education are focus of the main city of Ecuador, Quito. Well-off people are just a small group of Ecuadorians settled in Quito, and others in Guayaquil.
3 Hypothesis, Research Methodology, Data and Information used

Hypothesis

This study is analysing whether current policy, its strategies and means, are appropriate and efficient enough to solve housing problems in the near future.

Descriptive research

This research needs to describe various aspects of the housing access problem. Descriptive research is the appropriate tool to study the aspects of this phenomenon. This research typology is designed to highlight current problems through a process of data collection that permits one to describe the situation more completely than was possible without employing this method. Descriptive studies are not limited to the observation data collection method. With this methodology it is also possible to use case studies as well as surveys. (Fox & Bayat, 2008)

The first step to developing a body of knowledge is searching for precious research to understand how far investigators in this field have gone through this problem. Internet access systems and libraries were utilized to look for books, articles, theses, case studies, and research. Since this research is focused on social housing, the keywords used in searching for literature were: poverty, unsatisfied basic needs, housing conditions, supply of housing, demand of housing, public policies for social housing, social housing projects.

Data and Information used

Information regarding poverty, unemployment, inequality, ethnicities, housing shortage and population were used for a statistical analysis that let us understand the social housing problem in Quito. In addition, other indicators such as percentage of owner-occupied dwellings and social dwellings let us understand the situation in other countries and how they are handling social housing problems. The main data resources were:

Census of Population and Housing

The National Census of Population and Housing is executed in Ecuador every 10 years by the Institute of Statistics and Census. The main objective of the census is to
achieve reliable statistical information regarding the structure and growth of the population. Indeed, the census is able to describe the economic and social characteristics of the population. In general, the census is used by the public and private sectors to design development plans, programs, and projects.

DataBank

The World Bank has developed a tool named “DataBank” which is a compound of time-series data focused on various topics such as education, poverty, social development, among others. The World Bank collects official information around the world. This information can compare previous and current situation between countries.

Housing Europe

It is a non-profit association that collects information about social housing in 24 countries located in the European Union. It produces valuable and comparative information about the real estate in every country, but the main objective is to explain how social housing is defined by every country and describes the different strategies used to face the housing access problem.
4 Housing, poverty and social exclusion

4.1 Social Exclusion and Social Mobility

Education is a powerful tool to fight against poverty. According to the World Bank, poverty has been meaningfully reduced over the last 50 years. Some countries have managed to reduce the poverty faster than others. For example, Eastern European countries reduce poverty faster than countries in Africa and Latin America. Statistics demonstrate that there are fewer people living with USD 3.10 per day, from 2.59 billion in 1981 to 2.2 billion in 2011 (World Bank, 2017). On the other hand, the number of adults who do not know how to read or write was reduced from 871 million to 758 million between 1980-2014. (UNESCO, 2014) Education is a productive force that promotes development in the production mode. In addition, education is the way society transmits its ideals, values, and habits. UNESCO claims that there is a rational association between poverty and education, which could explain the persistence of poverty.

“If the behaviors were linear it would take about 200 years to eradicate poverty and 250 years to eradicate illiteracy”. (Jiménez & et al., 2017)

There is a Cumulative Circular Causation and poverty trap according to (Myrdal, 1957). It means that a country with a high level of poverty cannot invest in education, which implies a low educational level. In the long term, a low level of education will also mean a low level of scientific and technological development. Consequently, the country will not have a growth of the Gross Domestic Product and will remain with a high level of poverty.

The Theory of Social Exclusion explains that there are three crossover dimensions: economic, legal-political, and moral-ideological, which can be understood in two ways. The first correlates exclusion from the labour markets, and the second definition relates the rejection of certain social status to certain social groups. In both cases, discrimination means the rights to access a minimum income to achieve a decent standard quality of life, including education, health care, and housing, are violated. (Peter, 2010) in his article “Explanations of Social Exclusion” enlightens his approach, which assumes that everybody should have the same opportunities in life, without exclusion based on class, race, sex, age, sexuality, or disability.

Social mobility determines that mobility into or out of the labour market, poverty, or social classes can happen. If mobility is low, it would advocate the possible existence
of social exclusion. For instance, (Payne, 1992), claims that there are borders between the social classes: service class, intermediate class, and working class. Another more pragmatic approach named “The International Comparative Approach” explains that the causes of social exclusion with evidence from six countries: Britain, Germany, Sweden, Norway, US and Canada, indicates some potential exclusion between unskilled service jobs, sales, unemployment and household work (Esping-Andersen, 1993).

Esping-Andersen concludes that in America, exclusion is one principal cause of expansion of low-paid private sector service jobs, and in Scandinavia exclusion is the outcome of the growth of the public service sector. Esping-Andersen explains that the mobility out of private or public service jobs is correlated to education. Then, those without such qualifications may find themselves moving around similar unattractive jobs, which is a form of class closure. An additional consequence of educational qualifications is that the mobility to the top layers of the stratification system becomes more and more difficult, which means a solidification of the class located at the top.

4.2 Theories of Social Exclusion

Exclusion is when an underclass group is considered socially distinct from the main social class. According to (Morris, 1994), there are two approaches for social exclusion: cultural and structural. The cultural approach is a behaviour or attitude of the underclass. The structural approach is referred to disadvantages that certain groups of society face. In the structural approach, social relations are constructed in cultural and economic environments, so the features of these relations can be social isolation, racism, and traditional gender roles. Regarding capitalist structures where men must work, and women must take care of children, (Jencks & Paul, 1991) make another analysis: they claim that being a single mother does not cause isolation, but the combination of single motherhood and a lack of skills in fact causes isolation. They also think that married women are not in a different position if they lack skills as well. Groups that are most likely to be excluded are those lacking job skills, school dropouts, and the criminally-inclined. However, there is also an exclusion related to age and race.

“ (Gallie, 1994), who largely shares Morris’ “structural” approach, has argued that the chances of obtaining paid employment are related to the structural conditions of the labor market rather than to
“cultural” considerations such as the degree of commitment to work”
(Peter, 2010)

On the other hand, education has positive impacts in labour because it produces added value. The fact that parents can add value to children will have an impact in the future because the improvement of the capacity of youngsters means new job opportunities. All in all, labour process analysis has a potential capacity for explaining social exclusion.

4.3 Social Exclusion through housing

This type of exclusion through housing works oppositely from social exclusion. A household that cannot afford to buy a house, or is renting a house, is not socially excluded. Exclusion is rather a kind of denied access of poor people. Then it is obvious that well-skilled workers have a higher chance to obtain a house than unskilled ones. It is also possible to find differences among tenures. There are some owners who either live in houses with good conditions and they cannot afford to make repairs, or maybe they are living in overcrowded conditions and cannot obtain a house of a size that satisfy their space requirements. Housing exclusion is not related to owner occupation, rather it is about the social exclusion of certain ethnic groups and elderly people who cannot maintain their homes anymore.

“ (Friedrichs, 1997) has indicated that the effects of poverty neighborhoods in fact cease to be negligible if certain thresholds are crossed, for example if the residence of professionals and managers in the area falls below a certain proportion or if the incidence of teenage childbearing rises above a certain rate. The argument is that neighborhood effects are real because social interaction occurs at this level and because the visibility of certain characteristics in the area (such as litter, physical decay, visible aggression and crime, and drug use) affects human behavior” (Peter, 2010)

4.4 Poverty, unemployment, and inequality

The definition of poverty does not mean lack of income only. Throughout the years, the traditional definition of poverty has been changing and nowadays poverty has multidimensional approaches which are generally accepted. However, achieving a better definition of poverty, as well as a way to measure it, is very complex.
A summary about the different dimensions of poverty has been explained by the Panel of Urban Population Dynamics. This institution identifies the following dimensions of poverty: revenues and consumption, assets, time costs, housing, public infrastructure, and other basic services such as emergency, education, etc. In addition, this institute also considers security and human rights. (Montgomery & et al, 2003)

The evolution of poverty from economic aspects passing through political aspects and ending with cultural aspects is important for this research in order to highlight the importance of housing, including aspects such as infrastructure, services, security, access, and time of traveling from home to work or services. The researcher Robert Chambers describes the evolution of poverty in 3 stages: poverty as a lack of income, poverty as lack of assets, and poverty as lack of capacity. The researcher Sen claims that analysing well-being should shift the approach from the “means of living”, such as income, to the “actual opportunities that a person has”. According to Sen, developing capacities makes enables people to overcome poverty. Furthermore, another approach appeared where the lack of assets is considered as just one of the dimensions of the whole problem, the other dimensions being a lack of health, insecurity, a lack of choice, and low social relations. All in all, Robert Chambers takes into account all the dimensions of poverty already mentioned, and he develops the Poverty Network concept. The Poverty Network is explained with the limitation of poor people to get a dwelling and a job.

Poverty is present in every country around the world. Although it is one of the most difficult socio-economic problems to solve, extreme poverty needs to be eradicated, but to solve this problem poverty must be clearly understood.

In the common approach, poverty is related to the level of income. In fact, it is named Income Poverty. This approach defines as poor those people below a certain income level. However, Income Poverty does not capture all the dimensions of the problem. Sen stressed the necessity for looking beyond the poverty line and introduced an additional framework for understanding poverty called the Capability Approach. This broader approach claims that poverty is not only linked to income level, but also related to the level of deprivation. This approach affirms that poverty is due to a serious deprivation of certain capabilities like literacy, good health, political participation, and other factors which could make a person more productive to earn higher income. Income
and capability are correlated; capability depends on income, and the development of capabilities contributes to a further rise in income.

“It is not only the case that, say, better basic education and health care improve the quality of life directly, they also increase a person’s ability to earn an income and be free of income - poverty as well. The more inclusive the reach of education and health care, the more likely it is that even the potentially poor would have a better chance of overcoming penury” (Sen, 2011)

Sen’s new approach became so influential that it was implemented as a new approach in the Human Development report. Sen played an important role in this new concept of “Human Poverty,” and he constructed a Human Poverty Index using variables such as elementary education, healthcare facilities, sanitation and drinking water, in addition to income levels. Poverty reflects the deprivation of all these basic needs, and this index captures the different dimensions of the problem of poverty. Now there is a further extension of this by the construction of the Multidimensional Poverty Index. Moreover, Sen says that it is not enough to identify people who are below the poverty line, and perhaps it is necessary to identify the poorest of the poor or understand how far below is one below the poverty line. (Bhardwaj & Thakur, 2012)

The Institute of National Statistics and Census (INEC) is the institution in charge of measure poverty in Ecuador. The measure of poverty in Ecuador includes income, consumption, and other multidimensional factors as unsatisfied basic needs that define structural poverty. INEC measures poverty in a monetary way through income and consumption and in structural way through unsatisfied basic needs.

According to INEC, it is firstly meaningful to identify if a person is poor or not poor, and then it is necessary to design an indicator that encompasses the grade of poverty. The poverty line method is used to select people who are poor. This method consists in selecting people who accomplish the amount of energy needed to develop desirable physical activity consistent with good health in the long term. The individuals that did not reach the value of food that satisfies the norm, which is established as 2.141 caloric kilos per person per day, will be considered extremely poor. Consequently, the notion of indigence is linked fully to food consumption or caloric intake. To construct the poverty line, the methodology expands food needs to the needs of other goods, through the Engel
The Engel coefficient\(^2\). Non-food goods include housing, clothing, education, health, transport, among others. ((National Institute of Statistics and Census INEC [Instituto Nacional de Estadísticas y Censos], 2006)

In contrast, Poverty for Unsatisfied Basic Needs (UBN) is a multidimensional indicator that reflects the structural conditions of poverty. This indicator combines factors such as overcrowding, sanitation and drinking water, housing materials, economic dependence and assistance of children to basic education. The UBN is used as an indicator of the National Development Plan and the National Strategy for Equality and the Eradication of Poverty. A household is considered poor by the UBN if it has one or more deprivations in that factors.

In 2008 a new Constitution was approved by Ecuadorians through a referendum. The new Constitution establishes a relationship between public policy, which guarantees human rights, and development objectives. Using the new Constitution, Ecuador has the intention of becoming a “Constitutional State of Rights and Justice” which is a better approach than “Social State of Law”. That also implies the exercise of Nature’s rights.

The Ecuadorian Constitution considers development and the social solidary economic system as instruments to achieve “Good Living”. The State’s responsibilities are to plan national development, eradicate poverty, and promote the sustainable development and equitable redistribution of resources and wealth in order to achieve “Good Living” (National Assembly, 2008)

“Inequality and poverty are the greatest barriers to exercising rights and achieving Good Living. Living in poverty is more than just not having enough income to purchase goods and services to cover basic needs; being poor also means social exclusion. Ultimately poverty withholding people’s rights, a denial of citizenship” (Bárcena, 2010)

Poverty is the expression of inequality, and it needs public policies to be solved. Public policies must guarantee the equal distribution of wealth until the economic system reaches a point where production itself guarantees the unbiased distribution of resources.

\(^2\) The Engel coefficient is defined as the ratio between spending on food and non-alcoholic beverages and total expenses.
Poverty and a lack of income are factors which strongly influence housing quality. One of the causes of poverty in Ecuador is income inequality.

“The failure to adopt, at all levels, appropriate rural and urban land policies and land management practices remains a primary cause of inequity and poverty” (Klaus & et al., 2010)
5  Urban Development and Housing Policies in Quito

Quito is considered the most important city in Ecuador because of its political and administrative influence. Therefore, employment in services is predominant in the capital city, which is a key factor that motivates the internal migration from countryside to the city. Quito’s population grew by 4.6% annually during the 80’s and the population duplicated after 16 years (Dirección General de Planificación, 1995). Consequently, the internal migration and natural population growth drive the territorial expansion.

At the beginning, the population was settled in an area currently known as the Historic Centre, but over the years, families in the area started to be crowded, and subsequently people with higher incomes decided to move out to the north of the city. People with higher incomes preferred places with easy accessibility and basic services; hence, they preferred settled down next to highways. Meanwhile, the population with lower incomes started to use those houses located already in the Historic Centre. Nonetheless, considering geographical Quito’s conditions, surrounded by mountains, volcanoes and ravines, the only way the city could grow was in a longitudinal way, in the areas located in between the mountains.

“Quito, was built under resolutions created in the Law of the Indies and Spanish ordinances, has a formative process that takes as central nuclei the "Independence Square" and emblematic constructions established in its surroundings; the greater church, the Municipality and the Palace of Government that complemented by other smaller squares constructed in front of other churches consolidate a model of socially hierarchical city, and planned in the form of reticle like fundamental principle for the urban consolidation; enclosing within a first ring the owners of the large tracts of land, until reaching a periphery where the common people were located with small lots and located in a dispersed way” (Dirección General de Planificación, 1995)

Theoretically, from the beginning Quito was segregated; well-off people were living in the north of the city, and people with average and lower incomes were living in the centre and south of the city. Part of the segregation phenomenon is that the cities tend
to have higher degrees of density in the city centres and sparse settlements in the periphery, like Quito.

Before the 70’s, public policies to organize the city were absent. The city was disorganized, and housing problems appeared. There were areas with plenty of infrastructure but without any buildings or dwellings, and crowded areas without basic services. In 1973, the first plan to organize the city was created and named “Quito, Metropolitan area, Director’s Plan”. This plan developed the urban planning of the city with financial resources from the government, the World Bank, and the Inter-American Development Bank. Urban growth forced policy makers to design the city in an efficient way, according to the trends of that period. Then, the city was designed under a functionalist point of view; policy makers decided to locate social equipment, commerce, and public administration in the north and centre of the city with industries and social housing in the south of the city (Peyronnie & de Maximy, 2008)

Even so, the population growth was pushing the territorial expansion in exchange of agricultural land, natural reserves, and protected areas. Consequently, another plan was designed in 1985 which included the following package of public policies, but the plan did not considerate land existing uses³. (Dirección de Planificación, 1991)

- Establish alternative solutions for the delegation of basic services to marginal housing in Quito
- Provide areas for territorial expansion
- Create mechanisms that allow the efficient control of land prices for housing
- Implement more effective measures for the use of vacant land within the city
- Generate incentives to promote the construction of housing in popular sectors
- Create legal and technical mechanisms that allow the municipality to intervene in the implementation of large areas of land owned by public or private entities
- Discourage the formation of peripheral neighbourhoods

The longitudinal structure was replaced by a metropolitan structure; the urban expansion was forecasted towards the valleys of Cumbayá and Valle de los Chillos, which in fact are other cities. The General Plan of Territorial Development (2006) planned a

³ Land use means land classification for the appropriate use of properties (American planners association, 2018).
pluri-centric growth, which means a mixture of land uses to achieve territorial equality. Even so, the city’s growth cannot yet be fixed because there are still accumulated problems provoked by public policies created years ago.

The concentration of infrastructure in north of the city, which is now considered as the centre of the city because of urban growth, motivates commerce. As a result, dwellings in the new city centre are being replaced by offices and modern buildings which also impact the price of dwellings and leases. Another reason is the lack of land available to build new buildings. On the other hand, the historic centre is a degraded area where it is almost impossible to find a decent place to live. On its side, the government has managed to maintain some buildings in the city centre, transforming the old buildings in public institutions. In that way currently, the historic centre is crowded during working hours but empty at night. This phenomenon has produced insecurity and pollution in the area.

*Picture 1 Historical Centre in Quito at working hours*  
(Ailola, 2018)

*Picture 2 Historical Centre in Quito at night*  
(Framepol, 2018)

The increasing of land prices forces urban expansion to the periphery and the south of the city. In fact, the crowding rate in the south of the city and some
neighbourhoods located in the northern periphery are higher than in the centre-north of the city. According to data from the 2001 Population and Housing Census, the population growth in the Metropolitan District of Quito was 2.6%. It was mainly in the peripheral areas of the city, such as Quitumbe (10%), Calderón (7.9%), Tababela (5.3%), Tumbaco (5.2%), Los Chillos (4.3%) and La Delicia (4.2%).
The problem has roots in the demand side and in the supply side. In the supply side, the real estate market in Quito faces land scarcity problems because of the geographic location of the city. Currently, very little land is available for housing in the urban area, and it is very expensive. Consequently, the real estate market can offer housing over USD 61000, which means that the real estate market is able to provide houses exclusively to families with higher incomes, which represent just 20% of the population.

### Table 1: Number of inhabitants and demographic growth rate by area of the Metropolitan District of Quito.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>TOTAL DISTRITO</td>
<td>1 388 500</td>
<td>1 842 201</td>
<td>2,6</td>
</tr>
<tr>
<td>QUITO URBAN*</td>
<td>1 105 526</td>
<td>1 397 698</td>
<td>2,2</td>
</tr>
<tr>
<td>URBAN DISPERSO**</td>
<td>24 535</td>
<td>13 897</td>
<td>-5</td>
</tr>
<tr>
<td>SUBURBAN O or RURAL***</td>
<td>258 439</td>
<td>430 606</td>
<td>4,8</td>
</tr>
<tr>
<td>QUITUMBE</td>
<td>66 874</td>
<td>190 385</td>
<td>10</td>
</tr>
<tr>
<td>ELOY ALFARO</td>
<td>354 565</td>
<td>412 297</td>
<td>1,4</td>
</tr>
<tr>
<td>MANUELA SAENZ (Centre)</td>
<td>227 233</td>
<td>227 173</td>
<td>-0,002</td>
</tr>
<tr>
<td>EUGENIO ESPEJO (North)</td>
<td>330 145</td>
<td>365 054</td>
<td>0,9</td>
</tr>
<tr>
<td>LA DELICIA</td>
<td>167 304</td>
<td>262 393</td>
<td>4,2</td>
</tr>
<tr>
<td>NOROCCIOUS</td>
<td>13 240</td>
<td>11 975</td>
<td>-0,9</td>
</tr>
<tr>
<td>NORCENTRAL</td>
<td>15 152</td>
<td>16 724</td>
<td>0,9</td>
</tr>
<tr>
<td>CALDERON</td>
<td>40 681</td>
<td>93 989</td>
<td>7,9</td>
</tr>
<tr>
<td>TUMBACO</td>
<td>34 276</td>
<td>59 576</td>
<td>5,2</td>
</tr>
<tr>
<td>LOS CHILLOS</td>
<td>73 894</td>
<td>116 946</td>
<td>4,3</td>
</tr>
<tr>
<td>AEROPUERTO</td>
<td>40 601</td>
<td>71 792</td>
<td>5,3</td>
</tr>
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Source: (Ospina, 2010)
families in Quito (Andino, 2011). It also means that lower-income families cannot afford good quality dwellings.

Very little land is available within the city limits where there is no access to basic services because it is dispersed and in risky zones. Around 60% of the population live in dwellings located in risky zones in rural areas within Quito (Villamar, 2011). The problem of accessibility of housing also forces families to build housing with poor quality materials, without basic services, or sharing with another family, causing overcrowding.

On the demand side the problem is even bigger; the lower strata of society do not have financial capacity to buy good quality housing. The average Ecuadorian family needs to save 41 monthly wages to buy good quality housing, but for households in the
two poorest quintiles the gap widens further: they need to save 70 salaries to access adequate housing valued at USD 22,000 (UNO Habitat, 2011).

Every family living in inadequate quarters faces different problems, such as natural disasters, underemployment, lack of education, high real-estate prices, migration, among others. Although analysing the problems that these families face is important because it leads to a better understanding of the underlying causes of the housing problem, most policy makers do not pay attention to these problems and intend to solve the housing problem by attacking only the effects of the problem, the housing shortage, rather than the causes.

In summary, urban planning is not working in Quito. Dwellings are still built in the periphery without connection to services and social equipment. Mobility from peripheries to the city centre is time-consuming and costly. The city has traffic jams, pollution and insecurity. All in all, the municipality had incurred in more investments other than urban planning. Now they are trying to fix the transport problem by implementing a metro line. However, most of the transport system is managed by private associations that are not able to make improvements in buses or design new routes to connect the different zones of the city.

5.1 Consequences of Not Accessing a home – Study Case

The economic and social situation of the peripheral neighbourhoods in Quito is difficult to overcome. La Roldós is the empirical evidence of the discrimination that people can suffer if they are in the lower social strata. Citizens of this neighbourhood, especially the adults, do not have access to higher education, so they couldn’t develop job skills to acquire a well-paid job and improve their living conditions.

La Roldós is a neighbourhood located in the northwest of Quito, near one of the most luxurious neighbourhoods of Quito called El Condado. This neighbourhood began to develop since 1982, but it began to develop because of the homeless and those who came from the countryside i.e. indigenous people, so they decided to invade these lands. This land was an estate owned by the Ministry of Public Health in previous years. It was invaded by around 4500 rural families who came to Quito in search of employment.

The situation was even more complex when a political party called Movimiento Popular Democrático (MPD), which was seeking votes, helped more citizens to invade more land in the same area. This led to an armed conflict between the inhabitants of the
area and the consequences included arson, armed clashes, and the deaths of some citizens. The National Congress intervened in 1996; by then the citizens were already organized in two cooperatives Jaime Roldós and Pisulí. As a result, the Jaime Roldós Cooperative sold 108 hectares to the Pisullí Housing Cooperative

The construction of the houses was very precarious at the beginning; the houses were built with wood, plastic and zinc. The Municipality of Quito did not have the provision of basic services to this area in its planning. The neighbourhood had access to electricity in 1992, then access to potable water in 1997, and in the following years sewage works gradually developed. (El Telégrafo, 2014)

In these housing cooperatives, the problem of land legalization was overcome with the efforts of the municipality, and there are still areas that lack basic services. Additionally, they have social problems, among the most serious of which are traffic, drug consumption, alcoholism, and theft. In addition, youth gangs were formed in both neighbourhoods, and young people have invaded public spaces to steal or sell drugs. Young people are rejected for belonging to these gangs, and many of these young people do not attend school and therefore cannot get a job.

5.2 The Housing Access problem in Quito

There is not enough research about housing in Quito; in fact, there is no information in Latin America in general. However, some authors recognize land access, lack of public policy, poverty, unemployment, rural migration, illegal possession of land, and absence of financing programs to be the main problems to accessing a house. (Duncan, 2018)

5.2.1 Poverty and Unemployment

The incidence of poverty in Quito is lower than the National Incidence. In 2017 the incidence of poverty in the country was 21.5%, but in Quito it was 7.4%. In addition, Quito has lower incidence of poverty than Guayaquil, the second most important city in Ecuador. Poverty in Quito is in the northern and southern peripheries of the city, which means that poverty is not only related to economic aspects, but also to social aspects. Poor neighbourhoods are far away from the city centre. The researcher Carlos Larrea affirms that the location of poverty gives an early warning to the authorities to develop policies against this phenomenon because, on average, Quito has 20% of poverty. However, we
must also note that there are neighbourhoods in which this level reaches up to 90%. (Larrea, 2010)

Figure 11 Incidence of Poverty in Quito

Source: (National Institute of Statistics and Census INEC [Instituto Nacional de Estadísticas y Censos], 2016)

There is exclusion of the poor because they are living in periphery zones where land prices or leases are lower because of lack of basic services and infrastructure. (Larrea, 2010) confirms that these poor neighbourhoods are also correlated with those neighbourhoods in which the revenues of the economically active population are lower. In effect, people in the peripheral zones have an average monthly consumption of less than USD 95.13, which is in the red area of the map. Meanwhile, people with a higher average monthly consumption of USD 481.34 are living in the north of the city, very close to the financial and modern zone. For further evidence, see the following map.

In another study, (Jijón, 2014) concludes that poverty index has increased, particularly in the northern periphery of the city in the following neighbourhoods: La Roldós, Comite del Pueblo, Luz y Vida, Nuevo Amanecer, La Esperanza, Carcelén, Pomasqui, Kennedy, La Campiña, Anansayas, La Josefina, Muñoz Carvajal, Bellavista de Carretas, Carretas, Colla Loma, Santa Lucía Alta, Fatima 2, San Isidro, La Victoria, Auqui Chico, La Armenia, and Las Cuadras.
Map 3 Average Monthly Consumption by Inhabitant According to Census Areas in Quito (2001-2006)

Source: (Andina University, 2009)
Regarding the structure of household incomes, it is possible to identify 3 income levels in Quito. The first group includes households with income below USD 400, the second group are households with incomes between USD 400-600, and the third group are households with incomes above USD 600. According to the research made by (Hydea, 2008) the areas with the highest monthly incomes (more than USD 600) in Quito are Tumbaco, Eugenio Espejo Norte, and La Delicia, which are in the north of the city, representing the green area of the map. In fact, more than 23% of the population living in those areas have the highest incomes. On the other side, people with low income are in the south of the city. 53% of people with lower than USD 400 are living in Quitumbe and the Historical Centre, which is the red area in the map.

Housing access is an unresolved problem in Quito because the situation is correlated with a lack of income, which leads to a lack of access to education and a lack of job skills, ending in poverty. The attempts to establish comprehensive policies that aim to reduce poverty are weak. The lowest quintiles of the city are the most affected, which are the ones who need a dwelling and to whom credit access to get a home are denied because they do not have enough income, education, or a job. Around 49 thousand households are in need of a house, but only 15 thousand of them were able to access some type of housing in the period 2001 – 2011. (Salazar, Vimos, Caicedo, & Vinueza, 2013)

5.2.2 Land Access

“The first essential condition for a vibrant and well-functioning housing sector is the availability of residential land, in ample supply and at affordable prices.” (Shlomo, 2000)

According to Duncan, in the article “Causes of Inadequate Housing in Latin America and the Caribbean”, land inaccessibility is the second most important cause to not access good quality housing in Latin America and the Caribbean. In Quito, as other cities in Latin America, the amount of land is very limited because of the geographic condition between mountains, volcanoes, and gullies. A Harvard study explains that geographical and topographical aspects convert land into a scarce resource because there is not enough land available to build residences; in consequence, these conditions drive up land prices and land becomes unreachable for the lower strata of society. Thus, they settle in slum areas or risky zones. Land price composition is very complex because it is
influenced by many factors such as location, equipment, cultural aspects, among others. (Dirección General de Planificación, 1995)

In general, the scarcity of residential land is triggered by several additional features; this Harvard study claims that there is also a reluctance by governments to confront concentrated landownership and price speculation. (Center for Urban Development Studies Harvard University, 2000)

Quito was developed under a model of exclusion, where people with higher incomes were the owners of extensive amounts of land, and over the years they gave it as heritage to their descendants. The areas where the higher strata of the citizens are always have high-quality infrastructure, and of course it is very related to their income level. The concentration of economic activities in specific urban areas, which in addition have regulations, norms, and policies to develop expensive housing projects, has also led to a concentration of private investment in these same areas, triggering distortions in the structure of the land market; for instance, land speculation.

Inequalities at level of equipment have also triggered socioeconomic segregation, restricting the use of land with adequate infrastructure to the upper strata, while the lower strata can access only cheaper land without basic services and equipment outside of the city. Thus, the high land prices in the Quito are also strongly articulated to the supply of services, infrastructure and even the cultural factor of "status". In Quito land ownership is totally biased; people with higher incomes are still the owners of most of the land. In addition, the land prices are higher in the urban zones, predominantly in the city centre, which has plenty of infrastructure and services.

Moreover, there is a reluctance by the local municipality to confront the intense landownership, and even when the municipality had tried to plan the city, politicians face pressures from power groups, and the municipality ended up designing politics that directly benefitted property owners and developers.

“The historical concentration of activities, services, equipment and investments in the center-north of the city, the processes of self-segregation of the sectors with better conditions and the restrictions on access to urban land that have the classes with fewer resources, translate into its spatial system of prices on which are indicated the
trajectories and the territorial dynamics of the urban space market built in Quito” (Ospina, 2010).

The following price map identifies those areas which are better equipped with services in the city centre, which are coloured on a scale of reds, are those that have high land prices. In fact, the price per m² in this area is around USD 900. Meanwhile, the yellow areas have a price around USD 500 per m², but the green area is cheaper, less than USD 200 per m² in the periphery of the city, which has some rural areas as well. It also worth mentioning that nowadays there is less and less available urban land in Quito because of population growth and geographic conditions. As a result, land prices are rising year by year and there is an urban land scarcity.
Map 1 Land prices in the Metropolitan District of Quito (DMQ)

Source: (Inteligentarium, 2010)
5.3 Government Policies or Inefficient Regulatory Frameworks

Inequity and segregation in the city are signals that there is disorganized city growth. Considering that Ecuador has always been under a capitalist system with weak government intervention, without forgetting the Populist Governments such as the Government of ex-President Abdalá Bucaram during the 90's, land has been offered for free to people in exchange of votes many times. Of course, this land was in areas where the municipality had to invest in resources to develop new infrastructure such as highways, water access, waste-disposal facilities, among others. The municipality, which is the institution responsible for handling urban trends and consolidation, has developed policies and programs, but always with weak interventions and low impacts.

The Organic Code of Territorial Order is an instrument which establishes that autonomous governments and municipalities are responsible for implementing the right to habitat and housing. In addition, this code determines mechanisms such as the temporary exemption of tax payments on urban properties, or taxes related to the sale and transfer of ownership of real estate destined to promote social housing projects. Therefore, the Municipality of the Metropolitan District of Quito (MDMQ) in order to deliver this, created a Public Institution called the Metropolitan Public Enterprise of Habitat and Housing, which designed a plan to develop housing projects in different areas of the city and establish Municipal Ordinances⁴.

The Metropolitan Public Enterprise of Habitat and Housing must combine the Housing strategies of the Metropolitan Municipality of Quito with the State Housing Policies, which means a direct coordination with the Ministry of Housing within the System of Housing Incentives program. On the other hand, a coordination with the Ecuadorian Housing Bank is also necessary, as institution oversees funding. These networks are established in the policy called “Metropolitan Habitat and Housing Policy for the DMQ”. The mission of the Metropolitan Public Enterprise of Habitat and Housing is as follows:

"Self-sustaining Metropolitan Public Company, national leader in urban management and generation of housing solutions for different social strata, providing quality goods and services with a social and

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⁴ Municipal Ordinances are laws approved by Metropolitan Council.
The Metropolitan Public Enterprise of Habitat and Housing Objectives are:

- Promote a supply of good-quality housing, in specific areas and municipal housing projects, for vulnerable members of society who cannot have access to the real estate market.
- Generate land reserves and promote social housing under criteria such as management, infrastructure provision, and equipment. This objective also seeks to promote the interaction of families who access social housing, to an equitable and healthy environment.
- Promote integral community development to achieve an organized society around habitat and housing approaches.
- Restore the historic centre and use buildings that are not considered to be cultural heritage for residential use.
- Act as the municipal operator for urban management to promote development in new areas of the city and generate new centralities.

Currently there are 3 housing programs: Housing Plan, Housing Plan in the Historic Centre, and Centralities. In addition, different projects have been designed inside every program according to the different necessities.

- Housing Plan
- Housing relocation
- Social interest housing
- Commercial Housing
- Housing Plan in the Historical Centre
- Housing in Historical Centre
- Acquisitions-Expropriations
- Centralities
- Equipment
- Comprehensive Neighbourhood Improvement
5.3.1 Housing relocation

This program relocates families who are living in risk zones. However, this project seeks to relocate these families while avoiding segregation or uprooting. To contribute to the Municipality's relocation programs, the Public Enterprise of Habitat and Housing will promote the procurement of housing at affordable prices for the target group, with direct subsidies from the municipality and application of the national subsidy system. (Municipio del Distrito Metropolitano de Quito, 2011) The land is obtained through donations, acquisition or expropriation. The cost of new infrastructure such as roads, drinking water and sanitary networks, among others, are covered by the municipality of the Metropolitan District of Quito.

Regarding financial support, families can access bonuses for housing, emergencies, or vulnerability. For the remainder of the housing price, it is possible to obtain financing with private financial entities, or pay with family savings if possible. If the land at risk is owned by the relocated family, and the municipality realizes the expropriation of that property, the from that expropriation will be used as part of the payment of the new dwelling. (Moreira & Condolo, 2014)

5.4 Social Housing Project in Quito, “Bicentennial City”

This social housing project was designed by the municipality of Quito to assist people who have problems accessing housing. It is in the northern periphery of the city in the Pomasqui neighbourhood, which is 1.5 hours by bus from the city centre. It has a dimension of 63 hectares, and according to the plan 1832 social dwellings will be constructed there, and the government will invest around 45 million dollars.

There are different types of dwellings in the project such as apartments and houses with different dimensions. The price of these dwellings is around USD 30000, but it is also according to the type and dimension; for instance, an apartment there costs between USD 12000 and 16000.

The project has negative critiques because houses are developed with cheaper raw materials. Bicentennial City is far away from the city, there is no access to public transport, and there is a big physical separation between public and private houses. Some of the authors also criticise the tenancy of these houses because they will be private as opposed to government property.

The requirements to access these kinds of dwellings are:
• Basic service bill of the current dwelling.
• Income certificate where the amount of income, time of work and position are recorded.
• Three most recent pay stubs.
• Report of last three years of tax payments.
• Bank certificates and statements for the last three months.
• Credit pre-qualification from any bank.
• Credit bureau certificate.
• Certificate of not owning a home.
• Certificate of deposit of 30% of the total value of the home.

Although the project is partially finished, most of the houses were already given to people who accomplish the requirements. However, it worth mentioning that most of the people who can access these types of houses are employed, which is not the segment of the population that really need a house. In addition, the project does not accomplish the first objective of the Metropolitan Public Enterprise of Habitat and Housing, which says that the Institution must supply good quality housing, specifically municipal housing projects for vulnerable members of society who cannot access the real-estate market.

Bicentennial City is a great effort of the municipality to solve housing access, but they are not reaching their population target. In addition, the project is not articulated to an integral program that improves people´s living conditions in other aspects such as education, health, and employment.

*Picture 5 Bicentennial City*

Source: (El Comercio, 2017)
All in all, housing access problem in Quito is a structural problem related to 4 aspects: rapid urbanization, social structure characterized by social inequity, lack of social investment, and the lack of land available to build more houses; as a result, it ends in land speculation. Despite all these structural aspects housing policies still are designed from shortage housing point of view.

The function of the municipality has been minimized declining its regulatory role to become a facilitator actor that let the real estate market act freely. Hence, housing public policies are focus on developing new social housing projects to fill the gap that real estate market cannot satisfy. The housing public policies has been designed to boost the real estate market where municipality became the buyer of land and the private and the housing cooperatives became the sellers.

It is worth to highlight that the government started developing social policies at the end of 60´s, but social policies were poorly focused. Far ahead, during the 90´s, the economic context in Ecuador was neoliberal which implied deregulation of the real estate sector. This condition allowed real estate agents to exclude certain users to give preference to the ones with higher incomes.

“Adverse selection operates in terms of which, although the model grants the direct subsidy, it does not necessarily guarantee that private financial institutions grant the complementary mortgage credit to the lower income sectors, thus subtracting the effectiveness of the instrument as it increases the number of awarded subsidies that are not charged”. (Gonzáles, 2005)

Currently, social housing policies in Quito are a combination of direct subsidy to demand, long-term mortgage, and the savings which is evident they create a system that generates adverse selection. Therefore, it is the reason why social housing policy its strategies and means, are not appropriate and efficient enough to solve housing problems. Altogether plus poverty conditions let access to housing those who can access loans and savings.
6 International Case Studies

Many European governments have designed programs to fix their housing access problem. Many points of view have been analysed; some of the researchers have disagreements about the kinds of initiatives that have been promoted. It is difficult to define a common understanding of the roots of the housing access problem and the types of initiatives that are necessary to solve the problem. However, according to the literature review, some of the causes of difficulties to housing access are inequality and poverty, or specifically economic structure and defective welfare policies (Parkinson, 1998). Those who cannot afford a place to live are condemned to live in deprived urban areas. The spatial concentration of poor people results in an increase in poverty and social exclusion that ends up being a circle of poverty replicated in future generations.

Some researchers found that there are neighbourhood effects in people’s lives, but they are usually small in Europe compared to United States. In fact, some researchers criticize the area-based method used in many countries to solve housing access because locating poor people in deprived areas promotes segregation. In addition, there is a high probability that neighbourhoods dominated by certain types of tenure and building type will end in decay. (Hans, 2002) highlights the fact that there is an incomplete understanding of how to treat deprived areas.

6.1 United Kingdom Case Study

Until 2014, the UK had around 28,000 thousand dwellings, of which 63.1% were owner-occupied, 19% were privately rented, and 17.6% were socially rented. Public Housing in UK is defined as lower-cost dwelling assigned to needed people. Public housing programs in UK contain shared ownership schemes, rented houses, and affordable ownership housing. The social housing construction was around 37600 in 2015. (Pittini & et al, 2017)

Currently, housing associations are the main source of public housing in the UK because the amount of public housing built by the council was reduced, and the council transferred more than one million dwellings to housing associations between 1988-2009. In fact, 54% of public housing is managed by housing associations.

5 Housing associations are non-profit making organisations that build low-cost social dwellings for individual in need of a home.
6.1.1 Financing for public housing

Before 2007, public housing was granted through the provision of low-cost home ownership. Nowadays, social housing and land-related costs in the UK are financed through housing association funds, government subsidies, and private funding; for instance, bank loans and capital markets. Government subsidies are coordinated and supervised by the Homes and Communities Agency in England.

Renters under the public rented homes regime must pay a weekly lease, which is lower than the market price. Indeed, leases are calculated based on tenant income and an individual valuation of the property; however, tenants can also apply for housing benefits that let them pay the weekly rent.

6.1.2 Public Housing access

In 1977, the Housing Act\(^6\) was implemented in the UK and it is mandatory that municipalities deliver dwellings to those in need. Hence, municipalities define a target group which must be treated as a priority.

British literature shows that these efforts have been made:

1. Physical renovation
2. Improving management and housing services for residents
3. Active marketing to dismiss bad reputations
4. Change of tenure or prolonged disposal of residences
5. Efforts against insecurity
6. Mobilization and empowerment of residents
7. Social support for vulnerable groups for instance migrants
8. Education programs, job training, and attempts to bring enterprises to the neighborhood to generate employment.

Parkinson has a positive analysis of the English initiatives with a high remark on the City Challenge Program. He found that the UK had more success with these programs than other countries (Parkinson, 1998). Other authors have made negative critiques; for instance, The English Government’s Social Exclusion Unit has concluded that the English initiatives had very few positive impacts. They claim as well that some areas did not

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\(^6\) The Housing Act is a heading used for Acts of Parliament in the United Kingdom concerning to housing.
improve or have worsened (Social Excusion Unit, 1998). Surprisingly, Power has a positive conclusion where she says:

“the ‘patchwork approach’ that addresses physical organizational, financial and social problems together has prevented precarious communities from continuing on their downward trajectory, arresting decay and re-stabilizing conditions” (Power, 1997)

Evans made an evaluation of “Housing Plus” program in England. This program is a think-tank model to share knowhow between social housing staff, specialists, researchers, and the government. The main goal is to help public landlords working with low-income members of the society to improve their business. The program uses participatory learning techniques, and live examples of innovation, best practices and problem-solving examples. Members are grouped at café-style tables of around six to eight participants with a mix of regions, ethnicities, ages, and landlords.

This practice is focused on each think tank, and participants get a chance to share their knowledge, materials and learning. The think tank makes follow-up proposals for activities, which involve the government, chief executives, and major housing organisations. (London School of Economics, 2018). Evans declares that the program increases the confidence of households and decreases the number of residents that wanted to move to other neighbourhoods, but also says that the scale of the program is modest compared to the magnitude of the problem. (Evans, 1998)

England has also made efforts to face segregation through employment generation. But there is also evidence that giving residents a job has a limited effect on the problem. If this strategy is developed without an embedded program which considers other factors, it will not improve people’s quality of life.

“Isolated efforts to create employment in the neighborhood in construction work or by getting new firms to locate there have thus proved to have had little effect on the estates as a whole” (Davoudi & Cameron, 1998)
6.2 Danish Case Study

According to public data, Denmark has around 2.8 million houses, and 2.6 million are occupied. 50% are owner occupied, and the other 50% are rented, but they are privately rented houses and social rent houses (28.8% and 20.9%, respectively).

Social Housing is known as “Not for profit housing” in Denmark, and they are dwellings for rent. In the research named “The State of Housing in the EU 2017” it is mentioned that the main feature of this social dwelling model is tenants’ democracy.

“A specific feature of the Danish social housing model is the principle of tenants’ democracy, which is basically a way to organize the running of each housing estate based on the central role played by residents. Currently not for profit housing makes up about 20% of the total housing stock in the country”. (Pittini & et al, 2017)

Social housing is provided by non-for-profit housing associations, which are around 700 currently, owning 8000 properties, regulated by the state, but organized by themselves, the property rights belonging to association members.

6.2.1 Financing for Social Housing

According to the law, social housing in Denmark must be rented based on historic costs, and these revenues belong to the National Building Fund, which has existed since 1966. The incomes are used by the not-for-profit housing associations for two fundamental things: finance new construction and renovation. The most common way to finance a dwelling is 91% loans from the housing association, 7% interest-free loans by the municipality, which is a portion of the mortgage, and 2% paid by tenants.

6.2.2 Social Housing access

After 1980, Denmark started having problems with social housing although it was not the same magnitude as France and the UK. Denmark has a prosperous economy, a lower rate of inequality, and an extensive investment in welfare. Although the rate of social exclusion was growing in the 80’s, it was compensated by low rates of unemployment, so during the 90’s they solved the problem. In this country, the organization of social housing was very important to achieve decentralization in the influence that tenants can have over real estate.
Denmark, as many other countries, focused its efforts on physical home improvements during the 80’s. An analysis of this effort demonstrated that they had a positive effect, but these efforts were not enough to face the housing problem. Far ahead, in 1993 the problems with immigrants were introduced to the political agenda, and the Government set up the Urban Committee, where ministers designed the following initiatives:

1. Physical renovation
2. Rent decreases and economic rehabilitation
3. Social empowerment
4. Employment and support for social activities, especially among immigrants and socially excluded residents
5. Special education initiatives for immigrants and refugees, including efforts to solve problems following a concentration of foreign-speaking children in certain schools
6. Measures against crime
7. New rules and institutional framework regulating immigration and housing for immigrants
8. New rules regulating the assignment of dwellings
9. Increased state funds for local authorities (Hans, 2002)

Actors such as the Urban Committee, Danish Institute of Social Research, among other institutions and consultants, have evaluated the Danish Program, and (Parkinson, 1998) concludes the following:

“Project evaluation is faulty; the effects are entangled and difficult to unravel; and, evaluations have often been conducted too early to see any effects. The Danish evaluation suffers to some extent from the last problem—partly because the ministries wanted an early evaluation and partly because the initiatives were delayed”. (Parkinson, 1998)

A short time after the project was implemented, data was collected to measure the impacts (1996-1997). The conclusion was that the Urban Committee managed to prevent the problems from escalating, but the problems were not solved yet. The data demonstrate how housing associations judged changes due to interventions. Around 60% of the properties were improved, and crime was reduced in one quarter of the properties. Perhaps
these efforts are correlated with the efforts of education in young people. Nevertheless, there is no improvement in integration of immigrants due to the increasing number of immigrants.

Figure 12 The percentage of estates (dwellings) that had serious problems in 1994 (before the initiatives

Overall, citizens can apply for a house at age 15. They must be registered in waiting lists managed by housing associations. Dwellings are assigned according to the time that the applicant has been on the waiting list, considering the number of family members and local conditions. In addition, the elderly, the disabled, refugees, families with children, students, and divorced people are given a priority to get a house. There is no specific consideration regarding the household income, but there are limits regarding building costs, rents, and size of houses.

Moreover, municipalities have the right to appoint 25% of vacant dwellings belonging to housing associations. It means that the municipally assigns a house directly to a family, without following the process of registration on a waiting list.

6.3 Spanish Case Study

The first law referring to housing was the Law of Leases in Spain, the Labour Houses Act in Britain, and the creation of the sociétè française des habitations à bon
marché in France (1889) between the last third of the nineteenth century and the first third of the twentieth century. In Spain, the housing policy is based on Official Protection Housing, which focuses on having owner-occupied homes rather than rented homes. This legislative package describes who are the beneficiaries of social housing, types of housing, tenure status and housing conditions.

In Spain, real estate is considered a fundamental part of the Spanish economy and an important factor in housing policy. Guaranteed housing access is more important than house size. Hence, Spain focused on the massive building of dwellings from 1964 and 1976. It is worth mentioning that other countries in Europe spent at least 3 decades developing the same number of dwellings as Spain did from 1964-1976.

The right of a good quality housing is claimed in most constitutions around the world. Nevertheless, in Spain this right was claimed in 1978 in the Constitution after Franco’s dictatorship, when the democratic state was created. The right to good quality housing is expressed in the 47th article:

“All Spaniards have the right to enjoy decent and adequate housing. The public authorities favored the necessary conditions and established the pertinent norms to enforce this right, regulating the use of land in accordance with the general interest to prevent speculation. The community participates in the capital gains generated by the urban action of public entities”. (Congress of deputies, 1978)

The main characteristic of Official Protection Housing is that building, renewing and buying are subsidized by the Government. According to statistics, Spain had 77.1% of owner occupied dwellings, 13.8% dwellings in private rent, 2.5% in social rent, and 6.5% other types of tenures. Moreover, 85% of the dwellings in Spain are privately owned, and just 11% are dwellings for rent; in fact, Spain has just 2% social rental housing.

Currently, the Ministry of Development oversees the State Housing and Rehabilitation Plan, and this Ministry is working on the replacement of the Housing Ministry. However, the approach to housing has been kept. In addition, a new concept named “Right to the City” has been introduced, which is a right to own habitable, integrated, cohesive and sustainable property.
The housing policy in Spain is considered part of the general objectives of economic policy because the housing policy strengthens social policy. Furthermore, rental housing is also considered to be part of the housing policy since it supports employment policy in 2 ways. First, it facilitates mobility inside the city, which means that people do not have to come from their homes in the outskirts to the downtown for work, spending their time, money, and causing traffic jams. According to the rental policy, the dwellings are in the city. Second, with this policy, youngsters, the elderly and disabled can access good quality housing in the city.

6.3.1 Financing for Social Housing

On the other hand, the housing policy keeps the kind of housing called “dwelling protected by the government,” defined as housing with 90m², with a controlled price by the government, but this type of housing can be rented or personal property. There are three types of dwellings protected by the government: housing in special regime, general regime, and arranged regime. These types of dwellings can be protected by the government for a limited period, determined by each autonomous community, but sometimes the government can preserve these dwellings as protected forever. The access of every type of housing depends on income level. However, dwellings protected by the government can be promoted by the government or privately. If dwellings protected by the government are promoted by private real estate developers, they can have benefits such as financing with lower interest rates. In some autonomous communities, private real estate developers must construct this type of dwelling first if they want to get permits to build houses. All in all, the main goal of dwellings protected by the government is to guarantee that those with lower incomes can access good quality housing.

“Public support for protected housing is dwelling-based, and open to all sorts of providers: public developers, commercial developers as well as not for profit organizations and cooperatives, as well as individuals who alone or collectively want to buy or rehabilitate a home” (Pittini & et al, 2017).

Protected dwellings are supported through funding from the National Housing Plan, local plans, grants, and private financial institutions. The government also has established arrangement with financial institutions, which can offer favorable credits.
6.3.2 Social Housing access

The State Housing and Rehabilitation Plan changed the housing policy’s previous approach where the massive building of houses was the main goal. The new approach has as its main goal the renovation of habitation compounds, which has three benefits. It generates more jobs because renewing buildings requires much more labour than constructing new buildings; it enhances activities in other sectors of the economy, and finally, it avoids land use, which is a scarce commodity. All in all, this plan seeks to motivate the middle class to access good quality housing via incentives to buy, renew, or rent dwellings.

The State Housing and Rehabilitation Plan 2009-2012 made amends in 2010 because of the financial crisis, which made it difficult to continue with mortgages as an instrument to buy a house. This economic externality affected the State Housing and Rehabilitation Plan (2009-2012), and it also produced budget cuts across public administration institutions, triggering impacts in other economic aspects. The meaningful amends were: elimination of direct state aid to the purchase of housing, regulation for the acquisition of the right of surface of the type of dwelling mentioned before as “protected houses for sale”, suppression of state subsidies for the urbanization of buildable land destined to “protected housing”, which is classified as follows: Protected housing for lease, protected homes for lease with purchase option, protected homes for sale, sheltered housing for vulnerable groups.

Protected housing for lease

The deadline for these leases could be 10 or 25 years; in addition, the price per m² is defined between 4.5% or 5.5% of the protected housing’s highest reference price.

Protected homes for sale

Some new or renovated dwellings protected by the government can be sold, but the state is the owner of the land and the individual is the surface owner⁷. The sale price of this type of housing must not be higher than 80% of the maximum price established for this type of dwelling.

⁷The property of that area which is over the ground surface of land.
Protected homes for lease with purchase option

Citizens who rent dwellings protected by the government, for 10 years, can buy the house when the leases end. The housing price can be up 1.7 times the reference price for this type of house.

Sheltered housing for especially vulnerable groups and other specific groups.

This type of dwelling is assigned to vulnerable members of society, researchers, and scientists. This type of dwelling has defined dimensions which specify that every house have a minimum of $15m^2$ of floor area and a maximum of $45m^2$.

Social Interest Housing

This type of housing is built with the purpose of decreasing the housing deficit in the most socially depressed areas whose families remain in urgent economic conditions. In order to guarantee housing access for vulnerable members of society, the government promotes this project with public and private participation. The particulars of this type of housing are:

- Entry Fee (20%)
- Reserve with USD 1,000.
- Complete 10% of the value of the home up to 45 days from the home reservation.
- Complete 20% to sign the purchase-sale promise.
- Social interest housing voucher
- Housing voucher according to the table established by the Minister of Housing
- The balance of the housing solution assumed by the beneficiary according to the credit conditions channelled through institutions
- The value of the social housing that is acquired with a bonus must not exceed the value established by the Incentive System (Moreira & Condolo, 2014)

More than 80% of households can get a dwelling, but they must not have another house or financing from the Housing Plan in the prior 10 years; in addition, they must not surpass income ceilings.

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8 Floor area, as well known as floor space, or floorspace is defined as the area taken up by an edifice or part of it; Its measure depends on the measure of other factors i.e. walls, corridors, stairs, etc.
7 Conclusions and Recommendations

The case studies used in this research and current Quito’s situation let us conclude that the social housing policies are not appropriate and efficient enough to solve Quito’s housing problems. Quito needs a diversification of its types of social housing policies because it has not achieved the target market that needs support, which are people with lower income and from other ethnics. Public policy must be reformulated because the concept of providing a house to improve quality of life is not the solution to solve the access problem. The perception of how to solve this problem must be changed; in fact, it must be understood as one branch of poverty.

The government and the municipality must not build cheaper housing because it is also demonstrating that most of the people that can afford to buy a house are the ones who have a job. Indeed, this research describes good practices to follow as the case of UK and Denmark where housing access is solved with integrated programs focused on psychological help, education, integration and physical and comfortable places to live which are not necessarily private property.

Therefore, in Quito’s case it could be more efficient to solve the problem of developing crossover programs to include education, health care, job training, and housing at the same time. This kind of program will let people escape poverty. The programs must focus on developing stronger job skills in the youth as well as adults, especially if they are heads of family. Subsequently, they can access a good job and will be able to maintain the quality of their homes. In addition, they will be more concerned about family members, especially children, and will be conscious of how important their children’s education is, and they will keep children in school as long as they can. In that way, they will also prevent children from forming neighborhood gangs with negative social effects such as drug addiction, alcoholism and violence.

For this reason, social rent houses are also needed, and a time frame could be added as in Spain where families cannot stay more than ten years at the house, or maybe they can buy the house after a certain period. In fact, the rented social houses are a model that could lead Quito’s municipality to generate revenues which can be reinvested in maintaining houses or building new ones. In addition, the government could also renew the abandoned houses in the historic center, which is an area with all the basic services. This area could be used for a potential project of social rent houses.
Although crossover programs and social rent houses have worked in other countries, there is no guarantee that they will work in Ecuador since every country has different background, but at least it will be a trial and error experiment. All in all, it is important to consider the political aspect because governments are afraid of implementing these kinds of mechanisms because it could be extremely complicated, and they are long-term programs whose results cannot be detected immediately, and the governments in Ecuador are usually not strong and stable. As a result, this condition creates uncertainty, and it will affect the development of this kind of projects.
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