Territories of transgression: the spatial effects of neoliberalism

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Summary. This paper analyzes the effects of the market economy in the production of social housing in Mexico, aiming to understand the underlying confluence between the State, the housing market and financial capital rationale that led to the expansive growth of this type of settlements in the last two decades. By analyzing the private housing market of social interest and an extensive field work it is concluded that the excessive growth of private real estate developments of social interest has been one way of channeling excess capital in global financial markets rather than the result of a public policy to address the housing needs of the low income population.

The government of Vicente Fox (2000-2006) favored private investment in the housing sector, neglecting the creation of land reserves or progressive housing, to name a few alternatives. In its administration system for state housing production workers it became a credit transfer mechanism to benefit the large real estate developers. Thus the government began to subsidize the supply, (that is, construction companies), which in the next administration represented 25% of the total value of housing. In that period, the credits assigned to the population earning more than four minimum monthly wages (SMM) accounted for 80% of the total, while the population reduced their share to one-fifth, even though the latter represented about 65% of the total population (IMSS / Secretariat of Labor and Social Welfare, 2010). These policies have a direct relationship with the recommendations issued by the World Bank (WB) and the International Monetary Fund (IMF) in 1992, which aimed at promoting a change of model housing production favoring the acquisition of land reserves, while the design, construction and marketing were transferred to the private sector; therefore, the state would be responsible only to subsidize the purchase of housing as well as secure financing through mortgage loans. It is in the administration of Felipe Calderon (2006-2012) when the notions of compact city and urban sustainability were introduced, although in practice they continued to authorize peripheral housing developments by private same developers of the previous six years (GEO, URBI, Homex, ARA and SARE). Even if part of this type of housing stock was built in downtown or intra-urban areas, recent studies suggest that many of these sets have a high unemployment rate (Mönkkönen, 2012).

The superlative growth of these developments responded to an alleged unmet demand (fewer households, housing backwardness, migration, among others), but in reality this sector continued to be maintained as an important pillar of the economy. During the administration of President Calderon (2006-2012), mortgage loans doubled compared to the previous administration, and the construction sector accounted for about 6% of GDP, even amid the global financial crisis of 2008 (BBVA, 2013: 2). By contrast, urban policies adopted by President Enrique Peña Nieto (2012-2018) point to the reordering of the territory through its verticalization and densification, as well as the promotion of housing for rent. However, the official discourse needs to come along with strategies and actions that ensure access of the marginalized population to decent housing in the suburbs, the imposition of certifications based on commodities and services which needless to say, impact the cost of housing. The government of Enrique Peña Nieto is relying on the construction of mega-projects (the new Mexico City International Airport, the TGV to Queretaro, power plants, etc.) following the same rationale of his tenure as governor of the State of Mexico (2006-2012) and yet his administration is making a substantial contribution to defuse the future of large housing development companies that are currently on the verge of bankruptcy.

Unlike other crises in the private sector, which have been encounter with "salvage operations" (such as highways or banks), the government of Peña Nieto has mentioned the lack of adjustment capacity of firms to new operating environments. The financial crisis is having profound territorial impacts in the daily lives of citizens because unemployment and neglect of peripheral housing developments are generating a depreciation of the real estate market also susceptible to be occupied by organized crime.

However, there is the unavoidable challenge of reintegrating the more than five million vacant homes to the urban and social fabric, so that the initiative to create new Integral Urban Developments (DUIs), which promote greater building density and building housing estates that have full services, it seems more a change of business model that the implementation of a comprehensive urban policy. This change in housing policy towards densification responds to The transformation of the model of development that, although at the time peaked with metropolitan peripheral areas, now market speculation returns to the traditional high-value land in the central areas of cities, thus recovering the most profitable areas for the global financial capital. Therefore, if Mexico carries a housing shortage estimated at about ten million homes compared to almost five million abandoned houses in recent housing developments, proves that beyond a dysfunctional market, social housing has been subordinated to the fate of financial capital, thereby suffering the volatility of the markets and thus disassembling the territory.

Keywords: Real Estate Market, transgression, social housing, financialization.

Paper presented at the RC21 International Conference on “The transgressive city: Comparative perspectives on governance and the possibilities of everyday life in the emerging global city” Mexico City, 21-23 July 2016.
http://rc21-mexico16.colmex.mx/index.php