

**ENOUGH WITH VOUCHERS: NOTES ON CHILEAN HOUSING POLICY.**  
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## ABSTRACT.

Chile's strong macro-economic development for three decades has resulted in a seemingly unbridgeable gap between a very reduced, wealthy group and the rest of the population. This is clearly reflected in all fields, including housing and urban issues. Although timid changes have been performed since 1990, Pinochet's 1981 Urban Reform is still embedded in the housing and city-making policies practiced today, meaning that deregulated growth has thrived in our cities for more than 30 years, thus resulting in highly segregated residential areas according to socioeconomic groups -from nearly indigents to the super-rich.

Paradoxically, up to 70% of all these housing units have been co-funded by State subsidies, through a voucher system which has ceased to respond to a housing deficit (narrowed to 10%)<sup>1</sup> and is now an inseparable element of a strong conjuncture of interests from the construction industry, real estate business and mortgage market, which has co-opted our political authorities.

Elemental -a private practice run by architect Alejandro Aravena- has proven to be very successful in operating and developing social housing projects and city-planning schemes within the restrictions imposed by market laws, but this is still not enough for the challenges of contemporary Chilean cities.

Although the situation seems rather grim, there is hope in the activation of broad social movements pushing for the agenda of a better city for all of us Chileans.

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1. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

## I. CONTEXT.

Our country transitioned very peacefully from Augusto Pinochet's neoliberal dictatorship into the four presidential terms of a center-left coalition of various political parties, *la Concertación*. They gave up their socialist views in order to co-govern with the right and their sponsors from the corporate world. During those thirty years -1973 to 2013- there were very little changes in the model for policy-making in fields such as education, health, pensions, city planning and, of course, housing. The aim was to subsidize popular demands and facilitate supply provided by the private sector. This way of doing things was very successful in terms of solving the various deficits our country had, in hand with macro-economic stability figures which have been displayed as an example of how poverty can be reverted into a thriving, modern country.

But the backlash of these three decades was the shameful concentration of power in a small circle of oligarchs. Due to their close position to Pinochet's regime, many of them were able to privatize and take control of public assets with operations which are still obscure, a taboo whose investigation is even prescribed in our national constitution of 1980. Their influence can be traced in mining, energy, media, education, food, finance, telecommunications, together with construction and housing markets. For instance, even though 30 years ago copper resources were completely nationalized by President Salvador Allende, the level of privatization in Chile after 1973 was so radical that today 40% of our national territory (30 million hectares) is owned by 10 big mining companies -all private, some local and others foreign<sup>2</sup>. In addition, 90% of all our water resources belong to only two companies. Therefore, the transition from a poor but relatively homogeneous society in the 1960's to the wealthiest country in Latin America resulted in a huge gap between the majority of the country and the super-rich. An example of this is Chile's Gini Index from 2009: 52.1 (i.e. Russia is 40.1 and Japan 37.6), one of the highest in Latin America and the very highest in the OECD, surpassing other developing countries in the group such as Mexico and Turkey<sup>3</sup>. This index had very little variation since the 1980's and demands for a deep restructuring of our economic and social model in order to be reverted.

From this angle, urban planning and housing faces issues which have been neglected by the authorities for decades. The deliberate concentration of central power in Santiago during Pinochet's regime diminished the influence of regional cities such as Valparaíso, Concepción or Antofagasta. 6 million people live in our capital, in a country of approx. 17 million. The problems of this overwhelming centralization are felt in many ways. Up to this day, three of the richest municipalities in Chile -Santiago, Providencia and Las Condes, located in Santiago Metropolitan Area- concentrate 25% of the jobs in the whole country<sup>4</sup>. Therefore, we could say that the changes in its city-planning document -Plan Regulador Metropolitano de Santiago, PRMS- affects the whole nation. For instance, an extension of its limits -which was approved just as we write this- diminishes opportunities and younger population in eccentric areas. And while various local social movements are very strong, demanding for a better living in remote locations such as Aysén, Punta Arenas, Calama or Tocopilla, the authorities have responded with economic incentives and subsidies which does not balance the conflicting forces which are originated in deregulation, concentration of power and urban sprawl.

Second to the problem of concentration is segregation. Even though Chile has always been a country of social contrasts -a legacy of our colonial past- the territorial distribution of different groups was overly heterogeneous in both urban and rural areas until late XIX century. From that day on, a large process of *hygienization* of Santiago's downtown and up-eastern territories (which now matches the municipalities that concentrate 25% of Chile's jobs) was unfolded for almost 100 years. This coincides with the industrialization of our country and the subsequent arrival of masses of workers into the capital, coming from rural areas and forcefully settled in the peripheral lands of northern, southern and western Santiago. One of the most clear examples of this policy in recent decades was 1981's Urban Reform under Pinochet's rule, led by neo-liberal economist Miguel Kast. One of the things Kast did was to forcefully remove packs of informal and formal social housing located in prosperous upper-middle class neighborhoods of municipalities such as Santiago, Las Condes and Vitacura. His idea was to *homologate areas*: to have a clear distinction of rich and "emergent" areas, increasing the land value of the wealthier ones and providing an asset to the least privileged ones. With these assets, a large part of the population was expected to be incorporated in the formal banking system, thus promoting saving culture, credit consumption, entrepreneurship values and so forth. This move was conducted with military force, which resulted in a first wave of 29 thousand families settling in new municipalities such as La Granja -The Farm (sic)-, in 18 square-meter houses with basic sanitary conditions, without any social facilities such as schools and hospitals, which they had to reach by traveling many kilometers.<sup>5</sup>

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2. SERNAGEOMIN (2012), *Titulares con mayor cantidad de hectáreas en concesiones de exploración en el país, 2012*, <http://www.sernageomin.cl/pdf/mineria/estadisticas/estadisticas%20de%20concesiones%20mineras/Titulares-con-mayor-cantidad-de-hectareas-2012.pdf> (last review: 12-16-2013, 14:30)

3. WORLD BANK, Development Research Group (2013), *GINI Index*, <http://data.worldbank.org/indicator/SI.POV.GINI> (last review: 12-16-2013, 14:30)

4. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

5. BECERRA, Mauricio (2012), *Interview to Historians César Leyton and Cristián Palacios*, Diario El Ciudadano, <http://www.elciudadano.cl/2012/12/17/61685/las-olvidadas-erradicaciones-de-la-dictadura/> (last review: 12-16-2013, 14:30)



Bajos de Mena, Puente Alto. Photograph by Atisba Estudios y Proyectos Urbanos, 2012.

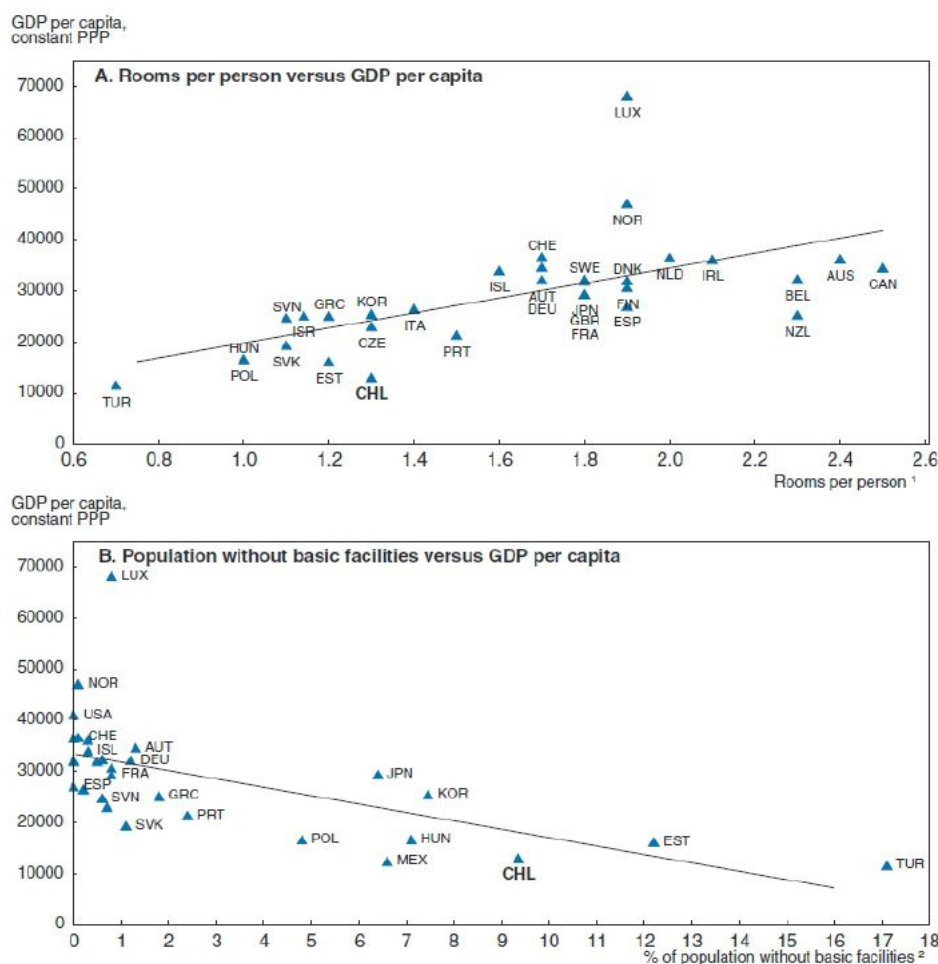


One of many housing *blocks* in Santiago's periphery. Source: Skyscraperlife, 2010, <http://skyscraperlife.com>

## II. MARKET<sup>6</sup>.

Figure 2.2. Housing quality

2009



1. Average number of rooms shared per person in a dwelling.

2. Measured as the percentage of dwellings not having an indoor flushing toilet for the sole use of their household.

Source: OECD, *Compendium of well being indicators* (2011); World Bank, *WDI Databank*.

Up to this day, Santiago is surrounded by these ghettos, isolated urban areas with nothing but low-rise housing. By 2012, 1.684.190 people (15% of all Chileans) still live under these conditions, in 64 enclaves, 28 of which are located in Santiago Metropolitan Area<sup>7</sup>. According to OECD stats<sup>8</sup>, *today most Chileans live in adequate housing and the number of people living in informal settlements has sharply decreased. But, a still substantial 10% of the total population lives in poor housing conditions (...)* A smaller group of people in need of better housing are those living in illegal settlements (campamentos). Although the total number of people living in illegal settlements has sharply decreased and today represents a small share of the population (less than 1%).

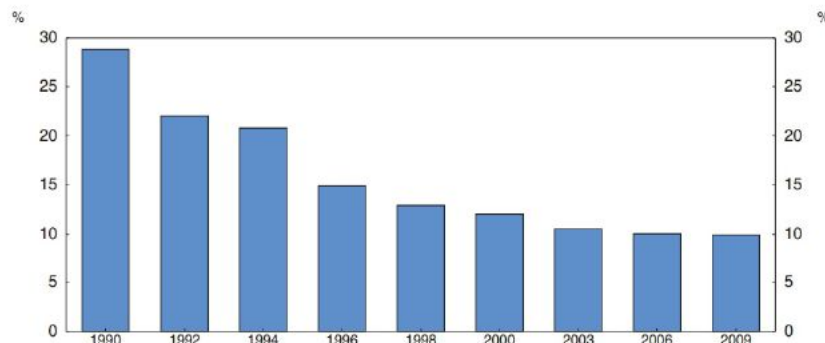
6. All charts were taken from: OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

7. ATISBA (2012), *Guetos en Chile*, [http://politicaurbana.minvu.cl/wp-content/uploads/2012/10/Expo\\_Guetos\\_en\\_Chile\\_Atisba.pdf](http://politicaurbana.minvu.cl/wp-content/uploads/2012/10/Expo_Guetos_en_Chile_Atisba.pdf) (last review: 12-16-2013, 14:30)

8. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

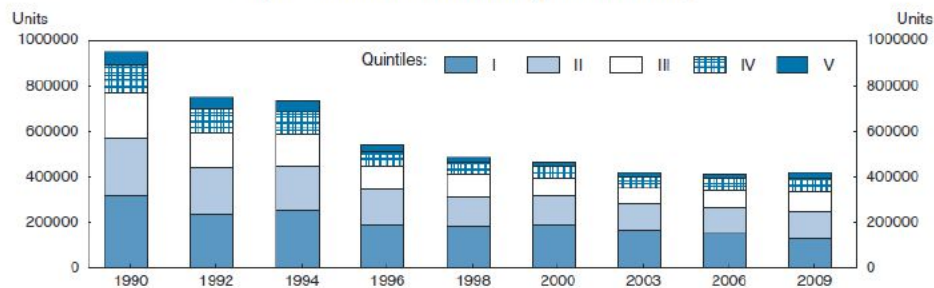


Figure 2.1. **Share of population living in poor housing conditions**  
As per cent of population



Source: OECD calculations based on data from Ministry of Housing.

Figure 2.3. **Stock of inadequate housing<sup>1</sup>**



1. It includes the number of: i) very crowded housing units, where households share their home with a second household that is income-dependent on the host household ii) very crowded housing units, where households share their home with two or more households, and where each household has its own budget independently of the host household iii) poor quality housing units, for example lacking basic facilities or built with low-quality materials and informal housing.

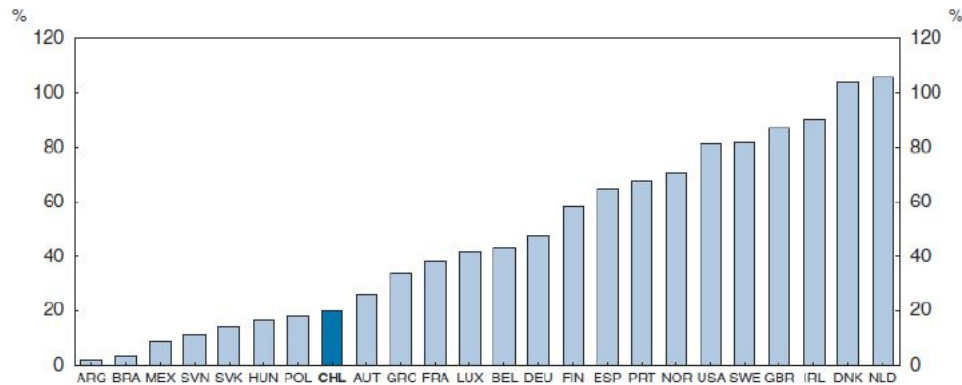
Source: Ministry of Housing.

Banking has been very important in this process, since the years of Kast's Urban Reform. *As opposed to many OECD countries, where prices rose strongly since the mid 1980s, house prices have remained broadly stable in Chile during the last decade in line with fundamentals (Parrado et al., 2009). This has kept housing affordable for most households. Price increases have been mostly driven by higher household income and lower long term interest rates (...) Chile has one of the most developed and deepest housing finance markets in the region (Galindo et al., 2011) (...) Thanks to careful regulation, Chile's banking system is sound with low exposure to household debt or the complex assets that have shaken financial markets in other OECD countries (...) Lower borrowing costs are a result of Chile's successful macroeconomic policies and institutions, which have granted stability, alongside the increase in the depth and efficiency of the mortgage market. Over the past two decades the size of the Chilean mortgage market (as measured by the stock of outstanding mortgages) has more than doubled to 20% of GDP, becoming the largest market in the region (...) This together with bigger economies of scale derived from a larger number of mortgage transactions and volumes of financing has led to historically low borrowing costs, allowing a greater number of households to access credit.*<sup>9</sup>

9. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

Figure 2.6. The size of the mortgage market in selected countries

Stock of outstanding mortgage as a % of GDP, 2009



Source: European Mortgage Federation, Hyostat 2009; Galindo et al. (2011).

In addition -quoting OECD housing report once again- *housing remains too expensive (...) Chile has experienced a remarkable decline in poverty over the last 20 years, but poverty and inequality remain high by OECD standards. Because low income households have lower permanent income, wealth, and often have informal jobs, for them the mortgage market is a too costly option to finance their home. For instance, given current mortgage market conditions for first-home buyers, households in the bottom quintile would need to spend about 60% of their total monthly income in servicing a loan for a relatively cheap home.*<sup>10</sup>

We are talking about a highly deregulated housing market, in which the State only plays a subsidiary role. Some really strong lobbying forces which are against any kind of reform, such as the construction industry or the banking lobby, are quite interested in big-scale construction sites and hundreds of thousands of mortgages loans. Pro-business political authorities are also opposed to any kind of barriers into a model which has proven to be so successful in macro-economic terms. Our housing deficit may be close to an end, yet the authorities have not developed a coherent strategy on what to do next and how to definitively change the concentration and segregation in our cities -they also seem to be part of the problem.

10. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

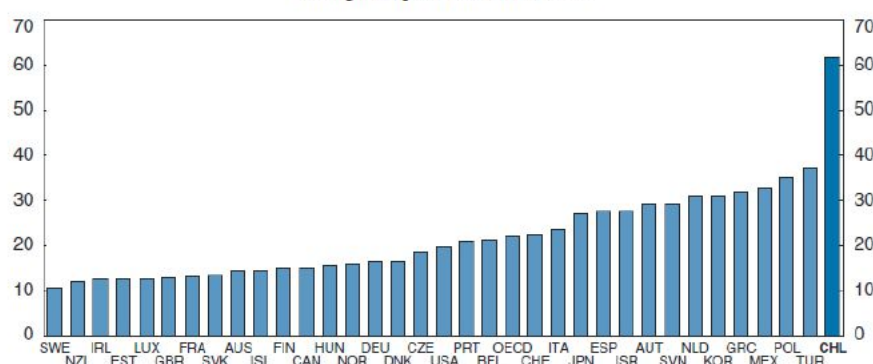
### III. VOUCHERS.

Today, families can choose from an wide array of vouchers given by the State and use them in a real estate market which has been absolutely liberalized. They receive a subsidy for home-ownership, construction or improving their homes. The amount is related to the level of vulnerability of the household, being higher if the family has a lower income. Most of the public resources assigned to these subsidies are used in buying and building.

But these incentives have many problems. According to OECD, *housing subsidies have not always led to better living conditions. (...) Improvements in housing conditions have sometimes not been sustainable. To provide housing for those in need and maintain the number of subsidized units built each year, the government financed small and sometimes poor quality housing (Vargas, 2006). The deficient quality of construction and upkeep in some cases led to premature deterioration causing the beneficiaries to slip back into poor housing conditions (Marcano and Ruprah, 2008) (...) Air pollution, caused by transport and the use of small-scale burning of wood or coal, is an important problem in Chile, and in particular in Santiago, which is one of the most polluted cities in the world. High pollution can lead to a wide range of diseases and premature deaths (Sanhueza et al., 2006). Some studies even suggest that high levels of pollution may account for almost half of annual deaths in the city of Santiago (Ostro, 2008; Mancilla, 2007).*<sup>11</sup>

Figure 2.4. Exposure to air pollution by particulates

Micrograms per cubic meter, 2008<sup>1</sup>



1. Average concentration of particulate matter (PM10) in cities with population larger than 100 000.  
Source: OECD, *Compendium of well being indicators* (2011).

Another unlikely and shocking attribute of our voucher policy is the current reproduction of segregating conditions through subsidies. Consider that *about 70% of all building permits granted between 1976 and 2007 were for houses built with some sort of public support, mostly through demand subsidies, but also directly built by the state (Simian, 2010). (...) Although targeting has improved over time, earlier evidence suggests a significant proportion of subsidies still goes to the upper-middle income groups and only about 22% of beneficiaries come from the bottom quintile (e.g. Aparici and Sepúlveda, 2010). (...) Maximum eligible house prices are meant to dissuade wealthier households from applying for subsidies, but this ceiling is fairly high (about 90.000 USD), and the maximum size of the subsidy is respectable (15% of the price of the house), which makes applying attractive even for better-off families. For instance, the average price of an apartment in the Metropolitan region of Santiago, which also includes very wealthy communes, such as Vitacura, is only about 30% more expensive than that.*<sup>12</sup> For instance, it is also quite frequent that higher-income applicants use these public-funded subsidies for small scale real estate business, particularly for buying a second, third or fourth home which they can rent and use for an extra support on their retirement pensions or even in new investments.

Table 2.5. Recipients of housing subsidies by income quintile (% of total subsidies)

I	II	III	IV	V
21.8	23	23	20.1	12.1

Source: Aparici and Sepúlveda (2010) based on CASEN (2003).

11. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

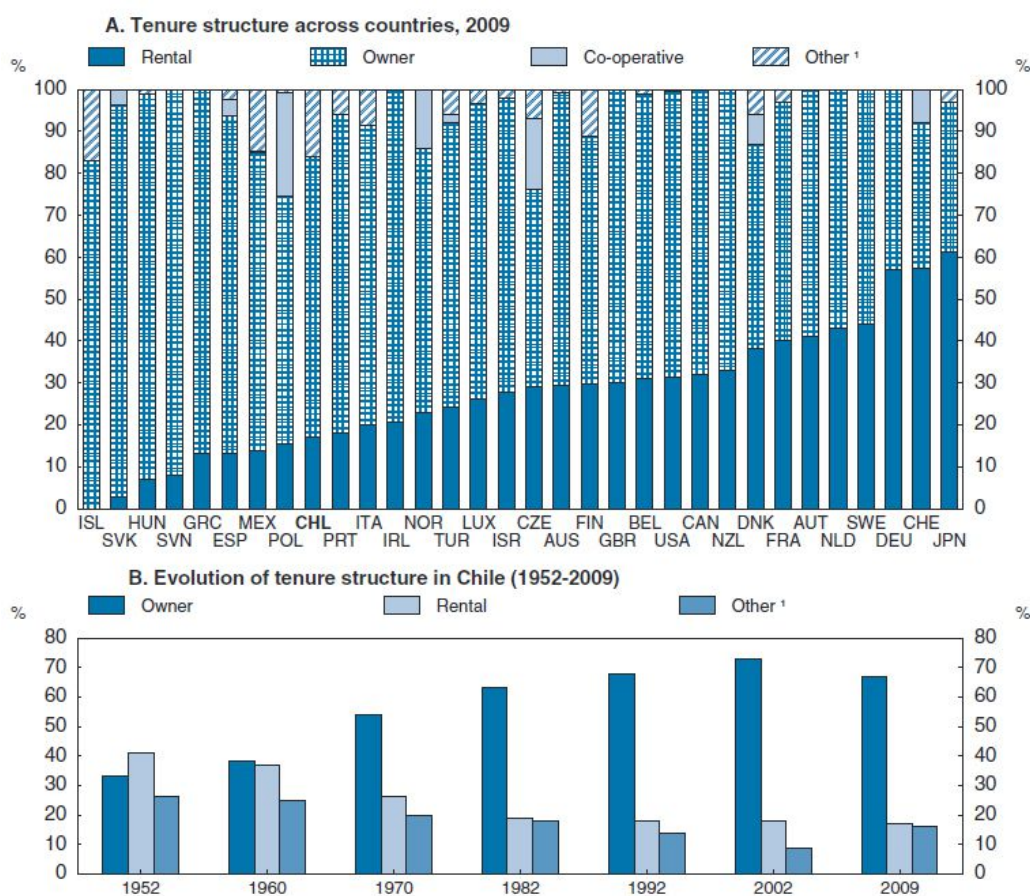
12. Ibid.



It is important to stress the fact that our voucher system is only focused on *el sueño de la casa propia* (the dream of owning a house, paraphrasing a saying from the 1980's). *Housing support excessively promotes home-ownership. An excessive focus on home-ownership may have squeezed the rental market (...). There is no housing assistance for renters (17% of the population). (...). Increasing home-ownership has been among the main objectives of Chile's housing policy over the past 30 years. There is no direct housing support for tenants and homeowners are directly and indirectly supported by the state. While most OECD countries grant a favorable tax treatment to owner-occupied housing, Chile's housing subsidies focused exclusively on ownership are in sharp contrast with housing support in most OECD countries. Chile's main motivation for home-ownership subsidies is to encourage poor households to save and increase their assets, as a means to escape out of poverty. However, subsidized housing, because of its relatively poorer quality and location, is typically not accepted by banks as collateral for a mortgage (Morandé and Gimenez, 2004), suggesting its poor liquidity as an asset.*<sup>13</sup>

Figure 2.13. Tenure structure

As per cent of dwelling stock

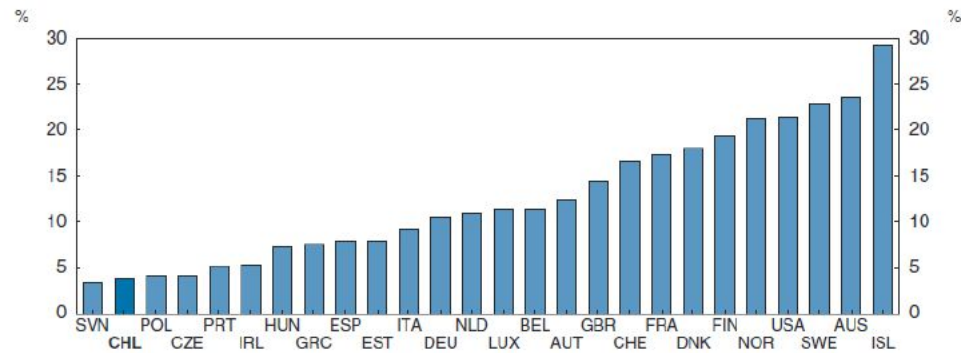


1. For Chile, "other" includes free housing provided by relatives or employers as well as housing units for which there is no data on tenure type.

Source: OECD Housing Market questionnaire; Universidad Andrés Bello (2011).

13. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

**Figure 2.14. Residential mobility in OECD countries**  
Percentage of households that changed residence within last 2 years<sup>1</sup>



1. For Chile refers to the percentage of households that changed commune.

Source: OECD calculations based on 2007 EU-SILC Database, on HILDA for Australia, AHS for the United States, SHP for Switzerland and CASEN (2006) for Chile.

**Figure 2.15. Residential mobility in Chile by income quintile**  
Percentage of households that changed commune



Source: CASEN (2006).

But right as we are writing this document, this issue was partially addressed for the first time in our public-policy history, with a new subsidy for the rental market. It is targeted exclusively at young married couples up to thirty years old who want a 140 American dollar discount voucher in monthly rental fees below 400 American dollars. The program's catchy name is *Chao Suegra* (*Bye bye, mother-in-law*)<sup>14</sup> referring to the uncomfortable but common practice of young couples living with their parents due to limited income. Although this is only the first step -a very limited one though- it may help to partially enhance residential mobility and also -potentially- reduce urban segregation.

Lastly, there is a huge -and ongoing- problem of demand. It was produced by a combination four things: (1) President Piñera's desire to break the record of subsidies delivered in one presidential term, (2) very loose regulations on who can apply to housing subsidies, (3) an earthquake and tsunami which exhausted social housing supply and (4) an construction and real estate industry that only responds to their own profit expectations. This will result -by March 2014- in approximately 500.000 vulnerable and middle-class families who already have their subsidies ready to be used but no house to buy, due to the lack of responsivity of the market to their demands. If they do not receive a solution 21 months after they completed their application process, these funds will not be available for them, which may produce major social unrest in the next few years<sup>15</sup>. This problem will reach its climax by 2015-2016 and might be a proper shock treatment for our poor urban and housing policy.

14. MINVU (2013), *Información Subsidio "Chao Suegra"*, [http://www.minvu.cl/opensite\\_20131210112618.aspx](http://www.minvu.cl/opensite_20131210112618.aspx) (last review: 12-16-2013, 14:30)

15. FUNDACIÓN EQUITAS CHILE (2012), *Ciudad y Reconstrucción*, <http://fundacionequitas.org/descargas/barometro/barometro06-09.pdf> (last review: 12-16-2013, 14:30)

#### IV. PARTICIPATION.

Before the early 2000's, all subsidies were assigned by SERVIU (Servicios de Vivienda y Urbanización, Housing and Housing Services, part of the Ministry of Housing and Urbanism, MINVU), which eventually led to situations of corruption and long delays due to bureaucratic procedures.

Since 2004, the voucher system has a mediating entity, the EGIS (Entidad de Gestión Inmobiliaria Social -Social Real Estate Management Entity-), private companies in charge of assisting people benefited with this application process, helping them with all of the paperwork involved in home-ownership and supporting them settling down in their new homes. Under this scheme, "participation" was only about finding the right EGIS with an attractive offer for the applicants. The entity they selected would afterward explain them the details of the project, legal aspects and the financing process. Before President Piñera's recent reforms, the problem was that many of these EGIS were at the same time building contractors and real estate developers. The array of offers was very much restricted by this situation: they only received the subsidy once the EGIS got the permits for the project and that project was the only one that those same building contractors and developers had in stock. It was not so much like a project but more like a very limited scheme, strictly adjusted to the most basic needs of the applicants.

In order to solve this problem and also to increase the number of options for the applicants, two modifications were passed by the legislative power under the current presidential term (2010-2014). The most vulnerable families can now apply individually. Old policy forced them to do it as a group, as a way to develop community bonds before they arrived to new housing projects. They are now able to apply to their subsidies directly, with no mediation of the EGIS, choosing a project from a pool of housing developments (Banco de Proyectos -Bank of Projects). This was made in order to stimulate competitions as a way to make more and better social housing projects.

But, again, public participation is very limited and narrowed as options offered by the market -which has a way to assign the best land to those who have more money-. Therefore it is very difficult to have social housing with good location, that is to say, where there are more urban opportunities such as services and social diversity. It seems to be much easier to build residences for wealthier people or commercial projects in these land plots. In addition, those subsidies are absorbed by the market, increasing average prices and -with time- public spending on subsidies as well. This means that is very rare to have a vulnerable family actually choosing where they live according to their own desires.

Neighborhoods have other kinds of programs, like Programa Quiero Mi Barrio (I Love my Neighborhood), which has actively engaged citizens in participatory processes, even though it does not consider that many of their problems are inflicted by the same Ministry of Housing and their pro-business policies. On the other hand, we now have a new policy on trial, Segunda Oportunidad (Second Chance), which is aimed at rehabilitating ghettos. This way, people can choose whether if they want to stay in the new projects which will be developed over their former, isolated households, or if they want to be relocated -for that they will receive another subsidy-. In any case, community's only influence in this process is to decide whether if they want to stay or go away from their former ghettos.

#### V. URBAN PLANNING.

Urban-planning works under the same logic. There is no formal obligation to coordinate city-planning coming from the different ministries involved in this process (Transport, Infrastructure, Housing & Urban-planning, etc.). Nor there is any obligation of social mixture quotas in new housing developments. This explains why there are so many new real estate developments which are disconnected from the city, which do not comply to minimum or basic standards, and are also very homogeneous in socioeconomic terms.

New projects which add urban land to the city limits of Santiago, or to any other Chilean city with a master-plan, have to incorporate parks and roads. And thanks to a new modification in our Ley General de Urbanismo y Construcción (General Law of Urbanism and Construction, LGUC) -article number 70- projects which make our cities more dense than before now have to propose and fund new public spaces. For that to happen, municipal governments have to develop a bank of projects, which will be financed by private developers. Here we (may) have some room for public participation, prioritizing new projects. But this law will only be useful in those municipalities where there is more real estate activity, which are always the wealthiest ones.

Right now, there is only one resource in our legal system -in the Ley Orgánica Constitucional de Municipalidades (Constitutional Organic Law of Municipalities)- which enables neighbors to prevent the construction of a building which they do not find fit to their urban environment. It is a limit situation, for crises. It is a measure which is not often recalled and population is not often aware of this tool, which only requires 100 neighbors to go forward with a popular demand and start a formal litigation with municipal authorities. This year, the senate rejected any further reform in this law, which they think is a menace for the control municipalities hold over their population. This way, bad city-planning (or the lack of it) and zero formal participatory processes in which the citizens have the power to decide in these new ventures have

pushed people to gather in civic movements against new housing developments, particularly in opposition to high-rise projects in more progressive municipalities such as Providencia, Ñuñoa or Santiago.

If we want to go beyond the current situation, our policy will have to reconsider fundamental aspects of social housing, such as location quality and environmental social diversity in all scales, within gated communities and also in the macro-scale of municipalities. State may need to take a much stronger stance in acquiring and managing land use. Neighborhoods can be much more socially diverse, which is also a housing and urban issue to be addressed. This may be allowed by more flexible projects, capable of accommodating different kinds of families or individuals, whether if it is by anticipating housing extensions (like in the case of Elemental's social housing projects) or by including various kinds of housing typologies unified in terms of their formal expression (i.e. Inmobiliaria El Bosque or EGIS GEVECON, with their project San Alberto de Casas Viejas, in Puente Alto, Santiago). In a broader scale, there is a need to generate more attractive environments, in terms of different and mixed programs, homogeneously distributed in the territory, combined with a good supply of services, etc. Otherwise, it will be very hard to keep middle-class families where there is social housing.

Planning methods should react to these problems. The main chart of Santiago's master planing, Plan Regulador Metropolitano de Santiago (PRMS), was developed in the early 1990's and has not been subject to significant changes in almost 20 years. This was a tool that came to solve 15 years of deregulated urban sprawl, from 1979 to 1994, when Pinochet's economic advisers handed over the control of the land to market forces -back then, the entire territory of the country was potentially urban. It is a very basic framework.

Major reforms since the promulgation of PRMS have gone into that same, pro-business direction. First, it was the termination of the qualification of "public interest" used in lands owned by private entities (2009). These were reserves subject to expropriation in order to improve the infrastructural conditions of the city, which will not be available in the future and will surely make things even more difficult. And this year we had the addition of 100.000.000 square meters of urban land. These two reforms are not meant to be in favor of a more balanced and integrated city and should be reconsidered.

In terms of public data, our national census, together with CASEN survey, are the key tools to define the figures of our housing deficit, both in terms of number and quality of the households. They also provide some valuable data about informal renting. Our census also provides a detailed estimate of the social composition of our territory, which is very important in urban-planning. There are cases in which local governments -like the municipality of Peñalolén, in eastern Santiago- have added further data to their records, which allows them to understand the specific reality of their area, like the desire of tenants to stay in their rented homes. This is a demand for localization and for securing their family networks, not just housing, as it is narrowly understood in our backward national housing policy, obsessed with basic deficits.

Due to political and technical problems, we still do not have our census for 2012. It has been considered "flawed" by a review panel of national specialists in the field<sup>16</sup> and then it was partially approved by a foreign team commissioned by the government. Situation is uncertain.

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16. LA SEGUNDA ONLINE (2013), *Censo 2012: Expertos nacionales insisten en que se debe repetir la muestra*, Diario La Segunda, <http://www.lasegunda.com/Noticias/Economia/2013/11/895243/Censo-2012-Expertos-nacionales-inisten-en-que-se-debe-repetir-la-muestra> (last review: 12-16-2013, 14:30)

## VI. PNDU.

A mere glimpse of hope was displayed during the development of a document commissioned by President Piñera, *Política Nacional de Desarrollo Urbano (National Policy of Urban Development, PNDU*, published in 2013)<sup>17</sup>. A year before its publication, OECD made a complete report on our housing situation, making an independent and comparative analysis which is the first of its kind and a very valuable tool for future policy-making<sup>18</sup>. OECD report was a very important input and a standard for measuring the quality of PNDU, which came after it. But unlike OECD's report -which was made by foreign researchers-, PNDU was made behind closed doors by a group of people closer to the President and his right-wing coalition sensibility, including visible architectural figures such as Antonia Lehmann and Gonzalo Mardones (close friends to the President), together with Mathias Klotz. Corporate lobbyists -mainly from local powerhouse *Cámara Chilena de la Construcción (Chilean Chamber of Construction, CChC)*- were also represented in the committee and there was only one chair for the civil society. It was not well balanced.

In a few words, PNDU is a set of guidelines which combine common sense and pro-business intentions, waiting to be -hopefully- turned into proactive laws and policies by the parliament. But this document is politically flawed: It was pushed by the president and one of his closest advisers -Antonia Lehmann- and it does not represent an explicit political will or agreement by the two main coalitions who co-govern the country.

Besides these two problems -representation and political will-, we have already seen some contradictions between PNDU and actions undertaken by two ministries, only few months after its official promulgation (October 30<sup>th</sup>, 2013). For instance, the document urges for a strict control on city limits, or for unused public-owned land within the city limits to be transformed into social housing or public facilities. And this November, as we mentioned before, we were surprised to know that the Ministry of Housing and Urbanism (Ministerio de Vivienda y Urbanismo, MINVU) has made official that Santiago urban area will be 13% bigger than before (100.000.000 square meters); or that the Ministry of National Assets (Ministerio de Bienes Nacionales, MBN) will sell 300 buildings -70.000.000 square meters- to private bidders during 2014. Both ministries are operated by the same person, Rodrigo Pérez, a former banker and one of the 28 sindees of PNDU. These events predict and obscure future for this chart and Chilean cities as well, by promoting urban sprawl and concentration of land in the private sector, all of this supported by our politicians.

It is still an open question if the challenge of reforming Chile's city-making model will be a priority for the recently elected members at the legislative power or for the upcoming president, Michelle Bachelet. It will be discouraging for them to realize that most people in our country do not regard this issue as important -top three are, by far, health, security and education, in that order. In addition, there is not a big and cohesive social movement supporting broad urban reforms, just small groups against particular real estate developments of certain companies (like PAZ Corp or Mall Plaza Group). Pro-education social movement of 2011 might be a good model to replicate in order to push for further changes.

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17. MINVU (2013), *Política Nacional de Desarrollo Urbano*, <http://politicaurbana.minvu.cl/> (last review: 12-16-2013, 14:30)

18. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.



## VII. ARCHITECTURE.



House in Tongoy (1991) by Mathias Klotz, commissioned by his mother. Photograph by Ronald Halbe, 2012.

Architectural practice is also co-opted by the *de facto* economic powers which operate in our field -real estate, construction industry and banking-. It has been segregated in niches, just like any other economic activity in our country. For instance, architects coming from Pontificia Universidad Católica de Chile (PUC), Universidad Finis Terrae or Universidad del Desarrollo -the wealthiest universities, whose students usually have a wealthy background as well- have the connections to perform their skills as architects, working for their relatives or in companies affiliated to their families. Most of the local production displayed in specialized media comes from these professionals, particularly their single-family residential designs for people working in our strong private sector.

But the rest of the students coming from the other 36 schools in the country will have to struggle once they become architects. Many of them will abandon architecture practice altogether in order to work in other jobs in the service sector. Most of them will work in the construction industry or in real estate. They will never have their own commissions and will not be able to perform in public competitions throughout their careers. If they choose to work for another architect, labor conditions will be very fragile, borderline illegal. Monthly wage will be between 600 and 2.000 American dollars, depending on their skills, in a city as expensive as Berlin. It is basically the same wage as an architectural drafts person who only studied for 2 years instead of the average 5 of a bachelor's degree in architecture, due to the over-supply of architects coming from 39 schools in a country of 17 million -as a reference, Colombia has 12 schools for almost 48 million and currently has a much more thriving construction and real estate industry than Chile-.

This does not respond to a mere distinction of *winners* and losers -those who got to be good at architecture and those who did not: In Chile, there is a very clear distinction between those who had access to real estate investors, who are closer to the construction industry; whose friends are wealthy enough to have a second home at the beach, and those who do not know all these people -the vast majority of architects-.

The problem of all this is not the quality of this top-notch architecture produced by the elite and for the elite -which is actually very good- but the lack of knowledge in the rest of the society about what architecture is capable of doing. Nobody really knows anything about architecture in Chile besides the fancy houses of the super-rich, which are inaccessible to a broader public. In terms of policy-making in housing and urban-planning, there are very little traces of architecture or any other discipline besides pure economic concerns participating in these processes. The State has handed over its responsibility to market forces, which clearly explains the kind of cities we have in Chile.

## VIII. ELEMENTAL.



Quinta Monroy. Photograph by Alejandro Soffia, 2006.

Out of this discouraging context, there are a few special cases like Alejandro Aravena and his office Elemental which are trying to reverse this privatizing trend from within.

The first stages of Aravena's career were much closer to pan-American collaboration (together with Brazilian Angelo Bucci, Paraguayan Solano Benítez and Argentinian Rafael Iglesia); or disciplinary issues and historic revisionism (i.e. of Louis Kahn and Chilean theorist Juan Borchers) which he developed together with his professor at PUC, Fernando Pérez.

This was to be replaced with an interest in social housing, which he unfolded in the early 2000's once he was teaching at Harvard Graduate School of Design (GSD) -invited by Pérez close friend, Rafael Moneo-. By doing so, he was responding to the cliché of contemporary Chilean architects and their isolated box-like private houses in breathtaking landscapes, embodied in the figure of Mathias Klotz -the big star of local architecture during the 1990's-.

There he formed the first line-up of Elemental, with engineer Andres Iacobelli and urbanist Pablo Allard, both Chileans, who were also at the GSD at the time. Later on, Iacobelli spent a brief period (2010-2011) as sub-secretary of the Ministry of Housing and Urbanism (MINVU) during Piñera's presidential term and resigned after a political scandal, while Allard currently serves as Dean of Architecture and Art in Universidad del Desarrollo and has been a close adviser in urban issues for President Piñera. They both provided Elemental with the economic and political alignment, together with the realism that was required to practice in Chile, while Aravena was in charge of communicating and bridging the gap towards architecture discipline.

From the very start, Elemental was very critical in the way things were done in Chile and how things could be changed without challenging the financial system -both public and private- which supported social housing in our country. This pragmatic approach was very welcome by Chile's establishment and was the natural step after decades of exclusive focus on the housing deficit, a paternalistic approach which was capitalized since late 1990's by Jesuit NGO -and then EGIS- Un Techo Para Chile (A Roof for Chile, UTPC). Until Elemental's breakthrough in 2004, after the completion of their housing complex in Quinta Monroy, Iquique, Chile<sup>19</sup>, UTPC was the leading authority in social housing, particularly with very basic solutions such as *media aguas* (a 18 square meter, single-pitch roof house made of untreated pine wood). But up-scaled demands required for more complex solutions and that is how new ideas and funding were brought by Elemental or other NGOs such as Habitat for Humanity<sup>20</sup>, a non-profit, christian and international housing association operating in our country since 2002. Nowadays, UTPC has been re-branded as TECHO ("roof") and has diversified its operations to the rest of Latin America and the Caribbean.

Elemental's innovation was quite simple: they combined incremental housing (which was present in our policy since the early 1980's, after Kast's Urban Reform) with localization subsidies, all of this supported by UTPC's expertise in communicating new social housing ventures to everyone involved in the process. This way, informal settlers would remain in their neighborhoods, securing the social relationships they developed with their neighbors for decades.



One of the many variations of 3m x 6m media agua. Photograph by Forestal Mabesa, 2011.

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19. ELEMENTAL (2011), *Quinta Monroy*, <http://www.elementalchile.cl/en/proyecto/quinta-monroy-2/> (last review: 12-16-2013, 14:30)

20. HABITAT FOR HUMANITY (2013), *Habitat para la Humanidad*, <http://www.habitat.org> (last review: 12-16-2013, 14:30)



Although Elemental was the first experiment of this kind in Chile, this idea is now increasingly used by other NGOs and EGIS. This exemplifies the relative success of this method and how authorities have shown interest in its results.

Quoting OECD once again- *the government has also adjusted subsidies to allow poor households to buy houses in better locations (...) reducing segregation can only go so far. Improving infrastructure, public transport and social services in poor neighborhoods will also be necessary*<sup>21</sup>. Proper housing localization is not enough and Aravena is well aware of this. His recent intervention (October 2013) in centrist think-tank Espacio Público (Public Space) together with liberal urbanist Iván Poduje and christian-democrat economist José de Gregorio -in which they presented an urban-planning scheme for Santiago- had a clear focus on public transport, green areas and public space as the keys to improve the conditions of our precarious urban environments<sup>22</sup>.

In terms of participation, since Elemental and UTPC parted ways in the late 2000's, Aravena and his team have moved forward into much more ambitious ventures, like the cases of Calama PLUS<sup>23</sup> (for the desert city of Calama, northern Chile) or PRES Constitución<sup>24</sup> (for the coastal town of Constitución, which was severely damaged by 2010 earthquake and tsunami). In a country in which public participation is still optional, Aravena has led master-plans in which the major investments and its priorities are up to the communities' vote. Both cases -Calama and Constitución- are funded by huge companies with clear interests in these locations -mainly public mining company CODELCO in Calama and private wood company Arauco in Constitución, part of Angelini holding of enterprises and one of the most important economic powers in Chile-. It is not a pure version of bottom-top participatory design and it is not enough. These cases are much closer to a careful communication of an already decided plan, a prioritization of investments, but it is indeed a welcome step towards the expression of public interests into the design of our cities and their residential conditions.



Elemental's Villaverde Social Housing in Constitución, Chile, completed in 2013 as part of PRES Constitución. Photographs by Elemental, 2006

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21. OECD (2013), *OECD Urban Policy Reviews, Chile 2013*, OECD Publishing.

22. ARAVENA, Alejandro, DE GREGORIO, José and PODUJE, Iván (2013), *Informe Políticas Públicas 02: Vía Rápida para Reducir la Desigualdad – Propuestas para Revertir la Segregación Urbana en Nuestras Ciudades*, <http://www.espaciopublico.cl/media/publicaciones/archivos/14.pdf> (last review: 12-16-2013, 14:30)

23. CALAMA PLUS (2013), *Calama Plus*. <http://www.calamaplus.cl/> (last review: 12-16-2013, 14:30)

24. PRES CONSTITUCIÓN (2013), *Pres Constitución*, <http://presconstitucion.cl/> (last review: 12-16-2013, 14:30)

## IX. FUTURE.

Although all of Elemental projects -particularly Quinta Monroy- are quite iconic and interesting in their approaches and results, given the fact that the rules of the game are so severely restricted to market forces, there are no clear signs that they have drastically shifted the way in which social housing is conceived and built in Chile. Their choice was to operate within those rules and by doing that they risk being absorbed by that same system they want to perfect. Therefore, their approach is still marginal.

Quoting Aravena in one of the interviews we had with him by the end of 2011, he said that *you can still see lobbyists pushing an agenda of indiscriminate building rates at the lowest possible cost –all that matters is quantity-. I believe our position is still quite marginal in this context. You say I'm over-exposed: An over-exposed figure should be someone who has been able to install his agenda, and we believe that our agenda hasn't yet reached that stage of informing what's being done –like an average model on how to build our cities-. We don't have a huge influence on social housing policies, on public space or even infrastructure: Things are still the same.*<sup>25</sup>

Elemental deals with particular aspects of the problem -like location or extensions- but not all of them. More recently they have displayed a clear interest in social facilities and how they are related to housing. But, for instance, they still have not approached issues such as social mixture in their projects. In that regard, there are also other, less visible yet groundbreaking experiences in Chile such as GEVECON<sup>26</sup>, the EGIS run by architect Mario Grandón and engineer José Astaburuaga, whose focus is on how to mix different socioeconomic groups into a particular housing project, like the case of San Alberto de Casas Viejas, in Puente Alto, Santiago<sup>27</sup>. This development has a very conventional look and it is not so well connected and integrated to the best equipped areas in Santiago -in terms of health, education, public transport and so forth-; nor it offers options on how to control housing extensions -formal and informal as well, like in the case of Elemental-. But it does offer 6 different housing typologies which have been conceived for the various kinds of inhabitants of south-west Santiago, all of which are eligible for applying to housing subsidies. It was made for the particularly diverse and huge municipality of Puente Alto, in order to keep their population in the area while improving their living conditions. The project was a financial success -all of their units were sold for the same price and in the same period of time as any regular, mono-social housing project in the area. GEVECON is now working on new ventures similar to San Alberto de Casas Viejas.

But this is clearly not enough. Our current model has very little room for further adjustments. And there does not seem to be any significant change in sight for the near future, unless there is -hopefully- a drastic shift in the policies promoted by our elite, which will require clear demands and a sounding support from the rest of the population. Until this process of *decommodification* starts, there will be no substantial change or improvement in our housing and urban environments.



Aerial view of San Alberto de Casas Viejas, extracted from its homepage. Photograph by GEVECON, 2008.

25. Full interview available upon request and for institutional subscribers at OnArchitecture, <http://www.onarchitecture.com>

26. GEVECON LIMITADA (2012), *GEVECON*, <http://www.gevecon.cl> (last review: 12-16-2013, 14:30)

27. GEVECON LIMITADA (2011), *San Alberto de Casas Viejas*, <http://www.sacv.cl/descripcion.html> (last review: 12-16-2013, 14:30)





San Alberto de Casas Viejas, extracted from its homepage. Photograph by GEVECON, 2008.

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