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# **Accessibility to Social Housing in Colombia Review to the Application System**

**A Thesis submitted in the Partial Fulfillment for the Requirement of the Degree  
of Master of Science in Integrated Urbanism and Sustainable Design**

by

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**Colombia**

**July 2023**



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Maria Paula Mejia Vanegas

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## **Abstract**

### **Accessibility to Social Housing in Colombia Review to the Application System**

**Maria Paula Mejia Vanegas**

Based on the premise of “A Country of Owners” launched in Colombia in the early 2000s, the current Colombian social housing system is open to all citizens. Thanks to subsidies and economic benefits, Colombians may apply and purchase a property. However, the underprivileged are not eligible for this scheme, allowing only middle-strata citizens to take advantage of this assistance. This research aims to argue that the target user for whom the Colombian social housing system is designed is not being fully recognized and integrated in the whole process. It starts with a global comparison of social housing systems and then focuses on Colombia's case study, specifically examining the economic aspects of their social housing system and the requirements for access. A step-by-step simulation of the application process reveals barriers to entry based on the economic analysis. Notably, the study solely explores the economic and financial elements of the application, without diving into the quality or design aspects.

The methodology combines a literature review with data collection from interview surveys in Colombia to assess citizen applications for assistance. Results show that many applicants with formal jobs struggle due to high rent payments, and low borrowing capacity, making them ineligible for subsidies and loans. The research highlights disparities in the scheme, presents users profiles, and offers recommendations to enhance the system for those most in need.

**Keywords:** Housing, social housing, subsidies, loan, mortgage, interest rates, affordability



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## **List of Abbreviations**

**CRPD:** Convention on the Rights of Persons with Disabilities

**DANE:** National Administrative Department of Statistics

In Spanish: Departamento Administrativo Nacional de Estadística

**INURBE:** National Social Housing and Urban Reform Institute

In Spanish: Instituto Nacional de Vivienda de Interés Social y Reforma Urbana

**MMW:** Minimum Monthly Wage

**NGO:** Non-Governmental Organization

**SISBEN:** Potential Beneficiaries of Social Programs Identification System

In Spanish: Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales

**UN:** United Nations







## **1. Introduction**

This research aims to argue that the target user for whom the Colombian Social Housing System is designed is not fully recognized or integrated in the whole process, thus not getting access to units. To argue the previous statement, a three-phase strategy methodology was implemented, and a methodological connection was established by applying qualitative, quantitative, and mixed methods. Also, a sampling recognition and limitations in the data collection were recognized. This is an application-led research that aims to arrive at recommendations for Colombia's social housing scheme. As the paper aims to argue that the target user for whom the Colombian Social Housing System is designed is not being fully recognized, it is important to take a view of the entire system through various actors. This will avoid non-accurate inferences.

For decades, Colombia has been working on decreasing the housing deficit, which was over 31% in 2022 (DANE, 2023). There have been several social housing programs to help with this situation, but the strict, tight requirements in the application system prevent citizens from taking advantage of the benefits of social housing, leaving many in marginalized areas in both city fringes and inner spaces, therefore increasing the housing deficit.

This paper will first highlight the general concepts of housing, and social housing pillars as well as the actors involved, followed by a short comparison between different social housing systems around the world. Afterwards, the Colombian social housing system will be presented by focusing on its deficiencies, and finally, the literature and inferences obtained from comparing the findings will be reviewed, followed by a hypothesis.

Then, the methodology used to argue the hypothesis will be introduced through qualitative and quantitative data, producing results that will be cross checked to finally come to a conclusion, resulting in a positive step towards further studying this topic.

### **1.1. Problem description**

As mentioned, the housing deficit issue in Colombia is partly due to a large number of applicants to the system, leaving many target users not able to take advantage of it. It's vital to highlight this situation due to the constant changes in Colombian society, the fast migration to cities, the massive constructions in housing and the increasing informal developments, as well as urban situations that must be tackled by a robust social housing system structured in an integrated way.

We can now state that the target user for who the Colombian Social Housing System is designed is unable to access it due to strict requirements to apply for subsidy, housing loans and payment methods. The strong requirements stem from a set of conditions determined by the actors involved in the system; therefore, to come up with answers to this identified problem, it is crucial to know the organization and actors involved in the system in order to have an integrated system that ensures access to the target user.

Moreover, it is worth noting that the prevalence of a strong culture of ownership in Colombian society has posed a significant obstacle to implementing social rental schemes over an extended period of time. This phenomenon can be attributed to the perception of economic instability in the country, which drives citizens towards a preference for owning residential properties rather than renting them.

#### **- Significance of the problem**

One of the methods to decrease the housing deficit is the social housing program, but low-income families in Colombia in need for social housing units are not getting access to them due to the strict requirements in the application. This issue needs to be researched further, because although the housing deficit in Colombia has been decreasing, it is still at around 31% which means that 5.240 homes are

still in deficit, and the many social housing programs are not fulfilling the demand for affordable, accessible units of good quality. (DANE, 2023).

Economic instability in Colombia has led to a preference for homeownership over renting due to the perception that owning a property provides greater long-term financial security. Factors such as high unemployment, inflation, and income inequality have contributed to this view. As a result, promoting social rental housing schemes has been challenging as the demand for renting properties is limited due to concerns about economic stability.

It is unobjectionable the topicality and relevance of the subject, the purpose and need for a fairer balance between the social groups and their access to housing as the main item of quality of life.



### 1.2. Hypothesis and research questions

The social housing system in Colombia has been a subject of ongoing scrutiny and debate. Despite numerous efforts to address the issue, there is growing concern that the system is not structured in a fully integrated manner, thus not taking into account the diverse needs and realities of its intended beneficiaries. Therefore, the following hypothesis was developed to guide this research.

**“The social housing system in Colombia is not structured in an integrated way among all the actors; it partially recognizes the target user’s reality, with possibilities to improve and enhance the current structure”.**

- **Research question:**

How is the current status of the stakeholder ecosystem preventing the target user from accessing social housing units?

- **Subquestions:**

What's the reality of the end user gaining access to units?

What's the reality of users not gaining access to units?

- **Research objective:**

To get a holistic understanding of the system by recognizing and understanding the user's role within it and their reality.

### **1.3. Methodological approach**

Qualitative and quantitative:

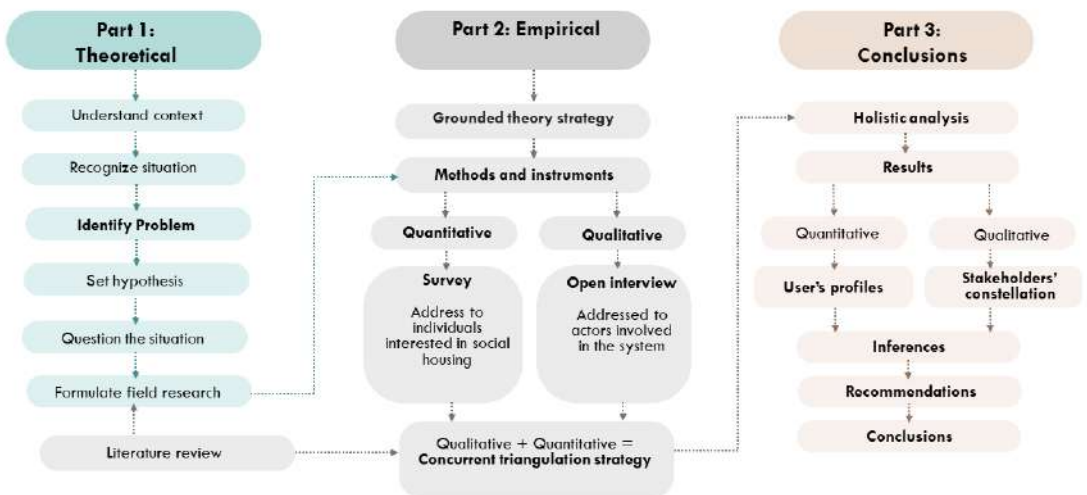
Variables are considered here like:

- **Qualitative: Perception of the system**  
Here, the opinions of various stakeholders involved in the system are taken, and limitations and advantages are collected.
- **Quantitative: Access to tools**  
Collection of a number of: Applicants to the system, applicants to subsidies, loans, rejections and purchased units.

### 1.4. Structure of thesis

This research aims to argue that the target user for who the Colombian Social Housing System is designed is partially recognized and integrated in the entire process, thus not gaining access to units. To argue this statement, a three-part strategy methodology was implemented, applying qualitative, quantitative, and mixed methods, and a methodological connection was established. Also, sampling limitations in data collection were recognized.

Figure x



#### Part 1: Theoretical

Based on a problem description and hypothesis, the aim of the theoretical part is to get familiar with social housing models around the world, look at the current situation in Colombia, explain the structure of the application, and finally set some findings.

- Step 1: Get familiar with social housing.  
Here, social housing concepts will be shared, and models from around the world will give a better picture of the differences between systems.

- Step 2: Recognizing the situation:  
Literature review to get a background of the system and find challenges by comparing different sources.
  
- Step 3: Simulation  
A simulation of the application for a unit is presented, and the application requirements are stated.

## **Part 2: Empirical**

- Step 1: Grounded theory is selected as strategy:  
In this strategy, conclusions made from data collection are set and organised based on sampling and comparing information.
  
- Step 2: Methods and Instruments
  - Qualitative: Open Interview
  - Quantitative: Online survey

Both quantitative and qualitative methods are employed in a concurrent triangulation strategy, to compare and cross-check results and interpret and analyse them in a holistic manner.

- Step 3: Methodological Connection:  
As the aim of the paper is to argue that the target user for whom the Colombian Social Housing System is designed, is not being fully recognized and integrated in the entire process and not gaining access to units, a view of the entire system through various actors is required in order-accurate inferences.
  
- Step 4: Analysis
  - Qualitative: Open Interview

12 interviews are recorded, translated and transcribed in a non-exact paragraphing. Statements and arguments made from open discourse are presented as ideas. This approach aims to create a stakeholders' map for the system, with its relations and chains of power in order to understand the present connections among actors and how integrated or segregated the current system is.

Theoretical perspectives will support the resulting inferences.

- Quantitative: Online survey  
219 online surveys are analysed through cross-checked tabulation, producing approximately 45 charts where various results are mixed, gaining inferences on user profiles.

Joint results are expected to be gained from the analysis of both approaches.

### **Part 3: Conclusions**

- Step 1: Address limitations  
Possible issues were recognized in both approaches as:
  - Qualitative: Open Interview
    - Long discourse which may lead to losing the path of the interview or losing the scope of the topic
    - Biased opinions or very closed-minded arguments
    - The interview took a long time, leading to some interviewees not fully paying attention

The method is still decided to be used due to its narrative and open floor for an opinion's wide portfolio.

- Quantitative: Online survey
  - Not enough participants
  - Losing audience before the survey ends
  - Dwindling interest along the survey
  - Inaccurate final open question
  - Audience might not be entirely truthful which may lead to inaccurate results.

The method is still employed as it can be analysed by doing a statistical analysis, providing exact numbers and amounts for the questions.

- Step 2: Set conclusions:  
Findings from the results, recommendations and a final summary are presented.

### **1.5. Expected results.**

This thesis seeks to understand the relation in the system between stakeholders and end users purchasing the social housing units, as well as the factors preventing a large number of people from gaining access to them. The main outputs expected are a stakeholders' map and a profiled end-user analysis. These findings offer a deeper understanding of stakeholder interactions, potential gaps, and diverse user profiles, allowing to make recommendations aimed at enhancing the system's overall effectiveness.

The stakeholders' map is a valuable tool for understanding the roles and relations among the key actors operating in the system. By setting the stakeholder range, insights into interactions, dependencies, and potential areas of improvement within the system will be gained. Concomitantly, a profiled end user is expected,



## REVIEW TO THE APPLICATION SYSTEM

highlighting those who perceive the units as an investment opportunity, those seeking their own housing, and those who remain unable to acquire units.

By analysing both tools, inferences and conclusions about the current situation are made, confirming the stated hypothesis on recognizing the end user's reality in the social housing system.

# Part 1: Theoretical

## **1. Theoretical Frame, Concepts and Definitions**

The concept of housing covers all groups in society worldwide because housing is the largest expense of a family's budget (Abdelwahed, 2020). Housing is a right for all people to maintain or improve their quality of life. However, millions of people around the world still lack this right. Without state assistance, many low-income families do not have access to affordable housing, which leaves them marginalized in informal developments. This is where the concept of social housing has a huge role, covering the most vulnerable people and integrating them into society through housing, a basic right.

The social housing concept can be framed as affordable housing, referring to affordable thanks to a wide range of supply and demand side-state supports as housing allowances such as subsidies or tax relief (OECD, 2020). However, due to differences in the way countries and states operate, social housing can be defined in different ways, but the common factor is that it is designed to tackle the problem of housing inequality, scarcity, and affordability, and it must cater to all sections of society. Also, as it aims to help the most vulnerable, its budget needs to make sense to the final occupant, and not just to the market and developer of the property (Abdelwahed, 2020).

A holistic definition of social housing encompasses a comprehensive understanding of its purpose, principles, and impact. Social housing refers to a system providing affordable and secure housing for individuals and families facing economic, social, and other barriers to accessing adequate housing in the private market. It embodies the idea of housing as a fundamental human right and aims to address housing inequality, promote social inclusion, and ensure dignified living conditions for all.

At its core, social housing goes beyond mere shelter provision. It incorporates critical principles such as affordability, accessibility, sustainability, and community development. It involves the provision of housing units that are

affordable to household incomes, ensuring that housing costs do not place an excessive burden on individuals or families. Social housing also emphasizes on accessibility by making available suitable accommodation in the private market to those facing challenges, financial or otherwise.

Furthermore, social housing strives to create sustainable and well-designed housing that meets quality standards and promotes energy efficiency. It recognizes the importance of the environment and strives to minimize the environmental impact of housing projects.

Beyond the physical aspect, social housing recognizes the importance of fostering inclusive and cohesive communities. It seeks to create environments that facilitate social interaction, support the well-being of residents, and promote social integration. This can involve the provision of communal spaces, amenities, and social services that enhance the overall living experience and contribute to the community's social fabric.

A holistic definition of social housing recognizes it as a multifaceted approach to housing provision that addresses affordability, accessibility, sustainability, and community development. It aims to assure that all populations, regardless of income or circumstances, has access to safe, decent, and affordable housing, thereby promoting social equity, stability, and a sense of belonging within society by giving access to the most vulnerable.

The target user of social housing is typically an individual or a family who is economically disadvantaged and vulnerable, often with low or no income (Beuf, 2016). Therefore, the pricing of social housing units should not be determined solely by market supply and demand as the financial capabilities of the occupants should be considered. This approach aims to ensure that affordable housing options are available to those in need and facing financial difficulties. By setting prices based on the occupants' economic circumstances, social housing programs

strive to address social inequality and provide suitable housing solutions for those facing economic challenges.

In addition, The United Nations has long recognized the importance of promoting equal access to adequate housing for all individuals. In line with this commitment, the UN has sought to establish clear guidelines and principles that can help guide policymakers and stakeholders in their efforts to promote accessible and affordable housing options for all individuals. These guidelines emphasize the need to ensure that individuals have the right to live in a safe, secure, and dignified environment. This introduction highlights the UN's commitment to promoting accessible, affordable, adaptable, and acceptable housing options to individuals with disabilities in accordance with the principles outlined in the Convention on the Rights of Persons with Disabilities (CRPD) and other relevant UN instruments (CRPD, 2008).

**Accessibility:** Refers to designing and modifying housing environments to enable people with disabilities to live independently and fully participate in society by removing physical, sensory, and communication barriers (CRPD, 2008).

**Affordability:** Ensuring that housing is reasonably priced and accessible to all individuals, particularly those with disadvantages, to prevent financial burdens and promote equal opportunities for suitable and sustainable housing (CRPD, 2008).

**Adaptability:** Designing residential spaces that can be easily adjusted or modified to accommodate the changing needs of individuals with disabilities, allowing them to live independently and comfortably as their circumstances evolve (CRPD, 2008).

**Acceptability:** Focuses on promoting practices and policies that recognize the rights of individuals with disabilities, fostering societal acceptance and support

for accessible and inclusive housing all while eliminating discrimination and ensuring their inclusion in housing decision-making processes (CRPD, 2008).

These definitions highlight the UN's commitment to promoting accessible, affordable, adaptable, and acceptable housing options for individuals with disabilities, in line with the principles outlined in the Convention on the Rights of Persons with Disabilities (CRPD) and other relevant UN instruments. Social housing schemes around the world are encouraged to cover these four topics. In this research, the main concept studied is **Affordability**.

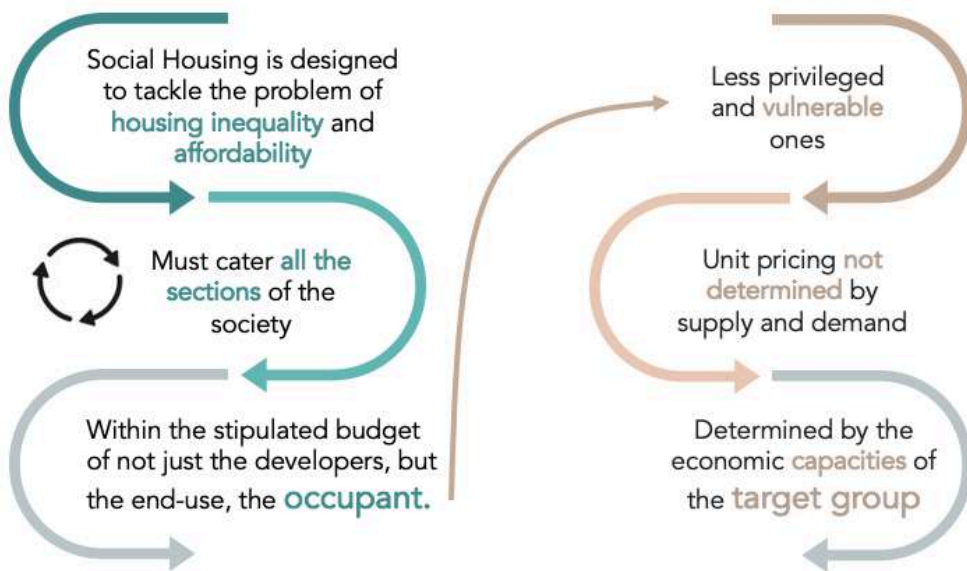


Figure 1: Aim of Social Housing

Source: Author, 2023

## 2. Selected social housing concepts around the world.

“Affordable housing” has different names around the world and different concepts regarding tenure and occupants, payment, and unit status. A quick review of different views in six countries in the world highlight the same concept of affordability but underline the contrasts in the purchasing method.



Figure 2: Social Housing Around the World  
 Source: Author, 2022

Coming to the Global North, Malaysia defined social housing as “Government Housing,” whose target group is exclusively low-income individuals that are chosen by the authorities to be part of the system. The units are developed by public developers and are paid for and obtained, therefore being owned by the occupant. This means that the government has the power to choose the beneficiary of the system; however, it doesn’t own the units because they are paid for by the household over a long-term (EPU, 2013). The United Kingdom’s social housing system is “Council Housing,” where the tenure aspect differs since the units are developed by private companies but owned by social landlords who rent them to low-income tenants under state regulation. In this case, the occupant has the right to occupy the unit for a long term, even for life, without owning it as it is owned by a public-regulated entity (OECD, 2020). Austria, considered one of the most successful examples of social housing in the world, calls its system “Public Housing,” and it is addressed only to low-income individuals who occupy

the units for certain periods, but as tenants rather than owners. The units are built on government owned-land, sold to private entities who own them, operating under public regulations to ensure the units are rented to low-income households. As the units are rented at a very low price to make them affordable, the difference in price is covered by higher-income tenants as they pay a higher rent to subsidize the cheaper units (NPR, 2020).

Germany has a well-developed social housing system that places a strong emphasis on affordable rent for low-income households. The government, public housing companies, and municipalities work together to construct, manage, and allocate social housing units with regulated rents. Rent levels are set at affordable rates, often based on the tenant's income, ensuring that housing costs remain manageable for low-income individuals and families. This focus on affordable rent helps to alleviate the financial burden on low-income households, providing them with stable and affordable housing options. The social housing system in Germany strives to ensure that all residents have access to housing that is not only suitable but also affordable, contributing to housing stability and reducing housing inequality in the country (Droste and Knorr-Siedow, 2014).

Moving on to the Global South, Egypt has a different view of the target group as "Social Housing" is open to all the citizens to purchase, meaning that the occupant owns the unit, but it is addressed to low-income individuals as the prices are significantly lower than market price. The units are acquired through small, advanced payments before delivery, and long-term loans (5-15 years) to pay the remaining fee. Here, the state subsidizes a portion of the interest rates for the loan and grants and decreases the amount of the advanced payment in special cases for the most vulnerable ones (Abdelwahed, 2020). It's important to highlight that Egypt delivers social housing units finished and fully-equipped. Colombia also names its system "Social Housing" and it is open to all citizens to obtain through payment. The units are significantly cheaper than market price and can be purchased thanks to long-term low-interest rates, multiple subsidies, and the state's help. However, these benefits apply only to low-income citizens to



get easier access to affordable housing (Beuf, 2016). Colombia delivers social housing units in core-shell style\*, partially equipped to ensure liveability.

\*Core-shell: Refers to a construction delivery style that involves creating a central core structure surrounded by an outer shell or envelope. The core typically includes essential elements such as load-bearing walls, columns, and utility services, while the shell acts as the protective and insulating layer around it. The units delivered in this style don't have any finishing, such as cladding, tiling or carpentry elements. Although all installation points (energy, water and gas) work and are suitable to connect to home appliances such as stoves, heaters and showers.

The examples from the Global North show that their social housing systems are reserved only to low-income users in a vulnerable situation, and mostly under rental schemes. On the other hand, examples from the Global South show that the right to obtain units is open to all citizens, mostly paid-obtained and not rented, driving the system into market dynamics.

According to the Habitat III New Urban Agenda, adopted in Quito in 2016, the rapid urbanization projected to occur by 2050 presents significant sustainability challenges, particularly in housing. The agenda envisions cities and human settlements that progressively recognize the right for adequate housing to all individuals. To achieve this vision, equal access to adequate and affordable housing is emphasized. The agenda commits to promoting the provision of housing that is not only sufficient and affordable but also accessible, resource-efficient safe, resilient, well-connected, and well-located. It also encourages stimulating a diverse range of housing options and promoting equitable and affordable access to sustainable housing (Al Sioufi, 2016). These principles and commitments underscore the importance of addressing housing needs in a holistic and inclusive manner to create sustainable and inclusive urban environments. Due to this, the Colombian social housing system is the scope of this research, highlighting its status and reviewing its affordability and accessibility.

#### 4. Case Study: Colombia, South America

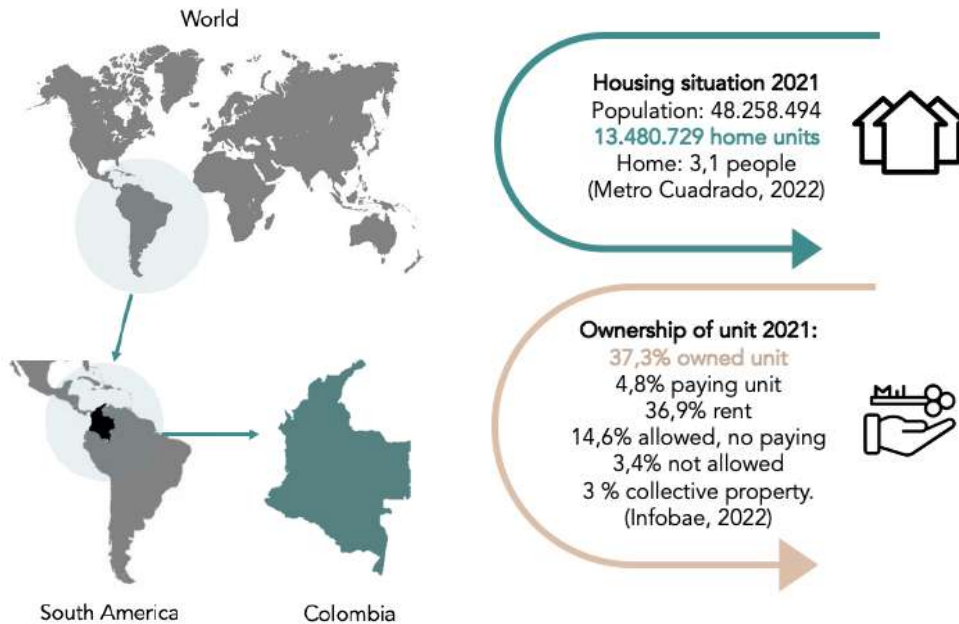


Figure 3: Location of Colombia, Housing and Ownership Situation

Source: Author, 2022

##### 4.1. Context

Colombia, located in the North-West part of South America, has a population of almost 51 million people in around 14 million homes, considering that a home is occupied by 3,1 people (Metro Cuadrado, 2022). In those 14 million homes, only 37% of them are owned, meaning that around 63% of the homes are rented under different regulations. Social housing systems worldwide are one of the tools to provide affordable housing for all, and Colombia hosts a social housing system open to all citizens. Social housing schemes in Colombia are instrumental in tackling the housing deficit by providing affordable and secure housing options to low-income individuals.

#### 4.2. Housing deficit:

According to DANE, in 2022, the housing deficit in Colombia reached 31%, distributed in 7.5% , with a quantitative deficit and a 23.5% qualitative deficit. Even though the housing deficit has been constantly decreasing in the last 10 years, the rate to tackle is still high. Usually, one of the tools to tackle housing deficit is the creation of a social housing systems with programs which provide solutions to those with less economic, social and financial opportunities. However, in Colombia, these programs haven't been able to assure units to those who need it the most, instead leaving the most vulnerable ones out of the social housing system, which is explained in the following map:

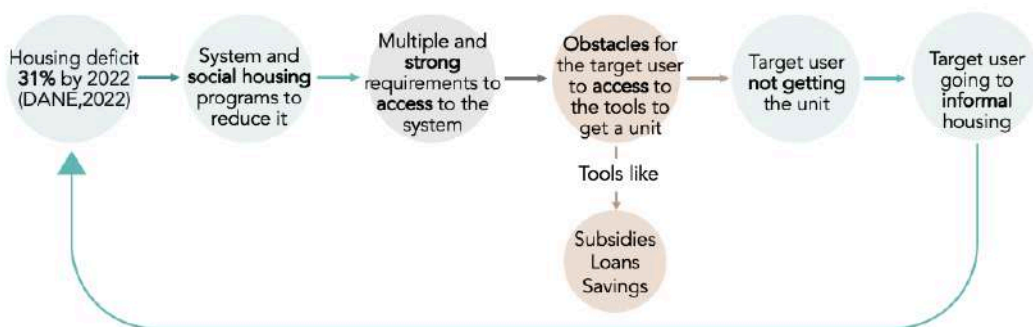


Figure 4: Cycle of housing deficit in Colombia

Source: Author, 2023

Social housing programs are on the rise in Colombia to help reduce housing deficit, but the requirements to apply to them are becoming stricter. Many requirements in the application system are obstacles to the target user (low-income individuals) to access the tools required to enter the system. Tools such as subsidies, loans, savings, mortgages, grants and vouchers call for strict requirements and a significant portion of the target user does not comply with the requirements, making them unable to access the units. This issue can be reflected with target users migrating to informal housing sectors, within and outside of cities, increasing informal developments and not allowing the housing deficit to decrease. This ongoing circle highlights difficulties from the very core

of the structure of the system, mitigating the social housing program's aim to provide "housing for all".

The aim of the Colombian social housing system was defined in 2016 as to "guarantee the existence of developable land for housing construction through strategies aimed at consolidating the supply and demand model of the housing policy to provide accommodation solutions for the most vulnerable population" (Ministerio de Vivienda, 2022). This is aimed at tackling the increasing housing deficit and encouraging social housing development, ending in a system that sells the units to everybody at the same price, regardless of their income. It is merely a purchasing system.

In Colombian society, owning a place to live means safety and future certainty. Economic instability in Colombia has been persistent for several decades, profoundly impacting the housing market. Factors such as high unemployment rates, inflation, and income inequality have contributed to a situation where many Colombians perceive homeownership as a way to achieve financial security and stability (El Pais, 2021). In this context, renting a property is often viewed as a less desirable option as it is seen as temporary and uncertain arrangement that offers a different level of long-term financial security than owning a property. This perception of economic instability has been a significant challenge for policymakers seeking to promote the development of social rental housing schemes as it has limited the demand for such initiatives among the broader population. Facing this, the social housing system in Colombia is highly addressed to selling units instead of renting them. Therefore, the system is based in the four financial pillars below:

- **Social Housing Unit:** The parameters of this unit aim to assure habitability and liveability in all senses, meaning that as soon as the unit is delivered to the occupant, it can immediately be utilized as it contains all essential services required in a household. As previously mentioned, a

social unit in Colombia are purchased by the user, and its price cannot be higher than 150 mmw (minimum monthly wages).

- **Subsidy:** State contribution is granted only once to those whose income is less than 4 mmw, without needing to be repaid (Min. Trabajo, 2018). The subsidy is granted according to the income – lower income result in higher subsidies.
- **Borrowing Capacity:** To purchase a social housing unit, credit capacity is required as savings and subsidies don't cover the unit's total price. Therefore, getting a loan from a financial entity is a must for those who cannot afford to pay for the entire unit, with the loan being a financial entity lending resources under specific interest rates (LaHaus, 2019)
- **Minimum Monthly Wage 2023:** The mmw for Colombia for 2023 is COP 1'300.000, which is approximately \$278,30 USD.

These four pillars are linked to the social housing system. They cannot work separately because the unit's price is determined by the mmw to the delivery year, and the subsidy as a state's contribution and credit capacity are granted according to the income of the user.

### 4.3. Background Information

Colombians have diverse living arrangements influenced by socio-economic status, urban or rural locations, and cultural traditions. In urban areas, apartment living is common, while rural areas often feature traditional single-family homes or farmhouses. Extended family households are prevalent, fostering strong family ties. Informal settlements exist on the outskirts of cities and formalized neighbourhoods dominate in the urban areas.

The housing situation in Colombia exhibits regional disparities in the access to services and infrastructure. While some enjoy modern housing, others face inadequate conditions and limited utilities. Efforts to improve housing conditions and reduce the deficit include social housing programs, subsidies, and infrastructure development initiatives (MinVivienda, 2022)

#### 4.3.1. Housing types overview

In Colombia, housing can be categorized into various types, with social housing being a distinct category aimed at providing affordable housing options for low-income individuals and families. Below is an overview of the different types of housing in Colombia, including social housing:

- **Social Housing:** Refers to government-sponsored housing programs that target low-income households. These programs aim to provide affordable and decent housing options to individuals who cannot afford market-rate housing. Social housing projects are typically subsidized by the government and come with specific eligibility criteria and income limitations (MinVivienda, 2022)
- **Formal Housing:** Formal housing refers to properties that meet legal requirements and are constructed according to established building codes and regulations. These properties are developed by private companies or individuals and typically include apartments, townhouses, and detached houses. Formal housing units are sold or rented at market rates and are not necessarily targeted exclusively at low-income individuals (Camacol, 2023).
- **Informal Settlements:** Informal settlements, also known as slums, are areas characterized by inadequate housing and lack of legalization of public services such as water, sanitation, and electricity. These settlements often emerge due to rapid urbanization and a shortage of

affordable housing options. Informal housing is typically self-constructed and does not comply with formal building standards or regulations. These are highly present in the city's outskirts (Observatorio de Vivienda, 2021)

- **Rural Housing:** Rural housing refers to dwellings located in rural areas outside of urban centers. These types of housing units are often found in agricultural or farming communities. Rural accommodation in Colombia can vary significantly in terms of construction materials, design, and access to basic services (MinVivienda, 2022)

#### 4.3.2. Timeline



The housing deficit issue has been a constant in the Colombian context since the 1930s, and it's largely a result of cities growing rapidly, with an increase in the urban population, and the absence of inclusive mechanisms to provide affordable housing.

According to the Oxford Business Group, “with an annual urban population growth rate at over 5%, the housing deficit was estimated to be around 800,000 units in the early 1980s, and it is expanding annually” (Business Group, 2023), meaning that although new social housing programs appear, the housing deficit rate is still too high and is not being entirely addressed.

Hence, since the early 1950s, social housing programs started to appear to work towards fixing this housing deficit, creating multiple tools and instruments to make it more accessible.

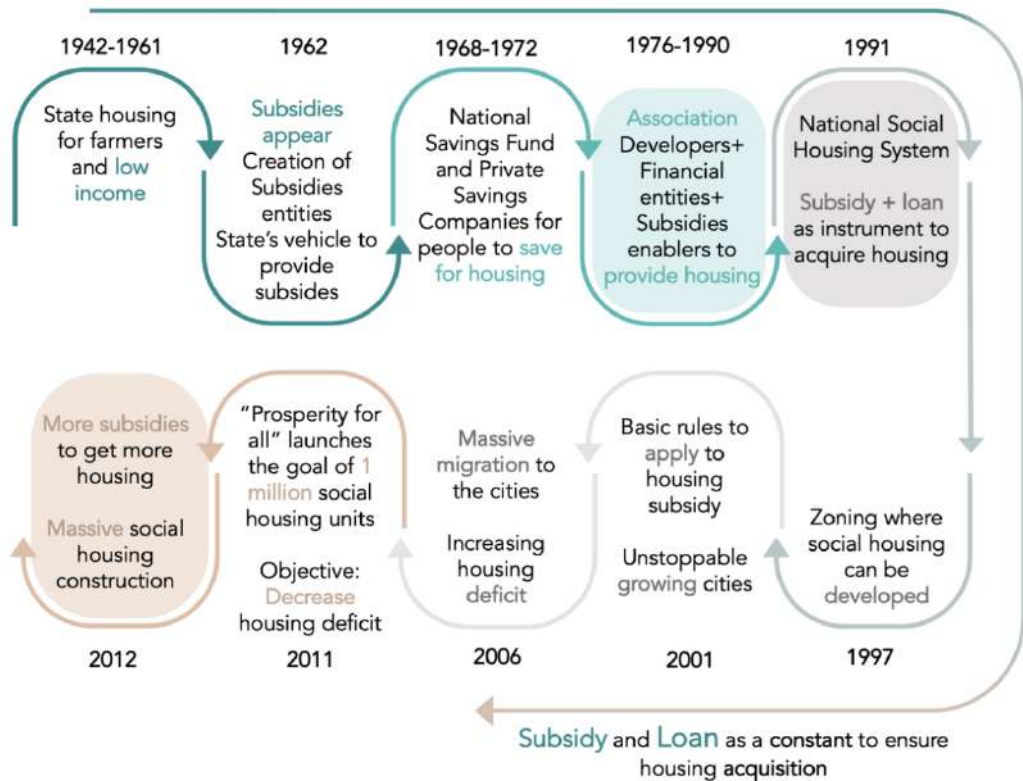


Figure 4: Timeline for social housing system

Source: Author, 2023

Between 1940 and 1960, state housing programs were launched only for farmers and low-income rural inhabitants, a system where the state provides affordable housing to vulnerable populations. These programs were created solely for these two groups, culminating in the creation of the “Family Compensation Funds” in 1962 which, at the time were non-profit driven entities that managed the state’s contribution to grant subsidies, playing as a third-party vehicle to enable users to access to these subsidies. By 1962, the system was open to all citizens but was still focused on low-income individuals (Pecha, 2015).

In the following three decades, from the 1960s to the 1990s, the National Savings Fund and the Private Savings Companies were created, launching several benefits and incentives for citizens to start saving money in a locked account that could only be unlocked to purchase a housing unit. This encouraged people to



save some of their income for a new housing solution. In parallel, the pillar core of the Colombian Social Housing System was created, which is the association between the three main actors: Construction companies, Financing corporations and Family Compensation Funds. This association was designed for these three actors to work concomitantly and with the same aim, providing affordable, accessible, and fast housing solutions to all citizens regardless of their location, whether rural or urban (Escallon, 2010)

The decade from 1990 to 2000 marked a milestone in the housing apparatus because the National Social Housing System was created to gather all social housing programs around the country, compile them in one frame, and organize them with only one goal and the same regulations in the whole country. This is when the main instrument for social housing acquisition appeared: **Subsidy + Loan**. (Jolly, 2007) The aim of this instrument was to reinforce housing purchases with the help of the state through grants as subsidies and financial tools like loans with low-interest rates.

From 2000-2010, the main cities experienced rapid and unstoppable growth due to massive migration from rural areas. Cities such as Bogota, the capital city, as well as Medellin, Cali, Barranquilla, and Armenia, as secondary cities, faced an outbreak in the fringes of the city, therefore an increasing informality rate (Jolly, 2007). The National Social Housing System granted the territorial municipalities independence to grant land regulations and applications for subsidies, for them to recognize the housing demand in their territories and enable certain lands to be developed as social housing schemes. This allowed all territories to implement their social housing programs and to undergo massive construction to deliver units for the fast-growing demand quickly.

In 2010, the housing deficit reached 37% (DANE, 2023), highlighting the strong demand and lack of affordable options around the country. For this, the national government launched an ambitious program called “Prosperity for All” with the goal of delivering one million social housing units in the following three years

(2011-2014). This program was partly financed by the World Bank, who stated, “the project will finance public-private partnerships that require the intervention of the public sector for on-site real estate integration, the establishment of urban regulations for land use and exploitation and the organization of additional financing schemes. The participation of the private sector is present in the establishment of the real estate trust fund, in project financing, and the contracting of a private party for its execution” (World Bank, 2011). Here, it is shown that the country invested all its efforts into reinforcing the National Social Housing system to tackle the housing deficit, by linking public and private actors and encouraging the private developers to use the available land to build social housing macro-projects.

As a result of this program, the demand for the units increased, and massive social housing construction became the engine of national development (Camacol, 2015). Consequently in 2012, the National Government launched more subsidies for easier access to units, reaffirming that a subsidy and a loan are the main instruments in the acquisition of social housing.

In 2015, a subsidized rent scheme appeared called Social Renting (Arriendo Social in Spanish). Arriendo Social is a housing program that provides affordable rental options for low-income individuals and families. It offers rental subsidies to eligible beneficiaries, targets vulnerable populations, and collaborates with private landlords. The program aims to improve access to decent and affordable housing and may include supportive services, and it's implemented at the local level, varying across regions. However, its reception was not very significant, although the program is still currently running (FNA, 2018)

From 2012 to today, the construction of social housing projects has played a massive role in tackling the housing deficit; however, the strict requirements to access leads to the system not covering the needs of the target group and developing massive social housing projects that are not adequately addressed.

### **4.3.3. What is social housing in Colombia.**

After understanding that social housing is a type of housing in Colombia, its definition must be provided; however, according to several scholars and researchers, Colombia stills lacks an exact definition of social housing. Due to the absence of vast studies on public policy on social housing, like almost all so-called "social" policies, public housing policies in Colombia have been marked in the last ten years by profound transformations and drastic reforms to match them with the reality of the housing users, whether they are middle class or from a more vulnerable section of the population (Jolly, 2010). These transformations are certainly not inseparable from those that have affected the entire field of social policies, such as the targeting of spending on the poorest or those with the lowest income, the replacement of supply-side action ("the state building housing for the poor") with several subsidies for demand, the granting of loans with extra benefits, and the fundamental importance given to the market dynamic due to its dependence on the construction field (Molano, 2014). To these reforms common to all public policies must be added the particularities linked to the specific and very complex nature of housing, both a complex, mixed, and costly good and service, a fundamental need to be satisfied, and a right to be enforced according to article 51 of the 1991 Colombian Constitution that speaks of the "right to decent housing". It is also an investment for households and the economy in general, and a product of the construction industry, highlighted as the engine of the country (Camacol, 2022). However, despite the importance of the issue and the problem to be solved, there are very few studies dedicated to social housing policies. Therefore, there is no strict definition of social housing in Colombia.

Meanwhile, state policies argue that social housing is housing that any citizen can afford, and the 706 decree of 1995 argues that social housing is aimed at those homes with an income of four or less mmw (Juriscol, 2015). Architects, on the other hand speak about "popular housing", and the popular social classes and scholars call it "affordable housing" as it's sold lower than market price (Escallon, 2011).

By trying to create a holistic, precise, and short definition of social housing, several decrees and policies were studied reaching the conclusion of, **social housing is that type of housing corresponding to homes which income is equal or less than 4mmw, affordable through several subsidies and delivered in habitable conditions.** The specific eligibility criteria and income thresholds for social housing programs may vary depending on the program and region (MinVivienda, 2022). However, the general aim is to provide affordable housing options to those who cannot afford to purchase or rent housing at market prices.

The following laws and decrees highlight parts from each, constantly changing but keeping the core of the previous statement.

1968 - National Social Housing and Urban Reform Institute (INURBE) was established to promote and regulate social housing policies. It aimed to centralize and regulate social housing policies in Colombia, to address the housing needs of the population (Funcion Publica, 2003)

1991 - The Colombian Constitution recognized the right to adequate housing and established the principles of social function and sustainability for urban development. It enshrines:

**“The right to adequate housing, emphasizing the importance of housing as a fundamental right”**

It also emphasizes the principles of social function, ensuring that urban development serves the collective welfare, and sustainability, promoting environmentally responsible practices (MinVivienda, 2004). From here, social housing policies have been constantly changing as it follows:

- **1991 - Law 3:** Established the National System of Savings for Housing (Sistema Nacional de Ahorro y Préstamo para la Vivienda, SNPV) to

promote homeownership through savings and mortgage loans. It aimed to facilitate access to housing by stimulating savings and providing mortgage loans. The system encouraged individuals to save towards the purchase of a home and facilitated the availability of mortgage credit for homebuyers (FNA, 2001).

- **2002 - Law 812:** established the National Housing Fund (Fondo Nacional de Vivienda, FONVIVIENDA) to provide subsidies and financing options for low-income households. It aimed to give subsidies and financing options specifically targeting low-income families (FNA, 2021)
- **2005 - Law 1098:** established the "Social Interest Housing" program (Vivienda de Interés Social, VIS) to provide affordable housing solutions for low-income families, it aimed to ensure that affordable housing options were available to those who could not afford market-rate housing (MinVivienda, 2008)
- **2006 - Law 1151:** Introduced measures to streamline the construction and approval processes for social housing projects by simplifying bureaucratic procedures, the law sought to facilitate the development and implementation of social housing initiatives, making them more efficient and accessible.
- **2010 - Law 1424:** Expanded the Social Housing program and established mechanisms for public-private partnerships in the housing sector, encouraging collaboration between government entities and private organizations to address housing challenges effectively and broadening its reach to include more beneficiaries (MinVivienda, 2014).
- **2013 - Law 1537:** Created the "Free Housing" program (Vivienda Gratuita) to provide fully subsidized homes for vulnerable populations. It

targeted individuals and families who were unable to afford housing through other means, ensuring that the most disadvantaged segments of society had access to safe and adequate housing.

- **2014 - Law 1715:** Established the "Rental Housing" program (Vivienda en Arriendo) to promote affordable rental options for low-income households (MinVivienda, 2022).
  
- **2019 - Law 1955:** Expanded the scope of the Social Interest Housing program (Vivienda de Interés Social, VIS) to include middle-income households by expanding the eligibility criteria that sought to address the housing needs of a broader segment of the population and promote social inclusion (MinVivienda, 2022).
  
- **2020 - Law 2018:** Introduced measures to promote sustainable urban development and encourage environmentally friendly construction practices. It aimed to encourage using energy-efficient materials, promote green spaces, and foster environmentally sustainable infrastructure within social housing projects.
  
- **2021 - Law 2079:** Established the "Social Rental Housing" program (Vivienda de Interés Social en Arriendo, VIS en Arriendo) to provide affordable rental options for low-income households; it aimed to provide safe and affordable rental housing for individuals and families who were unable to access homeownership. However, not many programs came out of this law (MinVivienda, 2022).
  
- **2021 - Law 2121:** Aimed to streamline and simplify administrative processes related to social housing projects, it aimed to simplify procedures, reduce bureaucratic barriers, and facilitate the development and implementation of social housing initiatives, ultimately improving efficiency in the sector (MinVivienda, 2022)

These recent laws have continued the efforts to address housing needs, promote sustainability, and enhance access to affordable housing options for different segments of the population in Colombia.



Figure 5: Social Housing Prototypes

Source: Author, 2023

#### 4.3.3.1. Social Housing Unit

With constantly changing policies and on-going processes, the social housing unit must accomplish all market-housing normativity but has particular aspects when it comes to finishing, as follows:

**Price:** No more than 150 mmw. In some municipalities, according to importance and urban scale, units don't overpass 135 mmw; however is only few around the country.

**Conditions:** Liveable, habitable, and suitable for all kinds of homes. Minimum 1 bathroom, one kitchen, 1 room and one laundry space.

**Parking slot:** Not mandatory, depending on the municipality normativity, it can go from 1 parking slot for 2 units until 1 parking slot of 5 units.

**Size:** Depending on the municipality normativity, but the minimum size is 42 m<sup>2</sup> (SPD, 2022)

**Delivery:** Core-shell, concrete, or brick walls without cladding. Concrete floors as not tiled slabs. All public services are linked, with private meters and with points ready to use (Energy, water, gas). One TV point and one internet point. Water heater not mandatory. One electric outlet per space. Aluminum windows and laminated glass in all spaces. Every room needs to have access to natural

ventilation and illumination of minimum of 1m<sup>2</sup>. Main door with safety lock. All areas need to have minimum of one electric blub and one switch.



Figure 6: Room inside Social Housing Unit  
Source: Quirá Reservado, 2023



Figure 7: Living room inside Social Housing Unit  
Source: Quirá Reservado, 2023





Figure 8: Kitchen inside Social Housing Unit

Source: Quirá Reservado, 2023



Figure 9: Bathroom inside Social Housing Unit

Source: Quirá Reservado, 2023

- **Rooms and social spaces:** Core-shell, no tiling, no cladding, no carpentry, no wardrobes, or doors.
- **Kitchen:** Counter 1.20 m length minimum, one gas stove with four places, one sink, tiled floor in ceramic, wall in front of the counter tiled until 1.3m height, one GFCI outlet.

- **Laundry space:** One sink, tiled floor in ceramic, walls tiled until 1.8m height, hydraulic point for washing machine drainage, one GFCI outlet.
- **Bathrooms:** Minimum one bathroom finished. Cabin space with shower, accessories, floor tiled with non-slippery tiles, walls tiled until 1.8m height. Toilet and sink functioning and floor tiled with normal ceramics outside of the cabin.

In average, around 10-16, mmw are required to finish a social housing unit, with flooring, tiling, ceiling, carpentry for all spaces and lightning. However, if not completed, the unit still has all the services and shelter conditions.

#### 4.3.3.2. Social Housing System

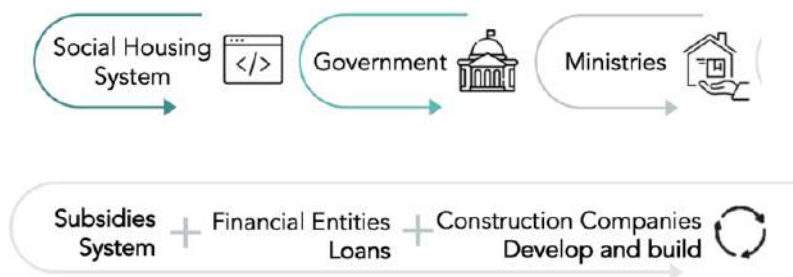


Figure 10: Structure of the Social Housing System

Source: Author, 2023

The social housing system in Colombia is regulated by the National Government, who is the main body that gathers all the actors in a joint structure. The ministries (Housing, Finance and Labour) are the entities in charge of designing programs, assessing, and working on the system, and monitoring the processes to achieve the established goals from the government. Additionally, the ministries regulate all the stakeholders that operate under the housing policies like funds, trustees, cooperatives, and construction companies (Ministerio de Vivienda, 2022)

**Core:**

**Subsidies System + Financial Entities + Construction  
Companies = Purchasing and Payment**

The association between the three main actor groups in the core to deliver the units, each group of actors gathers all the companies within the same field, private and public sectors are involved. The subsidies enablers are the vehicles to deliver the subsidies granted from the government, the financial entities like banks, cooperatives, and funds are the ones who give loans and open credit life for the applicants, and construction companies gather all the developers and executors that work physically in the product to deliver (Ministerio de Vivienda, 2022)

The union between these three groups, was designed for the user to have easier access to the social housing units. If all the requirements to apply to the subsidies, the loans, and the purchasing are correct and complete, the housing unit's price will be almost 40% by subsidies, loan interest funding and discounts (Beuf, 2016). Following, the subsidy application and the payment method will be described.

**4.3.3.3. Subsidies System**

In Colombia, housing subsidies are provided by the government to assist low-income individuals and families in acquiring decent and affordable housing. The main objective of these subsidies is to promote social inclusion and reduce housing inequality in the country. Programs such as "Caja Compensacion Familiar" (Family Compensation Fund), "Mi Casa Ya" (MyHouseNow) and "Fondo Nacional de Vivienda" (FONVIVIENDA, National Housing Fund) provide different subsidy options based on eligibility criteria.

Subsidies can be partial assistance to cover a portion of the initial installment or interest rate reductions for the loan life. Applicants must meet specific

requirements and apply through government agencies or financial institutions. Recipients have responsibilities, such as using funds appropriately and maintaining the property.

### 4.3.3.3.1. Family Compensation Fund Subsidy

**Actor: Family Compensation Fund**

**Sector: Private**



Figure 11: Subsidies System  
Source: Author, 2023

From the core of the system, the Family Compensation Funds are the private bodies that manage the public resources from the government and turn them into subsidies to acquire housing, among others (Pecha, 2011). In order to get a subsidy, four requirements need to be fully completed to be granted the benefice. All the requirements must be accomplished. Otherwise the subsidy won't be granted (Compensar, 2022).

As information, these requirements also apply to the acquisition of the loan, meaning that the subsidy application is working as the first filter for the requirements of the social housing system.

The requirements are listed as follows:

1: The applicant's income must be between 1 and 4 mmw. This is in order to grant the benefit only to the most needed ones.

2: The income source must be verified by a contract in case the applicant is employed, or by a registered accountant in case the applicant is independent.

3: The applicant must pay (and have paid for the last six months) all the social security items, which include:

- Health insurance
- Retirement savings
- Work risk affiliation

4: The income must be banked or digitalized through a verified and regulated financial entity which produces monthly statements

Income (mmw)	Subsidy (mmw)
1	30
2	30
3	20
4	20

Also, all applicants for subsidy cannot own a real estate property or have been granted with a prior donation. This subsidy will cover a maximum of 30 mmw. This chart presents the granted subsidy amount compared with income.

Figure 12: Simulation Income vs Subsidy  
Source: Author: 2023

#### 4.3.3.3.2. MiCasaYa Subsidy

**Actor: Ministry of Housing**

**Sector: Public**

The MiCasaYa subsidy program aligns with Gustavo Petro's (President from 2022-2026) new government. Since its creation in 2015, the housing protection and promotion plan has supported the development of thousands of Colombians with low-income. For 2023, the subsidy had new adjustments for its application, being more addressed to the most vulnerable population, meaning those

registered in the public social security system SISBEN\*, Identification System of Potential Beneficiaries of Social Programmes (Sistema de Identificación de Potenciales beneficiarios de Programas Sociales) and have low scoring, meaning that their housing situation is not safe, and lacks proper quality.

\*SISBEN: Sistema de Identificación de Potenciales Beneficiarios de Programas Sociales, Potential Beneficiaries of Social Programs Identification System, SISBEN as a public entity, organizes family groups at different levels according to their economic situation through a score based on the reported information of the family surveyed that can be between zero (0) and one hundred (100) and allows beneficiaries of social programs in situations of poverty and vulnerability to have help from the Colombian State, help such as housing subsidies, access to education and public health insurance.



The requirements are listed as follows:

1: Already chosen a house of social interest: To apply, the user needs to have an already chosen unit according to their needs

2: Marginalized area in the country: The user needs to be settled in a marginalized area inside Colombia, as slums or informal settlements, wether rural or urban.

3: Current housing with low scoring: The scoring at SISBEN needs to be low so the subsidy can be granted only to people in very vulnerable housing status.

Figure 13: MiCasaYa Requirements  
Source: Author, 2023

4: Pre-approved housing loan: The interested user needs to have a pre-approved housing loan that covers the remaining price aside from the subsidies coverage.

This subsidy will cover maximum of 30 mmw.

Even though subsidies grant access to benefits to purchase a unit, all the requirements are easily fulfilled by the formal sector workers under employment contract or independent business advice by regulated accountants. Also, in the case of MiCasaYa, certain level of formality needs to be considered, as housing loans require this. However, those working under the informality cannot fulfill all the requirements, leaving them outside of the option to apply to a housing subsidy.



Figure 14: Informality Data

Source: Author: 2023

By 2022, according to DANE, there are nearly 23 million working people in Colombia. From these, 9,41 million people are involved in the formal sector, which means they can apply to the subsidies if needed. Still, there are 12,74 million working people in the informal work sector, meaning that the subsidies

structure, is leaving 58,1% of the working force outside of the system, therefore, no social housing acquisition opportunity. It is vital to highlight that most of the people working under informal works are also households in the informal sectors, facing qualitative and quantitative housing deficit (IDMC, 2020). Consequently they are the target group of the social housing system, but as seen, they are the first ones into step outside of it.



With this, it can be concluded that the subsidies system works as the first filter to get into the social housing system, assuring that the applicant has the right conditions to access to the benefice granted by the state and to access to a loan. However, it has no inclusivity for all the population, and its only channeled to those under formal situations.

For those who can access the subsidy, the next step is accessing to the tools for purchasing, which will create the payment method. One of these tools is the housing loan.

#### **4.3.3.4. Loan system**

**Actor: Financial entities as banks or cooperatives**

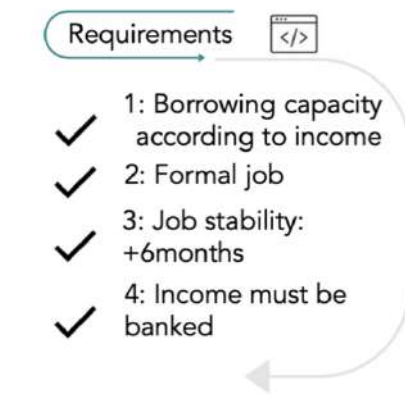
**Sector: Private**

The specific requirements for loan eligibility can vary from the institutions requirements and the amount of loan being sought. However, there are some common conditions that borrowers typically need to meet.



1. **Loan Eligibility:** To be eligible for a housing loan, borrowers typically need a stable source of income, a good credit history, and the ability to make the required down payment.
2. **Loan Repayment:** Borrowers are required to make monthly repayments towards their housing loans, which typically include principal and interest payments. Depending on the loan terms, the repayment period can range from 1 to 30 years. Some borrowers may choose to repay the loan early, but prepayment penalties may apply in some instances.
3. **Loan Insurance:** Mortgage insurance is often required for housing loans in Colombia. It covers the lender in case of borrower default and may be a condition for loan approval. Borrowers are responsible for paying the insurance premiums, which are typically added to the monthly loan payments. (BBVA, 2020)

With these common conditions, applicants must meet certain requirements to obtain enough loan to complete the housing payment, as follows:



1: **Borrowing capacity:** Comes according to income; the higher the income, the higher the loan. Comes along with interest rates according to risk (Bancolombia, 2021)

2: **Formal job:** A job source that meets formal requirements as having a contract or, if self-employed, accountant verification.

Figure 15: Requirements for Loan  
Source: Author, 2023

3: Job stability: To set the loan application, the individual must have been working in the same company or job for at least 6 months. An accountant must verify this.

4: The income must be banked or digitalized through a verified and regulated financial entity which produces monthly statements

Income (mmw)	30 years loan (mmw)
1	35
2	70
3	105
4	140

This chart presents a simulation about income vs approved loan to contrast borrowing capacity for low-income applicants. When the income is higher than 2mmw, the rate increases significantly.

Figure 16: Simulation Income vs Loan

Source: Author, 2023

**4.3.3.5. Purchasing and Payment Method:**

**Actor: Financial Entities and Construction Companies**

**Sector: Private**

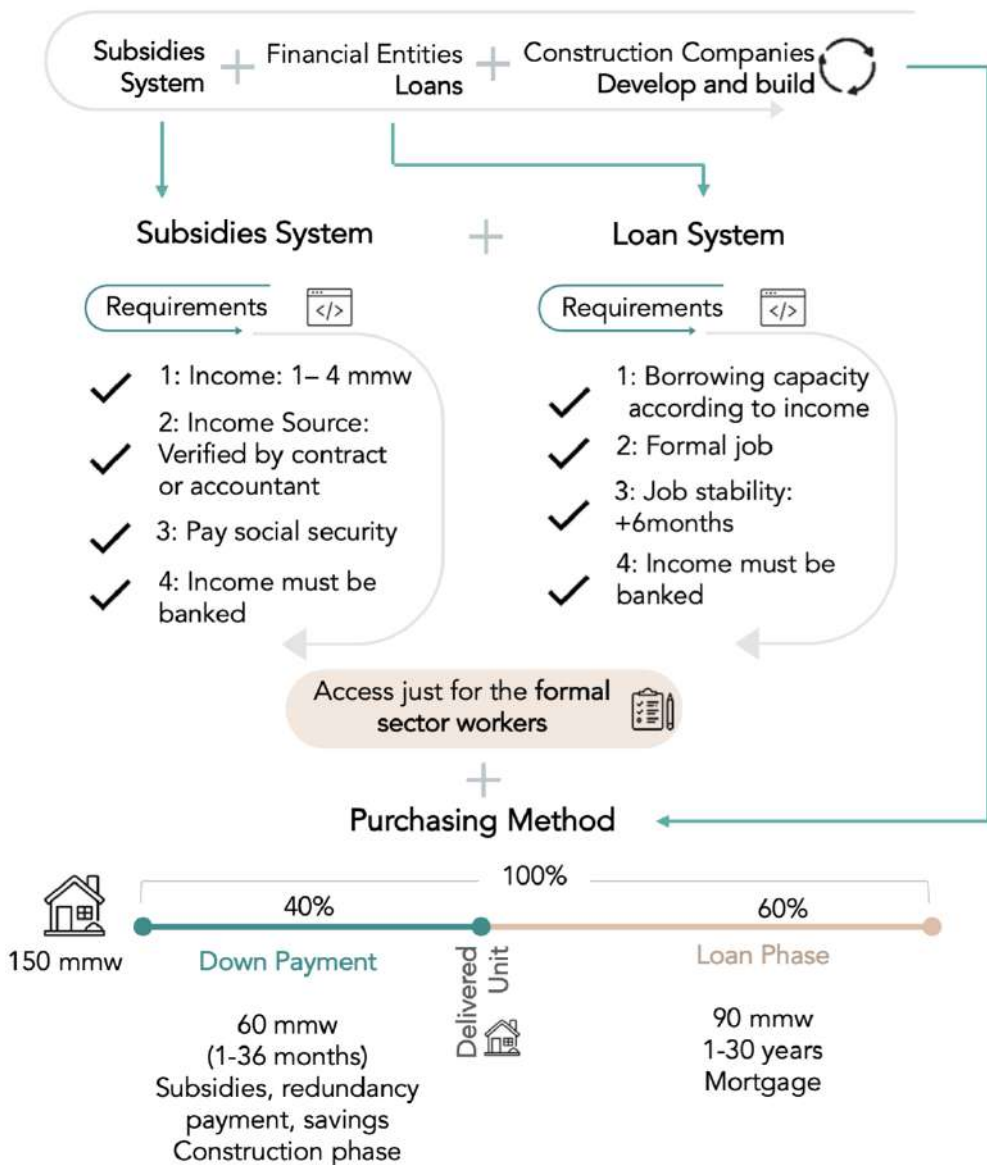


Figure 17: Purchasing and Payment of a social housing unit

Source: Author, 2023

The current social housing unit's price is 150mmw by the year of the delivery. The unit must be paid in two stages:

- **Stage 1, Down Payment:**

The term "cuota inicial" in English can be translated as "down payment" or "initial payment." In the context of housing loans or purchases, it refers to the initial amount of money that a borrower or buyer must pay upfront as a percentage of the total purchase price or loan amount.

From the 100% of the unit, 40% needs to be paid as a down payment before the unit is delivered. Without covering this 40%, the unit won't be delivered to the user. This down payment can be a lump sum payment starting the construction phase (0-36months) or divided into 36 monthly installments.

For this phase, subsidies, savings, and redundancy payment apply and must cover 60mmw from 0 to 36 months which is the construction time. These 60mmw comprehend maximum 30mmw which the highest granted amount in subsidies will cover, and the user covers the remaining 30mmw within lump sum payments or monthly instalments with self-income, savings, or redundancy payment. Having savings and redundancy payment highly reduce the monthly installments allowing more people to afford payments during this first phase.

Redundancy payment refers to the financial compensation given to those who lose their jobs due to factors beyond their control. It is governed by labor laws and is intended to provide support during the transition to unemployment. The payment is based on factors such as length of service and average salary. Employers are responsible for ensuring the payment (Colfondos, 2023). Individuals with this benefit can withdraw this redundancy payment to afford housing solutions or education programs.

Savings refer to previous money saved from the user to add to the down payment's total value, decreasing the remaining amount for the monthly installments.

The larger the down payment, the less interest to be paid because less loan is required.

- **Stage 2, Mortgage term:**

From the 100% of the unit, the remaining 60% will be covered by credit with a loan from a financial entity such as a bank, cooperative, public, and private saving schemes, or funds. This loan is a mortgage from 1 to 30 years with interest rates calculated according to the applicant's income.

The figure shows a basic loan simulation according to income vs subsidy.

**Income vs Subsidy vs Loan**

Income (mmw)	Subsidy (mmw)	30 years loan (mmw)
1	30	35
2	30	70
3	20	105
4	20	140

Figure 18: Comparison rates from income  
Source: Author, 2023

The granted subsidies and loan depend on the income from the applicant, therefore, from their borrowing capacity. As lower incomes result in higher subsidies, the down payment can be highly covered by the subsidies; however, lower the

granted loan, meaning that the remaining not covered by the loan must be covered in the down payment.

The following simulations will show the purchasing and payment process of two different applicants to the system, who already fulfilled the requirements for both, subsidy and loan.

## SOCIAL HOUSING IN COLOMBIA



Figure 19: Simulation Payment Method

Source: Author, 2023

**Person 1:** It earns 1mmw, placing it in the target users due to its low income. For a 1mmw salary, the granted subsidy will be 30mmw, and the loan will be 35mw, therefore, this applicant needs to cover 85mmw as an advanced payment for 36 months. It represents that this applicant needs to pay 2,3 mmw each month for 36 months. However its only income is 1 mmw, which is almost impossible to cover the advanced payment. Even though this person fulfills all the requirements for the subsidy and the loan granting, its income is not enough to cover stage1, leaving it outside of the social housing system.

**Person 2:** It earns 2mmw, still under the target users. For a 1mmw salary the granted subsidy will be 30mmw, and the loan will be 70, therefore, this applicant needs to cover 50mmw for the advanced payment. This applicant must pay 1,4mmw to the advanced payment, leaving only 0,6mmw remaining for self-sustainability. In comparison, this person earns more than the person1 but still cannot access to the system because the remaining wage is not enough to live for a month.

## 5. Findings in the system

### 5.1. Obstacles to the user



**Finding2: Subsidies+ loans for low-income user don't cover**



**Finding3: Lack of previous savings= difficulty to cover down payment**

With this, it is shown that even though the rate for the subsidy is high for low-income applicants, the loan will be less because there's not enough borrowing capacity, therefore an increased risk of no payment during a long-term mortgage. According to figure 19, Those individuals with higher income, from 2 to 4 mmw, can access the subsidies, the

loans and add savings, meaning that only mid-income users get the units designed for low-income users.

As seen, each one of the leading actors of the system work in an organized way in an inner aspect. They strongly follow the requirements and profile the user for it to get into the system and not put in risk whether the financial scheme through the loan or the construction company through the advanced payment. But, by working as individuals, the system is showing that it is not designed in integrated way, looking forward to the user needs. Instead, it is looking ahead for the benefits of the actors involved (Escallon, 2010).

The MiCasaYa subsidy program demonstrates a requirement for low-income to qualify. Paradoxically, if the user possesses low income, they are unable to attain the loan, resulting in the inability to purchase any housing unit.

## **5.2. Literature Review:**

It has been highly argued that the social housing system in Colombia is not responding to the needs of the target user, reflecting that the structure is being designed for all the stakeholders involved but neglecting the user of it, which by the end, should be the primary and key player instead of being the last one involved.

The actors themselves are not looking for the user but looking for their survival in the system, by construction companies claiming for materials prices reduction, the developers raising the land prices, by the banks maintaining the same interests rates for the loans of all kinds of housing, and ignoring that the user for social housing units cannot afford higher rates, by subsidies with inflexible and strict requirements, by a volatile market raising housing units prices, ending in non-achievable units for the target user.

This situation has been highlighting the unequal access to the housing units because housing for low-income families means having access to credit and having high borrowing capacity, which excludes the poorest, and the informal work labour (Beuf, 2016), therefore the level of access to the system, from the population in housing deficit is minimal and the target population covered is small (Pecha, 2011). Meanwhile, the middle strata households, those who have access to credit and the ability to savings, are the ones getting the units (Pecha, 2011), deviating the system from its main aim.

In accordance with the on-going research, there are homes that manage to benefit from the subsidy, but are unable to meet the mortgage credit requirements, which prevents them from using the same subsidy (Beuf, 2016), showing that both actors groups are not jointly working towards the user, but towards their inner structures.



When it comes to the unit's price, it's been argued that there are tensions between actors that prevent the land prices from decreasing, increasing the costs of construction, therefore producing more expensive units, unaffordable for the target user (Beuf, 2016). Consequently, a social housing unit of 150 mmw answers to a system that responds to the market, not the beneficiaries (Portafolio, 2022).

Finally, it can be inferred that the constellation of deficiencies along the system can be described as the absences and conflicts among the actors linked to it (Escallon, 2011) and that the user, is not being adequately taken into consideration when the application requirements and systems are designed.

In order to identify the deficiencies within the system, it is imperative to conduct a comprehensive profiling of the end users. Additionally, a thorough understanding of the complex relationships among the main actors and the role of the users within the system is necessary. A deeper understanding of the system's shortcomings can be attained by identifying the key actors and clarifying the users' role.

## Part 2: Empirical

## **6. Methodology and data collection**

### **6.1. Selected strategy**

As strategy for the entire research, the grounded theory strategy was selected. It is a qualitative research methodology that generates theories from analysis of data. It uses an inductive approach, constant comparison analysis, and theoretical sampling. The goal is to develop new theories based on the data rather than pre-existing ideas.

#### **6.1.1. Methods and Instruments**

##### **6.1.1.1. Qualitative: Open Interview**

This method delves into the perceptions, limitations, advantages, roles, and recommendations provided by stakeholders from various fields within the system. The method comprises 15 comprehensive interviews, with 13 open questions, held between February 10th to March 17<sup>th</sup>, conducted with actors representing diverse sectors, including developers, real estate agents, banks, cooperatives, public sector entities (such as municipalities and planning offices), construction companies, academics, and researchers. Despite the already expected limitations in the running, such as longer-than-expected interview durations, the data collection successfully gathered valuable insights. It addressed all the predetermined questions, resulting in 15 cross-checked interviews, highlighting the differing views and opinions regarding the system.

##### **6.1.1.2. Quantitative: Online survey**

The survey design is linked to the information the researcher is looking for; therefore, the quantity and type of questions must be defined by it. It's recommended that the design questions are designed in a way to avoid biased and prejudged answers and represent the real profile of the sample (Behar, 2008)

An online survey, with 18 closed questions, is held. Questions are done, such as age, income, source income and will to apply to the system. The survey follows a path to profile the user who wants to purchase units, or who has already purchased them, and ends with an open question about perceptions of the social housing units.

It was defined to reach minimum 200 surveys to have various types of answers and be able to profile several users. Therefore it was distributed online on channels of users interested into purchasing housing, regardless of the type of housing.

The survey, conducted between February 28th and April 12th, collected 219 responses. The participants were categorized into three age groups: 18-30, 30-40, and 40 and above. The survey explored various aspects of homeownership and social housing. Participants were asked about property ownership, renting status, desire to purchase a housing unit, familiarity with social housing, and attempts to access social housing units. The survey also inquired about reasons for not purchasing a unit, availability of savings or redundancy pay for down payment, employment status, economic activity, monthly income, banking income and social security participation, application and acquisition of housing subsidies and loans. The participants' opinions on social housing were also gathered as a final open question.



As assumed in the limitations in the research methodology, 60% of the viewers ended the survey, however, the submissions exceeded the expected number, therefore the responses were organized and cross checked.

### **6.1.1.3. Concurrent triangulation strategy**

Both quantitative and qualitative methods are mixed through a concurrent triangulation strategy, by analysing their results in a simultaneously way to have compared and cross-checked outcomes, interpreted, integrated, and analysed in a holistic way to have a more robust and nuanced understanding of the current system's status.

### **6.1.2. Methodological Connection**

As an integrated view of the system is needed, a comparison between qualitative and quantitative methods is required to contrast perceptions and realities.

Compare and contrast the findings from the surveys and interviews to identify convergences, divergences, or complementarities, then look for patterns or relations between them and consequently, analyse the qualitative data from interviews to provide a wider understanding, contextualization, and explanation of the quantitative survey results.

## 7. Analysis

### 7.1. Matrix of results

From the quantitative approach with the surveys, multiple results were obtained and were summarized in a matrix, to produce three profiles, the user getting the units for own housing, the user getting the unit for investment, and the user not getting the units.

The following matrix shows the summary of 2 groups of units, the purchased ones, and non-purchased ones, within 2 categories of user’s aim, own housing, or investment. From 219 participants, 80 were able to obtain the units, meanwhile the remaining 139 didn’t, due to different non-achievable requirements. A meaningful number of results were compiled to show all the characteristics that certain users have, and to understand why some units are being purchased by who, and why some users are more eligible to meet the requirements, regardless of their need to own a house.



Figure 20: Purchased and non-purchased units' percentages

Source: Author, 2023

The quantitative results are also contrasted with the qualitative data from the interviews to state findings about the users’ obstacles to purchase the units, according to their reality. This aims to generate holistic inferences according to both approaches.

		Purchased Units		Not purchased Units		Total
Purpose		Own House	Investment	Own House	Investment	
		42	38	126	13	219
Age group	18-30	3	1	37	4	
	30-40	16	13	56	5	
	40+	23	24	33	4	
Housing status	Living under rent		2	116	9	
Income	1mmw	3	5	81	3	
	1-2mmw	17	7	45	5	
	2-3mmw	14	11	0	2	
	3mmw+	8	15	0	3	
Job source	Employee with contract	26	22	59	7	
	Employee no contract	0	0	27	1	
	Self employed paying social security	8	9	22	4	
	Self employed not paying social security	6	6	18	1	
	Retired	2	1		0	
Requirements	Previous savings	20	23	46	4	
	Income in the bank	35	27	71	10	
Subsidy	Applied for subsidy	17	10	31	4	
	Obtained Subsidy	16	7	13	2	
Loan	Applied for loan	24	19	26	4	
	Obtained loan	24	19	16	3	

Figure 21: Conditions of Applicants to Social Housing

Source: Author, 2023

**Result 1:**

From the non-purchased units’ group, within the sampled population, approximately 20% consists of applicants in the young productive age group, from 18 to 30 years old. A significant desire among them is to acquire their own

house, but most of them currently live under rent, indicating a prevailing need for homeownership.

Furthermore, specifically 88% of this group earns just 1mmw under formal employment conditions, placing them in a privileged position when it comes to qualifying for subsidies and loans, as they meet all the necessary requirements. However, despite meeting the prerequisites, the outcomes differ in terms of subsidy and loan acquisition. Approximately 54% of applicants get the housing subsidy, and 27% manage to get a housing loan. However, despite getting a loan, none of the applicants can obtain a housing unit. This due to the insufficiency of the loan amount, which prevents the applicants to cover the complete housing costs, leaving them outside of eligibility, still being a priority group according to the state policy (refer to 4.3.4.)

As outcome from this overlapping, users in the young productive age category, from 18 to 30 years old, are in a need to own a house, but a significant proportion of them face obstacles due to their monthly income, which is low to achieve enough loan, but also show that having formal work conditions is advantageous in terms of eligibility for housing subsidies and loans. As mentioned from Claudia Blanco, the system is failing to provide enough opportunities for the vulnerable ones and not in terms of lacking a job, but in terms of youth (Blanco, 2023). The young population starting job life, won't earn enough to afford all living expenses at the same time as paying for rent and paying for a housing installment. The system right now is not recognizing that although the young ones have a higher rate of formal job conditions, they can't afford a down payment installment while paying rent.

## **Result 2:**

The same analysis was made for the next age group, showing that 37% of the participants are between 30-40 years old, 72% of them do not own a house and



81% lack sufficient income for both subsidies and loans. However, 85% applied for social housing, with only 11% receiving subsidies and 7% getting loans. Surprisingly, none of them have been able to obtain housing units. The policy neglects the financial challenge of paying rent while attempting to purchase a house with the strong requirement of a high down payment even though it can be paid by stages. Aside monthly expenses, this age group has a higher proportion of self-employment contributing to fewer subsidy and loan recipients, because the strong requirements frame the applicants in a formal job condition. It can be inferred that the higher the age, the higher the rate of users getting aside of employment life and going to self-employed, but also lower the chances to meet strong requirements for state policy systems.

This situation can be linked to the perspective from Jeiver Oviedo, representative from Bank of Bogota (Banco de Bogota in Spanish), stating that a potential solution to assist young applicants in the productive age group who aspire to own a house, is to grant rent subsidies while they are paying a down payment (Oviedo, 2023) This would alleviate their monthly rent burden, allowing them to allocate more resources towards paying this initial phase, which as seen, is the hardest phase to afford.

### **Result 3:**

When it comes to the purchased units' group, the matrix indicates that 27% of the participants already own a social housing unit, and all these acquisitions were made for investment purposes. Among this batch, 64% earn more than 2mmw, 21% obtained the housing subsidy, and 77% got sufficient loans for their housing purchases. Additionally, 37% of these users had previous savings available for the down payment, resulting in a 100% acquisition rate of the housing units.

This special group represents a population with relatively easier access to these housing units. Notably, this group comprises individuals who earn enough to

cover their rent expenses, additional investments, and other financial obligations, and having savings for the down payment to be easier to cover.

According to Leonardo Parada, owner of Constructora Exalta, is highly seen in his sales team, that approximately ¼ of end users of social housing units are individuals who earn more than 2mmw in the will to have an investment and not own housing (Parada, 2023) and this result confirms this statement, showing that this group of people achieve in an easier way the units as they earn enough to cover their living expenses including rent, and down payment expenses, possess a higher borrowing capacity, and maintain a stable and sufficient income regardless of their job source. It is important to recognize the challenges faced by vulnerable populations who lack these financial resources and stability and shape a system that includes them instead of segregating them, to ensure equitable access to social housing.

### **Result 4:**

A special group among the participants, is the taxi drivers' group. The findings reveal that among taxi drivers, which are 10% of the sample, 90% of them earn more than 2mmw, all of them claim that have applied for both the housing subsidy and loan. However, only 9% of them were successful in obtaining both the subsidy and loan, allowing them to acquire the housing units. By looking to their application process, is clearly shown that the current requirements for this group of self-employed individuals are excessively stringent, despite their ability to afford the housing units. Consequently, they face significant challenges in accessing these units. It is important to recognize that this group has stable and satisfactory income level, making them as feasible end users in the need of formal housing.

According to Olga Ceballos, senior researcher and academic, this lack of understanding of the user reality, is contributing to the rapidly increasing of housing deficit, coming from informal settlements. She states that strong

requirements and bureaucracy, hits in the highest limitation of the social housing system which is the speed. Informal settlements grow in a fast speed and to purchase a unit within them, an individual doesn't require more than paying capacity and as formal housing schemes don't offer this flexibility, they decide to move to informal settlement where housing solutions are easily achievable (Ceballos, 2023)

To address this reality, it is crucial to understand the unique circumstances of self-employed individuals, with enough income and revise the requirements for accessing social housing units. Relaxing conditions such as strict employment contracts or the need for a certain income threshold in the bank would be necessary to ensure that this group can fulfil their housing needs.

### **Result 5:**

As seen, 77% of the entire sample expressed their interest in acquiring housing units. Of these interested users, 60% attempted to purchase the units to secure a unit as own housing. Notably, 51% of the interested participants met the requirements for both subsidies and loans. However, 49% of them lacked previous savings and redundancy payment to fulfil the down payment. Consequently, only 7% of the interested users were successful in obtaining the housing units. According to the matrix, from the 80 purchased units, 43 of their buyers had previous savings, highlighting that having enough previous savings enable the units purchasing, however, is also showing that only individuals that have saving capacity, can access to the units in an easier way.

Although approximately one-third of the participants who expressed interest in acquiring housing units met the necessary requirements for subsidies and loans, less than 10% was able to obtain the units. In accordance to Sandra Caquimbo, senior researcher of housing in Colombia, the primary hindrance to the acquisition of social housing units is the absence of sufficient previous savings to

cover the down payment, which is highly costly according to the user than should access to social housing (Caquimbo, 2023). This suggests that while the application process for subsidies and loans is effective for an important part of the population, the financial burden of the down payment remains a significant barrier, framing those who access to the units, in a different profile than the one the system is designed for.

**Result 6:**

Following the barrier of down payment, it was found that 28% of the participants earn 1mmw. Among this group, 60% are engaged in formal employment. However, only 7% of these individuals met the requirements for both the housing subsidy and loan yet lacked the required savings for the down payment. Consequently, only 1.6% of the individuals in this income category were successful in obtaining the housing units, which represents only 3 participants out of 219.

It can be stated that regardless of whether individuals are engaged in informal or formal employment, having a wage below 2mmw does not fulfill the requirements to access the housing units. According to Flor Castañeda, consultant for Compensar Family Compensation Fund, the system appears to be oriented towards higher-income individuals who have the means to accumulate savings, and even though Compensar receives and approves an important amount of subsidies, they're not used due to the down payment requirement, "preventing at least 1/3 of the applicants to get their houses, and letting the Family Compensation Fund with an already developed administrative job that ends up in a subsidy not being used" (Castañeda, 2023). This exclusionary dynamic presents a significant challenge for individuals with lower income levels, perpetuating inequities in access to affordable housing. It's clear that sometimes requirements might be achievable, but the barrier of previous money still hinders the acquisition.

**Result 7:**

Based on the data provided, the participants exhibited a good level of knowledge and interest in social housing. A significant 89% demonstrated an understanding of the concept of social housing, while 78% expressed interest in social housing projects, indicating a favourable attitude towards such initiatives. It is worth noting that 56% claimed to have knowledge on how to access social housing units, but this still suggests a considerable degree of familiarity within the sample. These findings suggest the availability of adequate information regarding social housing projects, and the high level of interest among 78% of respondents indicates a potential openness to the system. However, it is important to acknowledge that most of the requirements for eligibility may hinder interested users from applying for housing, as evidenced by only 25% of the population eventually submitting applications. According to Claudia Blanco, representative from the public sector in the municipality, most of the requirements are basically known, and as individuals see these requirements as non-achievable, end up not applying, even though some of them would be highly suitable to get the units (Blanco, 2023).

**Result 8:**

The data reveals that 42% of the sample seeks social housing for investment purposes. All participants have stable jobs, with 83% in the formal sector earning more than 2mmw. Only 8% receive subsidies, 70% acquire loans, and all loan recipients successfully obtain housing units. Therefore, individuals earning above 2mmw face minimal obstacles in securing units, even without subsidies. 27% of purchased units are attributed to investors with high income and borrowing capacity who choose not to use subsidies. Here, it can be inferred, according to Mateo Estupiñan, chairman of Constructora Vivir Bien, that around ¼ of the social housing units end up in investors' hands, making the system extremely profitable for rent business, and granting stability to the construction

field (Estupiñan, 2023), but leaving those who really need the units, outside of the system.

**Result 9:**

Among the participants, 55% reside under the rent scheme. When considering income, 40% earn less than 1mmw, 54% earn between 1 and 2mmw, and only 3% earn between 2 and 3mmw. Further analysis reveals that access to subsidies and loans, both at the same time, is partially limited for people making more than 2mmw. Only 6% of those earning less than 1mmw were able to obtain both subsidies and loans. This data highlights the limited access to social housing units for individuals with incomes below 2mmw. However, those earning more than 2mmw are more likely to secure housing units without significant obstacles. These conclusions come in accordance with Jhadier Tique, a consultant for a construction company, who underscores the importance of considering income levels when evaluating the accessibility of social housing initiatives, and that not all the requirements should be the same for all of the applicants as the range of profiles is endless (Tique, 2023)

**Result 10:**

According to the sample, 66% of the end users who got the units, are employees with a contract, and 14% are self-employed paying for social security, framing the 80% of the end users in the formal sector. By Diego Velandia, researcher at the Housing Observatory (Observatorio de Vivienda in Spanish), the formal job sector is the key enables the users to purchase the units, regardless of employment self-employed (Velandia, 2023), and as seen, 27% of the sample belongs to the informal market, and the system is leaving that 27% outside of it. Hence, this 27% is fully interested in owning a house, and a considerably section of it, is suitable for purchasing a unit. As Velandia states, “setting requirements for individuals to achieve social housing, doesn’t make the system too social”

(Velandia, 2023), opening the floor to concerns about how inclusive and social the system is when it comes to leaving easy access to units to those with higher income.

**Result 11:**

In consonance with the data, 82% of the sample wants to own a house, 38% hasn't done it due to insufficient income, 34% because housing is too expensive and 13% because not stable income. This frames the 72% of the people that want to get a unit in a loop that depends on the market. The housing is too expensive for the income they get, and their income is not enough to afford those prices. As a market-driven system, the housing price is higher than the possibly achievable for the user that the system is trying to target. According to Clemencia Escallon, head of the Housing Observatory, the social housing among all the current deficiencies, has a huge challenge to face the high price rising, this because of the land price. As the land prices rise, the developers also raise the housing prices according to market and materials prices, forgetting that the units need to be achieved by low income users whose monthly wage doesn't rise as much as the housing units (Escallon, 2023) It can be inferred from this, that there's a disconnection between the land regulation from the state, and the developers, for them to purchase and develop land with low prices therefore producing and delivering units with lower prices.

**Result 12:**

Based on the provided data, a notable disparity emerges between the awareness of social housing and the knowledge of how to apply for it. While a significant 86% demonstrates familiarity with the concept of social housing, only 33% has the necessary understanding of the application process.

Drawing upon these findings, it can be inferred that there needs to be more information regarding the detailed application procedures for social housing, but not about offers or subsidies. This observation aligns with the perspective of Claudia Blanco, a representative from the public sector in the municipality, who highlights the inadequacy of educational initiatives and investment in disseminating information about affordable housing (Blanco, 2023). Insufficient efforts are being made to bridge the knowledge gap between public actors and citizens, impeding the accessibility of social housing for a larger portion of the population.

A significant barrier is the absence of strong strategies to inform individuals about how to achieve the requirements and steps involved in obtaining social housing units. If people were better informed about the application process and the necessary actions to take, a more significant proportion of the population would have the opportunity to access social housing.

### **Result 13:**

Data shows that from the interested users in owning a house, only 13% was able to purchase it. Still, from the interested ones into investment, 51% achieved them, meaning that investors have more chances to get the units than those who want to own the house, this comes with higher income and higher borrowing capacity. Consequently, this scenario results in users purchasing units who do not necessarily require them and renting them out to those in need. This dynamic raises questions about the effectiveness of the current housing system and calls for alternative approaches to address the growing demand for easier access to social housing. One such process could involve the implementation of rent schemes or partially funded rental options (Al Sioufi, 2016). Sandra Caquimbo also states that by having a purchasing-based social housing system, immediately the social aspect of housing is lost, as a good, is purely framing the basic needs of the vulnerable ones, into an investors or high-income individuals business, to



make their capital grow and setting the vulnerable ones into endless rent schemes, preventing them from owning housing, or also setting them into rapidly growing informal settlements with easier but not proper quality housing solutions (Caquimbo, 2023).

### **Result 14:**

A notable 47% of the sample population owns a house, encompassing both social housing and market-rate properties. Further analysis of this group reveals varying income levels among homeowners. Among those who own houses, 6% earn 1mmw or less, 63% earn between 1 and 3 mmw, and 30% make 3 mmw or more. From this, a conclusion can be drawn regarding the income requirements for homeownership as it becomes clear that achieving a higher income level, crossing the 1mmw threshold, is a must for individuals to become homeowners. This finding suggests that the user for whom the social housing system is designed to, is not getting the units, and that initiatives should primarily focus on individuals who are unable to attain the income level required for traditional homeownership. As Leonardo Parada argues, the Colombian social housing system requires re-accommodation of its priorities to really involve those in need, regardless of their financial situation (Parada, 2023).

## **8. Users profile**

From the review of the state policies in Chapter 4, it can be inferred that the social housing system policy still lacks a strong definition of what's social housing, therefore, lacks a proper profile for the target user, however, as Jean Francois Jolly states, the constant change in the policies has to be taken as an opportunity to enhance the core of the scheme instead of an obstacle to target the objective (Jolly, 2012).

Due to this lack of profiling, three profiles were produced based on the results from the data collection, to compare them and reflect the reality of the system

and the end user purchasing the units. The first produced profile is the current policy user, defined as the user to whom the current system is trying to deliver housing solutions. It was produced because there's no clear profile based on the policies and decrees. Second profile is the user getting the units, regardless of the aim, if it's to own a house or for investment, and the third one is the user who's not getting the units.

The profiles are produced after overlapping the previous shown results, ending in the following charts:

		Purchased Units	
Fact		Own Housing	Investment
🕒	Age	≥30 years	≥40 years
💰	Income	≥2mmw	≥3mmw
🏠	Housing Status	Not under rent	Not under rent
👤	Job Source	Employee with contract Self-employed paying SS	Employee with contract Self-employed paying SS
🛡️	Social Security (SS)	Private system	Private system
📄	Financial Req.	Previous savings/redundancy Income in the bank	Previous savings Income in the bank
👉	Subsidies/Loan	Applied and get subsidy and loan	Applied for loan Get enough loan
⬇️	Borrowing Capacity	≥92mmw	≥92mmw
🏡	Real Estate Ownership	Yes No	Yes

		Non-Purchased Units	
Fact		Own Housing	Investment
🕒	Age	≤40 years	≤40 years
💰	Income	≤2mmw	≤2mmw
🏠	Housing Status	Living under rent	Living under rent
👤	Job Source	Employee with/no contract Self-employed not paying SS	Employee with/no contract Self-employed not paying SS
🛡️	Social Security (SS)	Public system	Public system
📄	Financial Req.	No previous savings/redundancy No income in the bank	Previous savings/redundancy No income in the bank
👉	Subsidies/Loan	Applied for both subsidy/loan Get subsidy/not enough loan	Applied for both subsidy/loan Get subsidy/not enough loan
⬇️	Borrowing Capacity	≤61mmw	≤61mmw
🏡	Real Estate Ownership	No	Yes No

Figure 22: Profiling through purchased units

Source: Author, 2023

These 3 profiles are named as follows: Current policy user, suitable user, and non-suitable user. These profiles aim to highlight who is in the need of the units but not getting them and who doesn't need the units but getting them, both to be compared with who the system is supposed to be designed for.



Figure 23: User's Profile Comparison

Source: Author, 2023

- **Current policy user:**

This profile was created according to the compilation of laws and decrees, literature review and simulation processes based on Part1. Theoretical from this research. No quantitative data was included here.

The primary target users of the current social housing system are individuals who fall within the low-income group and cannot access adequate housing through the regular housing market due to high prices (MinVivienda, 2022), among a sort of social aspects more that prioritize the application.


 <b>Current Policy User</b>	
Age	• ≥18 years
Social condition	• Vulnerable, minorities, youth
Social Security	• Public and private system
Housing Status	• Living under rent
Income:	• From 1 to 4mmw
Job Source	• All jobs
Financial Req.	• Previous savings
Subsidies	• No previous subsidies
Loan	• No previous loan alleviation
Borrowing Capacity	• Any borrowing capacity
Real estate goods	• No real estate goods

Figure 24: Current Policy User Conditions

Source: Author, 2023

The state policy “technically” prioritizes vulnerable populations with the following social aspects including:

- Displaced populations: Individuals or families who have been forcibly displaced due to armed conflict, violence, or natural disasters (Law 2079, 2021).
- Single-parent households: Families headed by a single parent may face additional financial challenges (Law 1955, 2019).
- Elderly individuals: Senior citizens who require affordable housing options and supportive services (Law 1955, 2019).
- People with disabilities: Individuals with disabilities who need accessible and adapted housing (Law 1955, 2019).
- Indigenous communities: Indigenous groups who may have specific housing needs and cultural considerations (Law 1537, 2013).
- Afro-Colombian communities: Communities of African descent with unique housing and cultural requirements (Law 1537, 2013).
- Young population: Individuals from 18–28-year-old are prioritized (Law 2079, 2021).

- In the economic aspects, the system prioritizes the following conditions:
- Low-income households: Those with limited financial resources and unable to afford market-priced housing, earning no more than 4mmw. (FincaRaiz, 2022)
- Low-score Sisben: Individuals with the lower scores at the National Security System (SISBEN in Spanish) (MinVivienda,2023)
- Job Source: Individuals in vulnerable or fragile conditions regarding job stability due to income (Law 1537, 2013).
- Real estate goods ownership: Individuals that don't own any real estate goods such as houses, apartments, or flats (Law 1537, 2013).

- **Suitable user:**

This profile was created according to the compilation of results from the quantitative data, based on the surveys from Part 2. Empirical from this research. No qualitative data was included here.

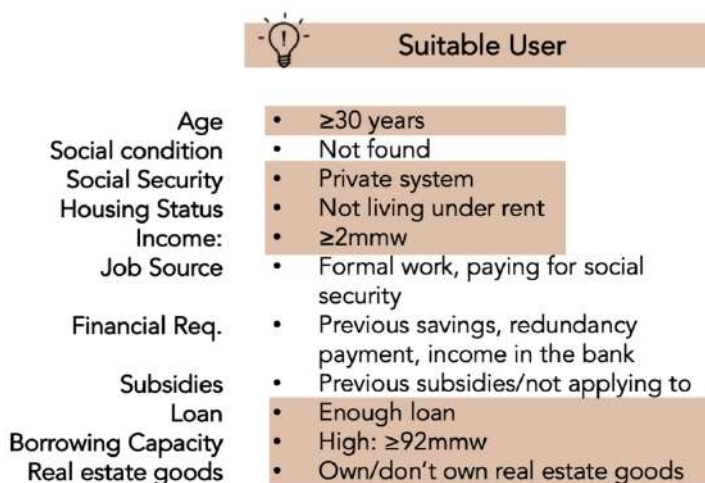


Figure 25: Suitable User Conditions

Source: Author, 2023

This profile frames the user that gets access to the units regardless of the aim for it if it's for owning a house or for investment. It is shown that primary users getting the units are individuals with the following social conditions:

- Age group: Individuals 30 years old and above, as the younger age group from 18-30, don't have easy access to the units as shown in the previous section of results.
- Social security: Individuals with access to the private social security system through the Family Compensation Funds, as this access means they are in the formal work sector.
- Housing status/Real estate good ownership: As stated in the current profile user, no real estate good can be owned by a person who's trying to get a social housing unit; however, according to data, people that already own an interest got access to the units. This is because this is a requirement to get a subsidy, not a unit. Therefore, individuals owning real estate have good access to social housing units as investment.

In the economic aspects, this profile shows the following conditions:

- Income: Individuals who earn 2mmw or above are entirely suitable to purchase the units
- Job source: Only applicants within the formal work sector are suitable to get the units. They own a contract and work as employees or are self-employed, paying for social security, and granting access to subsidies and loans. Also, retired participants who pay for social security, are suitable.
- Financial requirements: Individuals with previous savings set their income in a bank and have redundancy payment, get easier access to purchasing.
- Subsidies: Applicants that apply to subsidies under the previous characteristics get easy access to the subsidies. However, the subsidy is

not an obstacle to getting the unit as users get the units for investment regardless of having the subsidy.

- Loan: Individuals that apply for a loan within the income mentioned above get enough loan which enables the unit purchasing.
- Borrowing capacity: Individuals having borrowing ability above 92mmw access to the units. This goes according to an income above 2mmw

- **Non-suitable user**

This profile was created according to the compilation of results from the quantitative data based on the surveys from Part 2. Empirical from this research. No qualitative data was included here.

This profile frames the user that doesn't get access to the units regardless of the aim for it if it's for owning a house or for investment. It is shown that users not getting the units are individuals with the following social conditions:

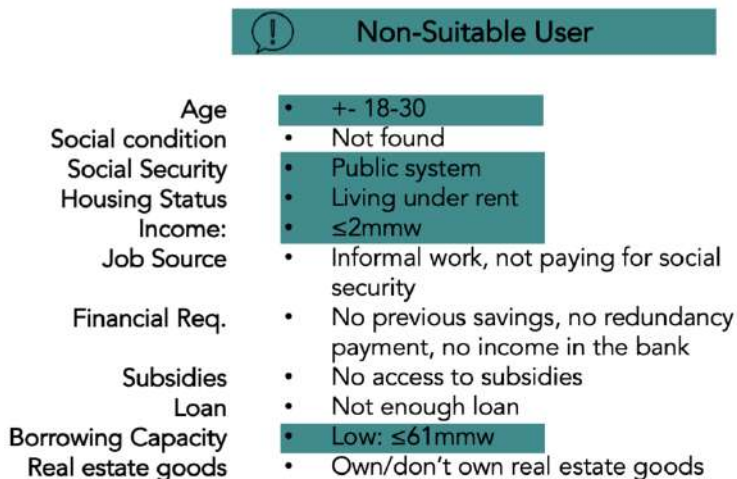


Figure 26: Non-Suitable User Conditions

Source: Author, 2023



- Age group: Individuals from 18-30 years old; this is attributed to the low-income rate in this group and not due to the age.
- Social security: Individuals with access to the public social security system through SISBEN don't access the units, which means their income is low, therefore no completion of the various requirements. Those included at the SISBEN lack enough income and stable job; their score is high as their conditions are vulnerable. Therefore no financial entity grants a loan for them.
- Housing status: Applicants living under rent scheme need access to the units due to lack of enough monthly income to cover both life expenses and down payment installments.

In the economic aspects, this profile shows the following conditions:

- Income: Individuals who earn less than 2mmw are frequently unsuitable to purchase the units
- Job source: Employees with no contract and self-employed applicants hardly get access to the units as they are part of the informal job sector, therefore not fulfilling requirements to apply to almost any of the tools. Also, applicants with no job, are neglected from the system's application.
- Financial requirements: Individuals that lack previous savings, don't set their income in a bank, and lack a redundancy payment, don't purchase the units.
- Subsidies: Applicants that apply for subsidies under the previous characteristics don't get access to the subsidies. Therefore, they're not able to cover the down payment.
- Loan: Individuals that apply for loans within the income mentioned above don't get enough loan which prevents the unit purchasing.
- Borrowing capacity: Individuals with borrowing capacity below 61mmw don't fulfill the unit's total price, consequently not getting it.

**Comparison of profiles:**

		Current Policy User	Suitable User	Non-Suitable User
Age group	18-30	X		X
	30-40	X	X	
	40+	X	X	
Social condition	displaced population	X	D/A	
	single parent household	X	D/A	
	elderly individual	X		X
	disabilities	X	D/A	
	indigenous communities	X	D/A	
	afro colombian community	X	D/A	
Social security	SISBEN	X		X
	Family Compensation Fund	X	X	
Housing status	Living under rent	X	X	X
	Own house		X	
Income	Less than 1mmw	X		X
	1-2mmw	X		X
	2-3mmw	X	X	
	3mmw or above		X	
Job source	Employee with contract		X	
	Employee no contract			X
	Self employed paying social security		X	
	Self employed not paying social security			X
	Retired	X	X	
	No job	X		X
Financial Requirements	Previous savings	X	X	
	Income in the bank		X	
	Redundancy payment	X	X	
Subsidies	Applied for subsidy	X	X	
	Obtained any kind of housing/interest rate subsidy		X	
	Didn't obtain any kind of housing/interest rate subsidy	X	X	
Loan	Applied for loan		X	
	Obtained loan		X	
Borrowing capacity	High: 123mmw or above		X	
	High medium: +-92mmw	X	X	
	Low medium: +-61mmw	X		X
	Low: 30mmw or less	X		X
Real estate ownership	Yes		X	
	No	X	X	

Figure 27: Comparison of Profile's Conditions

Source: Author, 2023

The produced profiles can be compared concomitantly in the following chart, reflecting the disparities between the desired user from the state policy, those getting the units and those who cannot reach them.

Although the policies prioritize the young population, older age groups have access to the units; this usually relies on the uncertain job conditions for the younger ones and the low wages they're receiving. When it comes to social security, a dichotomy is present in the system because if an individual is interested in getting a MiCasaYa subsidy, it needs to be subscribed to the SISBEN, however, if this happens, it means this individual has a very low income, consequently no access to enough loan to cover the whole unit's price, neither having savings or financial capacity to cover a down payment.

The issue of rent is present in the non-suitable applicants because rent as a monthly expense prevents both affording down payment installments and clubbing savings to complete this initial stage. Frequently, this is one of the main obstacles for individuals to access to the units. Regarding income, applicants earning less than 2mmw have great obstacles to purchasing the units, as their borrowing capacity is low, therefore not achieving enough loan to cover the unit's price. According to the current policy user, the system prioritizes low-income individuals. However, it is clearly shown that this group of applicants don't get the units.

By policies, when individuals lack jobs, they fall into vulnerable population, so they must be prioritized; however, as shown through the results, applicants without jobs cannot access to the units as they lack the primary source of requirements; if there's no job, there are no options to apply to subsidies or loans.

When the individual has a job but lacking formal aspects, the access to the units is constantly finding obstacles such as not being able to apply for a subsidy, or

lacking stable income for loan application, consequently, the applicant is framed as a non-suitable user. In contrast, the suitable user is that one who's part of the formal sector by having an employment contract or paying social security for a self-employed job source. Still, the suitable user must earn more than 2mmw to cover the whole unit's price.

The current policy user shouldn't own a real estate good, as owning it means that the user already has capital and is not in the need to purchase a unit or in a vulnerable status. Opposed to this, the suitable user seems to have easier access to the units regardless of having real state goods. This can be attributed to the subsidy application, as having a real state good prevents the subsidy acquisition, but an important part of the suitable users don't apply to subsidies as they can afford the down payment without subsidies, instead, they cover it with savings, redundancy payment, and monthly instalments.

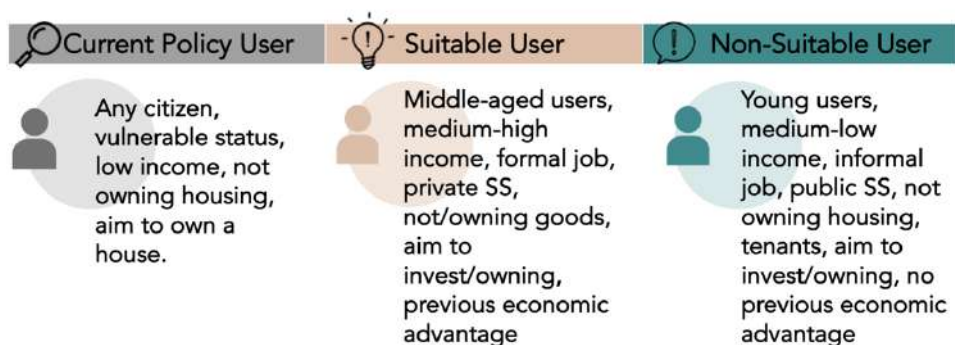


Figure 28: Comparison of Three Profiles

Source: Author, 2023

Based on the analysis of these three profiles, it can be contended that the current policy user does not align with the intended target user from the state's aim. The suitable user does not accurately reflect the actual prioritized user as these individuals possess higher income, greater borrowing capacity, increased saving

potential, and more stable employment sources. Despite their lack of necessity for homeownership or investment, they are still able to acquire social housing units. In contrast, the non-suitable user faces significant barriers due to strong requirements, resulting in their inability to obtain social housing units despite their urgent need. The absence of formal employment, a limited or no saving capacity, and insufficient borrowing capacity categorize the non-suitable user as someone who strongly requires a social housing unit as a solution for their own housing needs but cannot obtain one.

Even though there are programs as Seedbed of Owners (Semillero de Propietarios in Spanish (Getvico, 2023) to subsidize rent while saving for a down payment, still the requirements to apply are very strict.

## 9. Stakeholders' constellation

Based on the qualitative approach from the interviews and encompassing literature review, a stakeholders' constellation was built to capture the variety of actors within the system, highlighting their roles and the interconnectedness between them. This analytical approach aimed to identify strong connections, interdependencies, collaborative efforts, fractured relations, disparities, deficiencies, lacking collaborations, and power dynamics among the main actors. This constellation is an onion diagram representing all the power levels and sectors involved.

The stakeholder onion map analysis is a tool used to identify relations and influence among stakeholders related to a project or scheme. It visualizes the actors in circles starting with veto players, followed by key, primary, and secondary players in subsequent layers. This diagram aims to understand the relations, dynamics, and importance of different actors, as well to detect conflicts and obstacles in the links (Alexander and Robertson, 2003).

All the stakeholders are classified in the following four categories:

**Veto Player:** Has the power to reject or block a decision and hinder the progress or implementation of the project.

**Key Player:** Has significant influence, power, or interest in the project. Shapes the outcome through expertise resources. It's a vehicle to enable the project.

**Primary Player:** Actor directly affected by the project has main interest in the project.

**Secondary Player:** Has an indirect or less immediate interest in the project. Has some influence but is not direct or significant (Alexander and Robertson, 2003).

The findings from this diagram are contrasted with the outcomes obtained from the users' profiling, ending in a holistic understanding of how the actors collectively manage to establish a system that attempts to incorporate the

intended target users. This aims to generate broader inferences according to both approaches.

### Stakeholders Onion Diagram

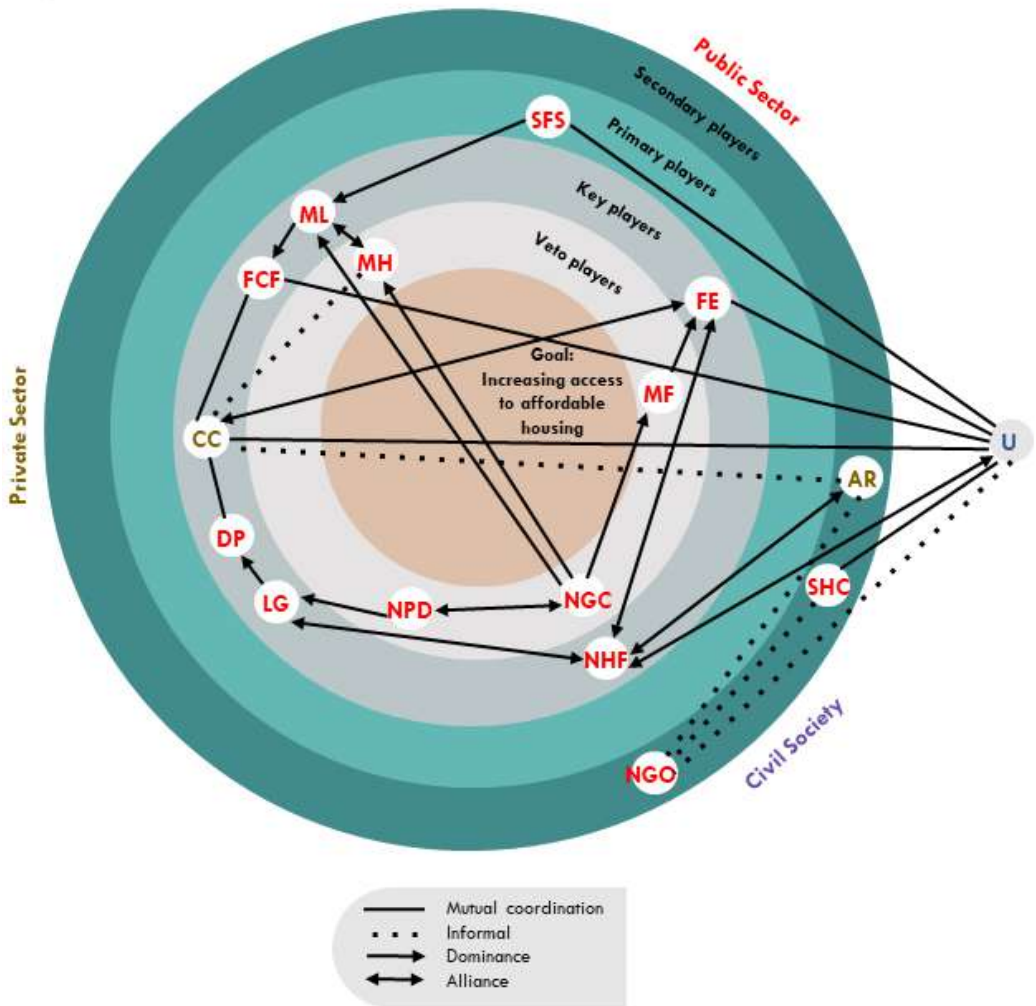


Figure 29: Stakeholder’s Onion Map  
Source: Author, 2023

The social housing system in Colombia involves various stakeholders who play different roles in its planning, implementation, and management, from three

other sectors: civil, public, and private. Also, these actors belong to certain power level, which determines how their interdependencies affect the natural flow of the application system.

The identified main actors are the following ones, organized from the higher position in the hierarchy to the lower one, veto players being the higher power level and secondary players being the less powered ones. There are several more actors in the system, however, these were not included as their hierarchy level is not relevant enough to set a strong relation with the main ones.

- **National Government of Colombia (Gobierno Nacional de Colombia)**

Legend: NGC

Sector: Public

The National Government of Colombia establishes policies, regulations, and funding mechanisms for the social housing sector. It sets overall goals and objectives for affordable housing initiatives. The National Government acts as the main stakeholder through The National Development Plan (Plan Nacional de Desarrollo in Spanish), which is developed by the executive branch of the government, specifically by the President and their administration (PND, 2022). It is the responsibility of the government in power to formulate and present the plan.

The process of developing this plan includes various stages and stakeholders. The government collects inputs from different sectors, public entities, civil society organizations, academic institutions, and citizens through consultations and participatory mechanisms. The outcome of this is a 4-year guideline for all the sectors to work concomitantly for the same goals, which includes the long-term vision, objectives, policies, and strategies (DNP, 2023)



In terms of housing, the plan sets a goal, which is stated as “Increasing access to affordable housing”. The plan sets targets for increasing the availability of affordable housing units for low-income families, as social housing units. This involves constructing or renovating housing units, promoting homeownership programs, or facilitating licenses for housing improvement. (DNP, 2023)

The National Government, by being the head of the development programs, acts as the main spine of the social housing system, considering that all the policies, visions and aims are revised and organized by this body.

Relations: The National Government has a connection of dominance over all of the ministries involved in the system and holds a back and forth relation with the National Planning Department, setting an organized alliance between them, not as a dependence, but as a cooperation.

- **Ministry of Housing, Cities, and Territory (Ministerio de Vivienda, Ciudad y Territorio):**

Legend: MH

Sector: Public

The ministry formulates and implements housing policies according to the National Development Plan. In terms of housing, the ministry oversees promoting social housing programs and the development and coordination of the sector at the national level (MinVivienda, 2023) It is a veto player because all the housing policies are derived and monitored by this body, as well as regulations and approvals.

Relations: As a dependency of the National Government, the Ministry of Housing is regulated and monitored by the leading veto player. Also, it has an alliance relation with the Ministry of Labour, to ensure sustainability in the housing programs.

- **Ministry of Finance and Public Credit (Ministerio de Hacienda y Credito Publico)**

Legend: MF

Sector: Public

This body is responsible for formulating and implementing economic and fiscal policies in the country. It plays a crucial role in managing public finances. Its role in the social housing system is to provide support in topics such as budget allocation to assign funds for social housing programs, financing mechanisms to facilitate access to loans and subsidies to make housing more accessible for low-income individuals (MinHacienda, 2023).

Additionally, it is responsible for regulating and supervising financial institutions and markets in Colombia. It ensures the financial system's stability, transparency, and fairness, protecting the interests of consumers and investors (MinHacienda, 2023). This ministry collaborates with the Ministry of Housing to allocate ample budget for low-income individuals' and families' housing needs. It is a veto player because without its role, no resources are allocated for social housing and there wouldn't be control over the financial entities, who are responsible to grant the loans for acquisition of the units.

Relations: Holds a dominance relation with the National Government as this body is the one regulating the ministry. When it comes to dependencies, the financial entities depend on this ministry as they are controlled and monitored by it.

- **National Planning Department (Departamento Nacional de Planeacion)**

Legend: NPD

Sector: Public

This body is responsible for setting development policies, coordinating national plans, and ensuring the alignment of various sectors and entities in the country's development agenda (DNP, 2023). It supports social housing initiatives by coordinating and providing guidance for their planning and implementation at the national level, through the National Development Plan already mentioned. They work alongside local governments to ensure that social housing projects align with national development priorities and policies.

It is set as a veto player because, as the main body generating the guidelines to follow, it can assess all the social concerns and gather all the stakeholders involved in the system to achieve the national goals for housing.

Relations: This body regulates the local governments therefore, a dominance relation is present there, while working alongside the National Government to link the national policies with the local ones.

- **National Housing Fund (Fondo Nacional de Vivienda. FONVIVIENDA)**

Legend: NHF

Sector:

It plays a crucial role in social housing due to its responsibility for administering the Housing Subsidy Program, providing financing for social housing projects, and promoting savings for housing purposes, besides managing with decentralization criteria. FONVIVIENDA aims to improve access to adequate housing for low-income households and contribute to the overall development of the housing sector in the country. (DAFP, 2022)

Is set as a key player because it holds most of the essential relations among the system, working as a pivot for the scheme; however, it doesn't hinder the processes.

Relations: FONVIVIENDA works alongside various actors in its efforts with mutual coordination relations. Actors as local governments, to implement national initiatives at the regional level, financial institutions no provide credit facilities to potential users, developers to support construction ensuring quality and affordability standards, and the beneficiaries as it directly interacts with them providing financial and information assistance. The only dominance relation FONVIVIENDA holds is with the Ministry of Housing, as this entity regulates and supervises it (DAFP, 2022)

- **Local Governments and Municipalities (Gobierno local y Municipalidades)**

Legend: LG

Sector: Public

Local governments, such as municipal and city administrations, are involved in the planning, regulation, and implementation of social housing projects within their respective jurisdictions (DNP, 2023). They provide land, grant permits, and support services for housing initiatives. They are the main body that organizes small departments and dependencies set by the National Government structure. They are considered key players because even though they cannot stop the national housing policies and programs, they are facilitators working as the connection between the national and local levels.

Relations: There's a dominance relation as this body depends on and is regulated by the National Planning Department, but also, it controls and monitors the Planning

- **District Planning Secretaries (Secretarias de Planeacion Distrital)**

Legend: DP

Sector: Public

These bodies play a role in social housing by contributing to the development and implementation of policies, regulations, and initiatives at the municipal level. They assist in identifying housing needs, coordinating projects, allocating resources, granting permits and licenses, and monitoring outcomes (SDP, 2023). They also engage with communities and stakeholders to ensure inclusive decision-making and address local housing concerns. Claudia Blanco, as worker from Zipaquirá's District Planning Secretary, highlights the role of these bodies as the "smallest public body that still listens to the local communities" (Blanco, 2023). With this statement, it can be inferred that the District Planning Secretaries play an essential role as transition body between the local level and the state level.

They are defined as key players as they are facilitators and summarise the national aims into local plans.

Relations: They have a dominance relation as they are fully regulated and monitored by the local governments. Also, a mutual coordination relation is considered between the District Planning Secretaries and the National Planning Department.

- **Ministry of Labor (Ministerio de Trabajo)**

Legend: ML

Sector: Public

It plays a significant role in the development and promotion of social housing initiatives in the country. In addition, it collaborates with the Ministry of

Housing, Cities, and Territory in designing and implementing social housing programs that prioritize the needs of low-income workers and vulnerable populations (MinTrabajo, 2023). This collaboration ensures that social housing initiatives consider the specific needs of workers and their families, such as accessibility, affordability, and proximity to employment opportunities.

It is defined as a key player due to its importance in the regulation aspect to the subsidies entities and because even though it's a regulation body, it cannot stop the development of a system.

Relations: Mutual coordination relation with the Ministry of Housing, Cities and Territory, dominance relation from the National Government, and a secondary dominance relation to the Family Compensation Fund, as this body regulates and sets guidelines for the funds to be correctly assigned.

**- Family Compensation Funds (Cajas de Compensacion Familiar)**

Legend: FCF

Sector: Private

These entities are commonly known as "cajas" in Colombia, they are nonprofit entities established by law to provide social welfare benefits and services to employees and their families. They are an integral part of the social security system in Colombia. The primary goal is to improve workers' and their families' quality of life and well-being through diverse benefits and programs, including subsidized housing. (Comfenalco, 2023) They provide housing solutions such as low-interest housing loans, subsidies, and housing projects to help employees and their families acquire affordable housing. They are considered a key player as they are the main enabler of housing subsidies and manage the application for them.

Relations: Double dominance relation as these bodies are regulated by the Ministry of Labor and by the Superintendency of Family Subsidy. According to

Flor Castañeda, an employee of Compensar, one of the biggest cajas in the country, there's a prevalent deficiency in the cajas procedures to grant the subsidies as the requirements are too strong and too tight for the population in the need of them (Castañeda, 2023)

- **Superintendence of Family Subsidy (Superintendencia del Subsidio Familiar)**

Legend: SFS

Sector: Public

This entity, commonly known as Supersubsidio, is a government agency that oversees and regulates the Family Compensation Funds. Its main role is to ensure their proper functioning and compliance with legal and operational requirements.

It is set as a primary player as it's not a decision maker however gets affected if the veto and key players change their role.

Relations: There's only one dominance relation as this body regulates and monitors the Family Compensation Funds

- **Housing Developers and Construction Companies:**

Legend: CC

Sector: Private

These actors are responsible for designing, constructing, and selling social housing units. They collaborate with government programs and financial institutions to ensure affordable housing options are available (Camacol, 2023). Mateo Estupiñan and Leonardo Parada, real estate developers, state that the role of the construction companies is key in the social housing system as they are the only bodies in the capacity to develop massive and quick housing solutions within

the formal sector requirements (Estupiñan and Parada, 2023). According to Olga Ceballos, the speed of the informal sector developing fast housing solutions can only be tackled from the formal sector with the power of the developers, and instead of working as a solo player, a PPP (Private Public Partnership) between construction companies and governmental entities must appear to deliver units in a faster, easier, and better way (Ceballos, 2023).

Due to these statements, these bodies are placed as key players because even though they've no inference in the decision-making, they can hinder and stop the housing development as they are involved in most processes.

Relations: As critical players within the system, these bodies maintain significant interactions with various entities. Notably, their relationship with the Ministry of Housing is informal, as it lacks regulatory authority over construction companies. However, these companies adhere to the Ministry's guidelines in order to obtain project standards. Moreover, construction companies rely on the approval and licenses granted by the District Planning Secretaries to initiate selling, developing, and construction activities.

Furthermore, construction companies engage in mutual coordination with financial entities, serving as providers of loans to potential homeowners. Additionally, they establish collaborative bonds with Family Compensation Funds to facilitate the provision of subsidies to these homeowners. Especially important is the partnership between construction companies and financial institutions for construction loans.

Lastly, construction companies maintain mutual coordination with the academic sector, as they serve as academic data providers in generating statistics pertaining to ongoing and future housing projects.



- **Financial Entities (Entidades financieras)**

Legend: FE

Sector: Private and Public

This group comprises a range of entities involved in providing financial assistance to prospective users, including banks, funds, cooperatives, collectives, and employer funds. It is essential to emphasize that these entities must undergo formalization and regulation processes to be eligible for granting loans and determining user interest rates. Given their important role in the social housing system, these entities are indispensable, enabling potential users to afford housing units.

They're set as key players as they fulfill financial functions and serve as intermediaries for users, construction companies, and land purchasers to achieve their respective objectives. Users rely on financial assistance from them to afford housing units, construction companies obtain financial support for constructing social housing projects, and land purchasers secure long-term loans to acquire and develop plots. Jeiver Oviedo, housing loan manager from Banco of Bogota, states that banks must transform their loans system towards low-income users if they want more people to get housing, therefore more granted loans for the bank, consequently more profit movement around the system (Oviedo, 2023).

Relations: They operate under the Ministry of Finance's regulatory dominance, which establishes interest rate standards and guidelines. Additionally, they maintain an alliance relation with construction companies, providing loans for the construction of social housing projects and extending credits to users of those projects at specified interest rates for all-term loans.

- **Social Housing Cooperatives (Cooperativas de Vivienda de Interes Social)**

Legend: SHC

Sector: Private

Cooperatives are collective organizations formed by individuals or groups seeking affordable housing solutions. They often collaborate with government entities, financial institutions, and developers to collectively acquire and manage social housing units. They act as communication vehicles among actors.

They're set as secondary players as their role is valuable but not indispensable.

therefore, in some cases, these cooperatives are the closest body to the community to get information and guidance to apply to social housing projects. Thus a close relation appears between these two actors.

- **Non-Governmental Organizations (Organizaciones no gubernamentales)**

Legend: NGO

Sector: Private

NGOs focus on housing and social and are involved in advocating for affordable housing policies, providing support services to beneficiaries, and promoting community development in social housing projects. They are set as secondary players as they facilitate the engagement between the programs and the community.

Relations: Most of their relations are informal ones as they don't belong or depend on any entity, instead, they just provide collaboration in a non-alliance way.

- **Academic Institutions and Researchers (Academia e Investigadores)**

Legend: AR

Sector: Private and Public

This body comprises universities, research institutes, and scholars involved in studying and evaluating social housing policies, researching housing needs, and providing recommendations for policy improvements.

They are set as a secondary player as they're not affected about national housing programs. However, they contribute to the set programs and schemes through investigation. Diego Velandia from the Housing Observatory states that academia's role should be taken more into account as it's not a biased and money-driven body, instead, it's able to set the larger picture when it comes to social disparities and situations (Velandia, 2023).

Relations: Academia is that body that holds informal ties with the key players as they act as consultants and advisors to create and formulate schemes. It can be inferred that academia has a constant indirect impact across the whole system due to its impact from the core of developing policies and programs.

- **Social Housing Users (Usuario de Vivienda de Interes Social)**

Legend: U

Sector: Civil

Essential actors such as individuals and families in need of affordable housing. They apply for social housing programs, meet eligibility criteria, and actively participate in obtaining and maintaining their housing units. They should be the leading actor in the system, as all the goals and aims are driver towards them.

The analysis of actor relations within the social housing system reveals that the user's role is limited to the application and acquisition processes, with minimal involvement beyond these stages and no involvement in the previous ones. Consequently, no specific category is assigned within the system, positioning them outside the built constellation while maintaining relationships with certain actors. Clemencia Escallon, the head of the Housing Observatory, strongly emphasizes the system's failure to recognize the user as the primary actor or the core of the social housing structure. This oversight deviates the system's focus from serving the user's needs, instead prioritizing market interests (Escallon, 2023).

Regarding relationships, the user engages with the system as the final beneficiary, initiating involvement only through the application for unit and not from before. Most of their interactions fall under mutual coordination, as the user must coordinate with construction companies to understand payment methods and fulfill requirements. Additionally, coordination is necessary with family compensation funds to apply for subsidies and with financial entities to satisfy the essential criteria for obtaining financial assistance.

### **Conclusions from Stakeholders Constellation:**

The formal stakeholder map doesn't include some important factors preventing the system from being user driven. These non-shown factors include big private sector companies' strong influence on government ministries. The ministries are heavily dependent on these companies (as shown within the significant relations in the map), especially large construction firms that control land prices based on market conditions.

Additionally, significant alliances between important financial entities such as banks and developers boost the private sector's role in the economy. As a result, there needs to be more transparency in the process and a government that relies

heavily on the private sector for economic stability, which hampers a user-centered approach and neglects social considerations.

These alliances might be giving rise to a phenomenon of double-hatted companies operating, thereby impeding the preservation of the social aspects inherent to the concept of social housing. Instead, the system is directed towards a market-driven approach, neglecting its intended social objectives.

Finally, the absence of a regulatory body for land prices is evident, hindering the availability of affordable land for social housing projects. Consequently, this situation leads to high price units, making them financially burdensome for the intended beneficiaries.

# Part 3: Conclusions

## **10. Findings**

By overlapping the approaches from the research, several challenges are found, facing the current housing policy framework in meeting the population's housing needs. Challenges state the misalignment between policy objectives and user needs, the historical emphasis on housing construction rather than financing, the limited accessibility of housing for vulnerable groups such as the youth, and the lack of collaboration between key government entities. By examining these issues, these findings aim to highlight underlying factors hindering the effectiveness of the current social housing policy framework.

Firstly, the eligibility requirements for accessing housing units within the current policy framework often detach from the actual circumstances of the intended users. The policy formulation process primarily focuses on the user's role during the application stage rather than considering their needs from the outset. As a result, there is a misalignment between policy objectives and user needs, hindering the effectiveness of the current policy framework in providing suitable housing options. This argues the stated hypothesis by showing that the reality of the desired user from the policy, is not being wholly recognized.

In addition, the challenge of the social housing system can be attributed to its historical emphasis on housing construction rather than addressing housing financing adequately. The policy approach has highly centred around physical construction projects, neglecting the financial aspects of social housing provision. Consequently, the lack of attention to social housing financing has limited the development of effective and sustainable mechanisms for providing affordable housing options, thereby hindering the system's overall success in meeting the population's diverse housing needs.

When it comes to vulnerable groups, although state policy claims to prioritize these populations, including the youth, these groups often fail to acquire the

units. Despite the policy's inclusion of these groups, there needs to be more clarity between its intentions and its actual impact. The support and provisions outlined in the policies do not effectively reach and assist the targeted young population and other vulnerable groups regarding income and borrowing capacity expectations. The missing relation between the National Planning Department and the Ministry of Finance disconnects the policy's effectiveness in providing accessible housing options for these specific individuals.

Facing the job requirement challenges, optimizing the effectiveness of the housing policy framework requires a more accurate and collaborative relationship between the Ministry of Labour and the Family Compensation Funds. The Ministry of Labour sets standards for job sourcing and formal job sector inclusion. At the same time, the Family Compensation Funds possess valuable insights into individuals who do not receive the subsidies, due to stringent requirements. Enhancing the collaboration between these entities can prompt a revision of the eligibility criteria, aligning policy requirements with the actual needs of the target population.

Furthermore, the current relationship between the Ministry of Finances and Financial Entities is a significant factor contributing to the need for more loan amounts that the current policy user faces. This imbalance obstructs achieving a proper balance between subsidies and loans within the social housing policy framework. Improving this situation requires establishing a mutual alliance between these entities, which would allow for consistent and fair requirements for both subsidies and loans. Additionally, the interests' rates ranging from 12.40% to 21.43% (Rankia, 2023) for social housing loans, demonstrate the unbalanced relation among the public sector, represented by the Ministry and the private represented by the financial Entities in this case. Addressing the high-interest rates associated with loans may facilitate the transformation of non-suitable users into suitable users.



Facing the affordability housing challenge, the principle of affordability dictates that housing should be reasonably priced and within the financial means of all individuals (UN and CRPD, 2007). However, the absence of a regulatory authority governing land prices has a detrimental impact on construction and unit prices. Currently, market forces dictate land prices, with private entities exercising control. As land prices rise, irrespective of whether they are intended for social housing, market housing, or other purposes, the prices of developed units also escalate accordingly. Consequently, this prevents the current policy users unable to afford these units, thereby limiting their accessibility to only the suitable users.

Additionally, the Colombian culture, when it comes to housing needs, faces strong lack of ownership further, hindering potential suitable users from considering rental schemes for social housing. The market heavily relies on the acquisition of housing units by suitable users, leaving non-suitable users with limited rental options. Introducing a rental component within the existing system is vital to sustain market activity and provide affordable housing alternatives for non-suitable users, also along with information and educational programs to introduce rent schemes as housing options. However, the poor collaboration between the National Planning Department and the Ministry of Housing poses obstacles to the successful implementation of such rental schemes ideas.

Finally, it is clear that the social housing policy tends to prioritize economic indicators, specifically by directing attention towards the construction sector. This approach emphasizes the promotion of larger-scale development, which in turn generates employment opportunities, increases the number of housing units, and injects more capital into the system. However, the policy often neglects social indicators such as enhancing overall quality of life and providing affordable housing across various dimensions. By adopting a production-oriented system rather than a demand-driven one, the policy aligns itself more closely with an

open market scheme, potentially compromising its ability to address social needs effectively.

To conclude, the analysis of the current social housing policy framework reveals multiple challenges that hinder its effectiveness in meeting the housing needs of the intended population. These challenges include the misalignment between policy objectives, user needs and reality, the historical emphasis on construction over financing, the limited accessibility for vulnerable groups, the lack of collaboration between key government entities, the insufficient loan amounts, and the absence of regulatory control over land prices. Addressing these challenges requires a comprehensive and collaborative approach that incorporates user needs from the policy's inception, addresses both construction and financing aspects, prioritizes vulnerable populations effectively, promotes interdepartmental collaboration, establishes fair requirements for subsidies and loans, and considers rental schemes for social housing.

## **11. Recommendations**

The presence of an unorganized, non-integrated ecosystem within the social housing system is leading Colombia to a production of social housing units that exhibit subpar quality and the neglect of the intended user's reality. These challenges hinder the accurate delivery of suitable housing options, ultimately resulting in units that fail to meet the required standards in terms of quality and affordability. To address this issue, there is a pressing need to reorient the social housing system towards a user-centric approach that prioritizes the needs and preferences of individuals and communities. Furthermore, it is crucial to foster a socially driven system that emphasizes affordability and accessibility and faces the challenges of the low-income populations. Following, recommendations are set according to the difficulties found.

- **Quality**

The incorporation of mixed-use elements plays a crucial role in facilitating the integration of social housing projects. This approach addresses multiple dimensions, including quality enhancement, community formation, proximity to essential services, and affordability. By incorporating retail, commercial, and other complementary uses, such projects have the potential to offset housing development costs and reduce the overall price of housing units. Moreover, including mixed-use elements fosters community cohesion and facilitates access to necessary services, thereby improving overall quality of life.

- **Borrowing capacity through interest rates**

A user-centric housing policy should recognize the realities individuals face from the outset of policy creation. Involving the user not as a decision maker but rather as a factor for the process of understanding their needs, employment sources, income levels, and borrowing capacity. By acknowledging these factors that shape the housing requirements of individuals, policies can be better tailored to meet user needs.

Regarding economic factors, where multiple actors are involved, solutions require a top-down approach led by the government. Actors within the industry are unlikely to self-regulate unless directed to do so by the central authority. This is particularly relevant in the case of interest rates, where the Ministry of Finance can dictate special rates for social housing loans, thereby reducing interest rates. By implementing such measures, a more significant portion of potential users would get higher borrowing capacity, enabling them to meet the requirements for both subsidies and loans, while remaining within the formal work sector.

The financial system should consider age-specific requirements to effectively address the unique circumstances and needs of different age groups. For example, younger individuals could benefit from additional support in transitioning from renting to homeownership, considering their limited financial

resources and potentially limited credit history. Consequently, older individuals may have more stable income sources but may encounter challenges related to retirement planning or specific housing preferences. Balancing loans for these age groups might enhance the purchasing.

A more targeted and customized approach can be achieved by designing a housing assistance system that considers age-specific requirements. This may involve setting different income thresholds or loan amounts based on age, providing specific financial education or resources for other age groups, or offering alternative housing options that cater to the specific needs and preferences of distinct age cohorts.

- **Land prices**

The rise in land prices has contributed to the increasing cost of housing, while wages don't go up, resulting in limited access to affordable housing for low-income individuals. Sandra Caquimbo argues that without regulations specifically addressing land prices for certain housing types, including social housing, market forces will drive prices to a level unaffordable for a significant portion of the population (Caquimbo, 2023). As a role model for this challenge, the city of Copenhagen provides a notable example of effective land price regulation through the use of Public Asset Corporations. These entities pool publicly owned land, which is privately managed, resulting in cost and time efficiencies. Furthermore, capturing the increase in land values from development enables funding for infrastructure. Implementing land value taxation can effectively mobilize under-utilized land at lower prices for social housing development, ending in balanced land prices where social housing projects can be developed at cheaper costs.

Based on these findings, establishing a regulatory body to oversee land prices and mitigate price spikes can significantly improve the social housing system by

facilitating land acquisition at more affordable prices, thereby reducing the overall cost of housing units.

- **Housing unit costs**

According to Leonardo Parada, the escalating construction costs are primarily driven by unregulated prices of construction materials, which subsequently contribute to the high cost of housing units (Parada, 2023). In order to address this issue, it is imperative to implement regulations on construction materials prices, benefiting both developers by ensuring construction feasibility and users by enabling affordable access to housing units.

Furthermore, diversification of the social housing product is crucial, encompassing considerations of quality, sizes, age, and construction methods. A larger portion of the intended population can be accommodated by incorporating refurbishment schemes for existing units of good quality or offering housing units of varying sizes tailored to user needs. Additionally, instead of exclusively focusing on the acquisition of new units, the purchase, and subsidization of existing units in good condition can also enhance the effectiveness of the social housing system.

- **Rent schemes**

Implementing a rent scheme within urban areas presents an opportunity to address housing deficits by providing high-quality housing units while avoiding long-term debt burdens for users. Research indicates that limited borrowing capacity is a significant barrier to housing access, particularly for individuals who lack financial means. Subsidized rent schemes can offer an alternative solution by enabling these individuals to secure suitable units, thereby reducing the likelihood of resorting to informal settlements. Rent schemes provide an alternative to traditional lending models, removing barriers to accessing quality housing.

Enhancing current programs such as the Seedbed of Owners (Semillero de Propietarios) with less stringent requirements and selecting projects in proximity to essential services can improve the quality of life for tenants. According to Olga Ceballos, rent schemes can alleviate market pressures and financial burdens on individuals (Ceballos, 2023).

Drawing inspiration from Vienna, where social housing is encouraged through rent schemes and municipal developments are utilized to maintain affordable rental costs (Al Sioufi, 2016), a demand-side subsidy program can be established exclusively for low-income families.

Introducing a public agency that copies the conditions of suitable users who have acquired the units as an investment can create a rent scheme that allows individuals to afford rental payments even if they cannot purchase the units. To ensure the social nature of the rent scheme, a public agency can serve as the intermediary between users who rent the units and the suitable users, thereby retaining the generated revenue within the system. This approach can potentially reduce rent prices, attract more users to the rent scheme, and contribute to the goal of reducing housing deficits while maintaining the social focus of the program.

### - **Integration of stakeholders**

The diversification of actors, rather than their complete replacement, is advocated to improve the system. An analysis of the stakeholders involved, in conjunction with user profiles, reveals that the existing actors are fulfilling their roles to some extent. However, including additional actors, such as regulatory bodies and intermediaries, can enhance specific processes within the system. This approach emphasizes the need to broaden the range of actors rather than completely altering the existing ones.

The Colombian housing system benefits from decentralized housing policies, wherein the main policies originate from the state while regulations are formulated at the territorial level. This decentralization grants independence to territories and enables them to make decisions based on their unique circumstances. This decentralized model resembles the approach adopted in Austria, where housing policies are decentralized to municipalities, allowing for greater flexibility and control in managing the housing market while maintaining affordability (Al Sioufi, 2016). The social housing system can be significantly enhanced by introducing a few additional actors to serve as links between the primary stakeholders.

### - **Covering down payment**

One potential approach to support individuals in the young productive age group who aspire to own homes involves subsidizing their rent payments while they save for a down payment. By reducing the monthly rent burden, individuals can allocate more resources towards saving for a down payment, thereby increasing their chances of achieving homeownership. As noted by Jeiver Oviedo, the down payment can be significantly reduced through state subsidies to developers or direct subsidies to users (Oviedo, 2023)

In addition to this approach, financial education and counseling can improve long-term financial planning, empowering individuals to manage their finances effectively. By subsidizing rent during the down payment saving period, immediate relief can be provided while simultaneously facilitating the journey toward homeownership.

To conclude, setting a holistic, integrated view of the housing needs and the users is needed. By adopting a more structured and responsive approach, social housing policies can better fulfil their objectives and ensure the provision of high-quality housing units that meet the diverse needs of residents. By implementing such measures, the social housing policy framework can be enhanced to provide

affordable and accessible housing options for all segments of society, especially for the most needed ones, therefore tackling the housing deficit in a certain way. In addition, recognizing the role of all actors, and understanding their aims and missions within the market and the system, will address the policies to keep proving and assessing housing solutions, hence, in a social path.

**“Good housing solutions will plan a future including people’s desires.”**

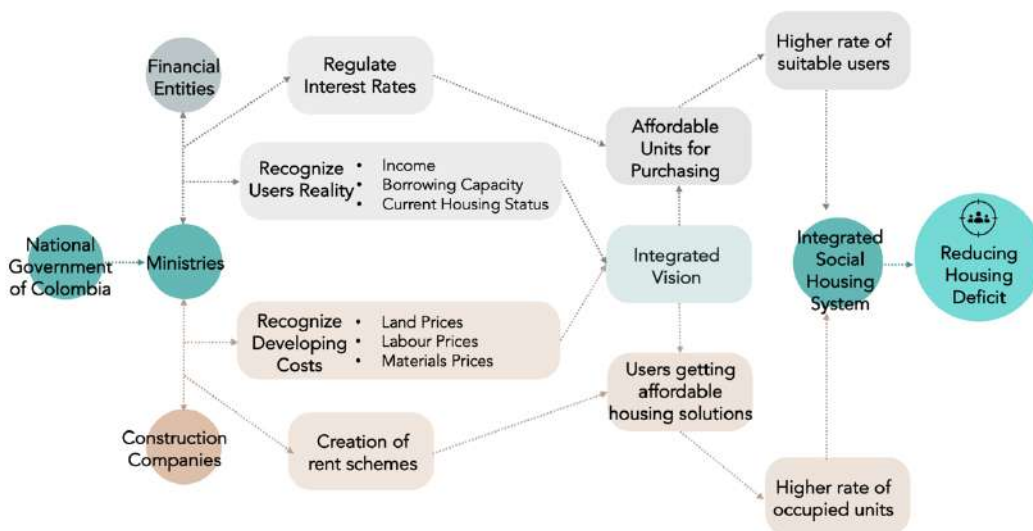


Figure 30: Proposed Strategy for Social Housing System

Source: Author, 2023

## 12. Final summary

This research examines the structure of the social housing system in Colombia and highlights the challenges it faces. The study concludes that the system needs to fully recognize the needs of its target users, making it inaccessible to them. The paper also argues that a social system driven by market forces cannot adequately respond to user needs due to the pressure exerted by various actors in such a system.



The study focuses on two significant factors of the social housing system: the user and the actors around it. It shows how detached and segregated the entire system is. With respect to users, three profiles were identified: current policy users, suitable users, and non-suitable users. The study reveals that current policy users are mostly not involved in the final stage of obtaining units. Instead, those with better economic situations (i.e., suitable users) are more likely to get units, leaving vulnerable non-suitable users with rent schemes and informal development solutions. The study highlights factors such as age, income, job source, and borrowing capacity that hinder intended users from accessing the system. It emphasizes the need for the system to recognize and address these conditions so that intended user profiles can change and be channelled into suitable users. The study finds that current policy does not match suitable users and fails to reflect actual prioritized users accurately. It also shows that suitable users have higher income, borrowing capacity, saving potential, and stable employment and are end-users even if they do not need homeownership or investment. Finally, non-suitable users lack formal employment, saving capacity, and borrowing ability, making them prioritized users but not end-users of the system.

In addition, coming to the actors involved, it is shown that the status of the stakeholders' ecosystem is preventing the current policy user to access the social housing units, and not allowing the housing deficit to decrease due to the inaccurate link between actors which is preventing the structure from being channelled towards the current policy user's needs. It's highlighted that there are missing relations between actors, missing intermediate entities that can enhance the system and connections that can be more as an alliance than dependence relations. The obstacles that the intended user is getting are due to the miscommunication of certain actors and missing parties. This can all be framed in the fact that the user is outside of the stakeholder's constellation and is only working as a purchaser.

Consequently, after overlapping the user's profiles with the stakeholders constellation and making a review of the structures involved in the system, it is pertinent to highlight that there's a need to take advantage on the good aspects of the system, such as the granted subsidies and the aim of the government to provide affordable housing for all, besides the variety of stakeholders involved, the great capacity from the construction field to answer to the society's demand and the decentralized normativity system which allows certain independence to the municipalities to arrange their aims towards a more tailored population. Looking at these positive aspects, there are options to enhance the system and a long path for the current policy user to be the key player in a system designed for it.

Finally, recommendations are set as an outcome from overlapping literature reviews, interviews, surveys, and results. Talking about quality, the public sector needs to rely in academia to provide better-quality products. Regarding financial aspects, borrowing capacity can be increased for non-suitable users through regulating interest rates in alliances relations and land prices to decrease the units' costs. Rent schemes also appear as recommendations to change the panorama of a merely purchasing system, and to subsidize current rents to afford down payments more smoothly. Finally, it is recommended bringing intermediary entities to integrate the actors involved in the system.

This research starts with the hypothesis of:

**“The social housing system in Colombia is not structured in an integrated way among all the actors, it partially recognizes the target user's reality, and there are possibilities to improve and enhance the current structure”**

It argues it, tests it, and concludes it is insisting that the system is not integrated and is not completely recognizing the intended user. However, there are

advantages in the system and many ways forward to improve the current situation.

A long path remains in the research of how to improve the social housing system in Colombia, hence the multiple advantages, variables, and wills to make it better, are the first tool to enhance it.

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# Annexes

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**Tool:** Open Interview / Narrative discourse

**Date:** March 22<sup>nd</sup> 2023

**Subject:** Mateo Estupiñan Arjona

**Field:** Construction and Development

**Brief bibliography:** Architect, Chairman of Constructora Vivir Bien, a Construction company based in the metropolitan area of Bogota. Currently developing social housing.

**Aim:** Understanding your position towards the whole system.

1. How are you involved in the system?

My role, I am actively involved in the housing system as part of a construction company specializing in the execution of low-income housing projects (Proyectos VIS). Specifically, I am responsible for the structuring and execution of these projects. This entails participating in each project phase, from design development and the establishment of sales systems for the properties, to overseeing construction and managing the subsequent legal procedures for property delivery.

2. What's the role of your field in the system?

The field of construction plays a significant role in the housing system. Operating within the private sector, we apply general urban regulations, establish credit conditions, and adhere to housing subsidy norms set by the government. By doing so, we create housing projects that comply with these regulations and ultimately deliver affordable housing units that meet the established standards.

3. How do you perceive the system?

From my perspective, the system faces numerous challenges as it lacks a comprehensive understanding of the realities faced by the two primary actors involved: the housing developers and the buyers. Housing developers, as creators of the properties, must grapple with rising material prices, excessively high land costs, and market pressures. These factors often force them to set elevated selling prices, which can be attributed to the lack of government support or regulation to reduce these costs. Consequently, buyers face considerable costs and often struggle to secure financing options that align with the government's objectives of providing affordable housing. In many cases, the income requirements set by financial institutions exceed the means of the target population for these properties. This double-edged problem arises from the inability of developers to lower prices due to cost limitations and the lack of financial institutions' regulation, resulting in high interest rates that hinder a more significant number of users from accessing housing financing.

4. How do you perceive the role of the user in the system?

In the system, the user is heavily influenced by the commercial and regulatory conditions dictated by the government. The government establishes the standards this type of housing must meet, and developers comply with the minimum requirements based on cost considerations. The financial sector regulates the functioning of the financing system. Therefore, the intervention and influence of the government and the user are limited. While the government-designed subsidy system aims to benefit the user, it often needs to consider the realities and challenges faced by the majority of users in accessing these benefits.

5. What are the advantages of the system?

Despite the need for improvements, the system has responded to the housing needs of many users over the years. The number of people who have been able to acquire their own homes has increased steadily in the past 20 years. However, adjustments must be made to enhance the system and improve the conditions. It

is worth noting that each year, spatial regulations for housing properties increase their requirements, indicating an intention to improve the quality of life for those residing in these units.

6. What are the limitations of the system?

Presently, the system faces limitations primarily due to coordination issues, especially in times of rising prices and interest rates that impact the dynamics of project execution. Nevertheless, the general limitation has always been the limited access for a greater number of users to acquire their own homes. This limitation stems from the lack of state regulation to enable this access. Factors such as unregulated increases in construction material prices prevent developers from lowering selling prices. Additionally, inadequate land cost management, excessive requirements for accessing subsidies, which overlook the user's reality, and the lack of regulation in the financial system regarding specific interest rates for acquiring this type of housing contribute to the disconnect from the users who genuinely need these properties.

7. Does your field depend on others to operate?

Our field is reliant on the collaboration and coordination with all other actors within the system to successfully design, sell, and execute projects. We are responsible for ensuring compliance with government regulations regarding minimum conditions, aligning them with the costs necessary to fulfill these requirements. Based on this, we project the viability of executing a project and take financial risks to bring it to fruition. Furthermore, we establish partnerships with compensation funds to ensure a smooth process when users undergo their application procedures. To achieve this, we must be registered as builders with these funds. Lastly, we must have a comprehensive understanding of how the financial system functions to determine the user's viability for a mortgage loan, the amount they would qualify for, and to identify those who may not be eligible. Ultimately, we serve as the intermediaries, navigating and translating the various requirements and processes to offer or not offer the properties to the users.

8. What are the dependencies from your field regarding the others?

Our field relies on various actors, including the government, banks, compensation funds, local governmental entities, and private companies.

9. Who are the actors you work concomitantly with?

I work concurrently with government entities responsible for issuing licenses during the initial stages. Throughout the project, I maintain constant communication with banks, especially regarding user support, from the beginning until the project's completion. Collaboration with compensation funds occurs during the property legalization phase, as the user's application must be aligned to ensure the subsidy amount reaches us.

10. How to intervene on that?

To intervene in the system, which aims to provide affordable housing to users, regulation of certain elements that hinder this objective should be implemented. In my opinion, there are two key areas requiring regulation. Firstly, the state should regulate the increase in construction material prices to enable lower costs. Secondly, the establishment of standardized preferential interest rates for users, acknowledging the unsatisfied need for homeownership, would increase the number of users who can afford to acquire housing. With regulated interest rates, they would be able to repay these loans without compromising their quality of life.



**Annex 2:**

**Tool:** Open Interview / Narrative discourse

**Date:** March 7<sup>th</sup> 2023

**Subject:** Leonardo Parada

**Field:** Construction and Development

**Brief bibliography:** Chairman of Exalta, construction company based in the north metropolitan area of Bogota, North Sabana. Currently developing housing compounds.

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

As a construction company, we've encountered several taxes related to Type A assignments, ICA payments, and appraisals, which can generate high costs. Through collaboration with the municipality of Chía, we found a way to develop land, even with tax debts. By forming a public-private alliance, we secured a lot from the municipality and offered to cover the value owed through materials and labor. In this partnership, we built 200 apartments for social interest, providing decent housing for those in need. The municipality contributed the land, and by offering discounts, we made the apartments more affordable for the beneficiaries. We ensured that the selection process prioritized those without housing subsidies and with limited financial resources. The process involved financial evaluations to verify employment and economic stability, ensuring that the most disadvantaged families would benefit. Our goal is to deliver inclusive and affordable housing solutions, providing a better life for those who need it the most.

2. What's the role of your field in the system?

As a construction company, our mission is to provide housing to the most vulnerable, but it comes with financial challenges. The operation we're undertaking to deliver 200 social interest apartments is not highly profitable, but it aims to dignify lives and provide essential amenities to the beneficiaries. We're currently working on providing carpentry kits for the apartments, but there are some legal hurdles in securing funding from the municipality for this purpose. However, we are committed to delivering fully equipped apartments with basic carpentry like kitchens, closets, and bathroom furniture to improve the quality of life for these families. The project involves complex coordination with the municipality, but we are determined to make it a success and fulfill our mission.

3. How do you perceive the system?

As a market driven system instead of a social system. Social housing here in our country is pure business and those who can develop and build these units, have the luck to be involved in a system that guarantees them the demand. It doesn't matter how many units are built; they will always be sold because the system is open to everyone.

4. How do you perceive the role of the user in the system?

Absent? We've talked for a few minutes, and we've never described the user outside of the project I'm working at. In our case, the user was very very very profiled because the units are granted by the state, but in other projects, the user is not there, no one cares about it, the only thing that matters is to sell the units to whoever can get them.

5. What are the advantages of the system?

In our case, with this kind of project, there are 3 levels of the project. When the project started, they were donated by the municipality, I paid for the 200 ready apartments, then things evolved and today we are going to say that it is for people without subsidies. That they have a job, but that they do not have the subsidy and

today they are already talking about people who have a job and that have the subsidy, so I think they are going to put everyone in the world. So, first advantage, is that people that cannot have full money to pay the units, get benefits from the state as subsidies

Second advantage is that as the municipality owns the land, the amount of the land is not charged to the unit, therefore there are cheaper units than the ones in the market.

6. What are the limitations of the system?

Working with the state and public sector can sometimes slow down processes, especially when dealing with session payments. However, we managed to resolve the payment issue and make progress in providing housing for those in need. Initially, the idea was to help the poorest and most vulnerable people with the municipality giving away 200 apartments. But as we delved deeper, we realized the municipality couldn't afford it. So, we came up with a public-private alliance that allowed us to find a viable solution. The project attracted more than 1000 potential buyers, and we carefully selected the 200 families in most need, prioritizing those without subsidies and jobs. It's been a complex process, but our goal is to make a difference in the lives of those who are truly vulnerable and in need.

7. Does your field depend on others to operate?

On banks and materials providers, if they don't decrease their prices, we cannot develop any land.

8. What are the dependencies from your field regarding the others?

How should we be? In this case, we are builders, we provide the work and make a delivery of as many units. If at the end of the year what you want most is to pay the taxes of the two construction companies. To clean up this issue, because it would not be paying points before the end of this administration, it is very important to leave that spirit and at the end of the year we will see if that left

something useful or not useful. We hope it leaves something useful, but if it doesn't leave. We depend on material providers, on the banks to grant loans to our clients and I would say on the state also, because if they don't regulate interest rates and materials prices, this business is going to end up soon.

9. Who are the actors you work concomitantly with?

Municipality, banks, and construction companies as competition and as partners.

10. How to intervene on that?

the project of providing 200 apartments for the most vulnerable has been a challenging but rewarding endeavor. It highlights the inefficiencies of the government in carrying out social projects and the importance of private sector involvement. The collaboration between the public and private sectors has proven to be a powerful alliance to address societal needs. However, there is a call for adopting new business practices and addressing issues like corruption and administrative incapacity.

To improve the high prices of social housing, we should consider regulating land prices, as they significantly impact the final cost of the projects. Overall, there is a need for a more inclusive approach to address the housing needs of the most vulnerable in the country.

**Annex 3:**

**Tool:** Open Interview / Narrative discourse

**Date:** Feb 4<sup>th</sup> 2023

**Subject:** Clemencia Escallon Gartner

**Field:** Academia, architecture, urban planning

**Brief bibliography:** Distinguished professor from Universidad de los Andes, Bogota, Colombia.

Faculty of Architecture and Design

Member of the Habitat and Public Pedagogies research group and advisor to the Housing Observatory at Universidad de los Andes.

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

Merely academic and advisory

From early years, i've been interested into the housing situation in Colombia. During my specialisation in urban planning, I did research about housing expansion and housing quality around the country, more focused in Bogota as focal point. After ending my specialisation, I joined the research group in Universidad de los Andes, where I currently teach and advice the Housing Observatory.

In the Housing Observatory we research, advice and revise the housing projects along with an association with construction companies, we also create quality standards for housing, and we've revised more than 300 projects around the country, with the aim of enhancing and getting better the housing quality units.

2. What's the role of your field in the system?

As academics, we purely do research and create indicators for private use and internal use from the university, however, working in association with

construction companies as Pravic and Prodesa, which are also private, we've been able to apply these indicators into currently on-going projects and from design phase projects.

The role might be one of the most important roles as the academia is not being guided with a profit or benefit, so our results don't go after any economic or monetary result. Academia simply advice, show and reflect the real status of urban situations as the social housing system.

3. How do you perceive the system?

In my observation, the social housing system is broken and detached from its main actor, the user. Driven solely by market forces, it fails in terms of sizes, quality, bureaucracy, and application. The system lacks integration due to being designed by different state branches, and it disregards the fact that social housing should not have a fixed price, as it must be accessible to all vulnerable individuals who cannot afford even the rent of such units.

In the past, during the 60s, social housing schemes were more successful because of strong state intervention. The state owned the land, and public-private partnerships competed in open contests for design and construction, with the public sector supervising the entire process. As a result, the projects were better budgeted, the land acquisition was proper, and the housing quality was decent and affordable.

However, in the 90s, the focus shifted from social objectives to economic interests. Social housing became a tool to stimulate the economy during periods of low growth. While massive construction benefited the economy, it often neglected the quality and the needs of the users.

Most social housing units in congested urban centers are located on the outskirts, far from essential services and transportation hubs, lacking a sense of community. The system must shift back to prioritizing people's needs and well-being, ensuring that social housing truly serves its purpose of providing affordable and quality homes for vulnerable populations.

4. How do you perceive the role of the user in the system?

The user in the system is totally absent, it's totally neglected and the system from its core doesn't recognize the needs and the position of these users.

It's supposed to be a system called "social housing" but it has nothing of social, because as I mentioned, is a business instead of an opportunity for vulnerable homes to get a unit.

By not seeing who the real user is, in this system the social aspect is left behind from the conception and the creation of the scheme. When the state as the main head of any program in the country, doesn't study its people and the most needed ones, it's impossible to give a social answer to social problems right? That's what happens here, the structure of the social housing scheme is not approaching the user's needs.

5. What are the advantages of the system?

Maybe we can say that it makes the economy grow. Let's leave aside the fact that the social aspects are neglected, and let's focus on the economy, that's a big advantage

As the construction field and industry grows, the economy gets better.

Also, an advantage is that as the units are massive, there are a lot of options and sizes, this doesn't mean they are good, but they are offering a great portfolio of options for all kind of users, and let's remember, users which are not the ones in need for a roof.

6. What are the limitations of the system?

- Price: Social housing units should not have a fixed price to ensure inclusivity for all vulnerable populations.
- - Quality: The current social housing units in Colombia lack proper sizes and have poor finishing, resulting in subpar living conditions.
- Location: Most social housing units are located on the outskirts, far from essential services and community-building amenities.

- Focus: The emphasis on real estate business aspects in social housing neglects the primary goal of providing for vulnerable populations.

In terms of compounds:

- Strange scenarios: Relocating vulnerable communities to high-rise buildings hinders community building and social cohesion, as it disconnects residents from their familiar low-scale housing environments.
- Detachment: Lack of attachment to the housing environment leads to poor social conditions and a breakdown of the social fabric within communities.

7. Does your field depend on others to operate?

As a private entity part of a university, we depend on the resources of the university, however, to work and to investigate and launch research, we don't depend on any entity.

We've been working hand by hand with two construction companies so in the case of research for their projects, we depend on them

8. What are the dependencies from your field regarding the others?

we working from academia on housing, let's say we don't depend directly on the ministry, but we do depend on their programs because otherwise how do we research if they don't launch new perspectives?

Our research and products go directly to the university for it to post them and to help government's schemes to be improved or designed.

9. Who are the actors you work concomitantly with?

Construction companies, private and public educational centres, and NGO's



10. How to intervene on that?

there are so many ways to intervene and enhance the system, but few of them are good to all the actors involved, we from the observatory see a huge problem and its ab out the land prices, if the state does not regulate land prices regarding to their developable projects, units are going to keep being unaffordable, so, if the government takes placed into regulating and decreasing the land prices for the social housing projects, this can be a good step for the prices to decrease.

conflicts of interest between the construction companies and the government are a clear in the development of the projects, because construction companies are taking care of every aspect from the land price to the selling of the units, and this is not what it meant to be for a construction field, so if the government takes place and organizes the selection of the beneficiaries to the units and the location of the land, it will also enhance the system understanding, profiling, and recognizing the user for the system is the main step to make an inclusive system, Colombia has the power to profile and create various kinds of users to produce various kinds of social housing units that can fit most of the needs.

**Annex 4:**

**Tool:** Open Interview / Narrative discourse

**Date:** March 6<sup>th</sup> 2023

**Subject:** Diego Velandia

**Field:** Academia, architecture, urban planning

**Brief bibliography:** Director of the Housing Observatory at Universidad de los Andes.

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

I started working at the Observatory in 2014. I was assigned this role because I became a permanent staff member, while at the same time, the director had to pursue a doctorate. I was already involved in the research group and ended up in the director position somewhat unexpectedly. I must say that I have been interested in the topic of housing ever since I studied it.

Moreover, the issue of social housing, particularly its construction quality, has always intrigued me. However, once involved in the observatory, I realized there are numerous dimensions beyond construction that are immensely important. So, somewhat unexpectedly, I found myself in this position. Nevertheless, once immersed in it, various interests converged, along with a dedicated working group and significant potential. When I joined the observatory, there were 800 projects, sorry, 700 projects evaluated.

2. What's the role of your field in the system?

I make part of the research group for Social Housing in Colombia at the Observatory.

3. How do you perceive the system?

From the Observatory's point of view, let's say that all the rights, well, where the University, the observatory, interestingly emerge from a discussion around a table where a builder, Prodesa, and at the time, Clemencia, are present.

We aim to emphasize that the system lacks quality in design, considering it from the early stages of management and planning, ultimately reflecting in the design itself.

4. How do you perceive the role of the user in the system?

Today, as a country of homeowners, the prevailing belief is that as long as there is a means to achieve financial closure and ensure that builders can offer a certain number of homes, the issue of public housing is being resolved. This assumption is made under the premise that such financial closure guarantees that housing reaches those who truly need it, and that builders possess the knowledge of quality, urbanism, and the complexities surrounding the environment. It is believed that they will offer the best possible product, creating cities and habitats of high quality. Therefore, it is assumed that they are providing the best product and opportunity for the users.

5. What are the advantages of the system?

Indeed, there is such a strong emphasis on ensuring financial closure that various strategies have been developed over time, leading to the emergence of mechanisms such as subsidy convergence. This allows individuals who, due to their income, would otherwise be unable to secure financing to access housing through the convergence of national subsidies, local subsidies, and compensation fund subsidies.

However, the truth is that the system is highly deficient. To be frank, it is a system designed primarily for the benefit of the business sector, ensuring that private actors have the necessary resources to generate housing.

6. What are the limitations of the system?

The transition from demand-focused to supply-focused housing systems brings multiple perspectives to the forefront. The shift involves prioritizing financial closure, which determines the actual supply of housing. However, this approach overlooks the quality of housing and the needs of different regions. The assumption that property ownership is the only viable solution neglects other aspects, such as design, urban planning, and community dynamics. The generalized approach fails to reach those who truly need housing, leading to a false solution where many units end up in the hands of investors. The focus on financial management overshadows the entire chain of promoting, assigning, and ensuring quality at different scales, leaving significant aspects unaddressed.

7. Does your field depend on others to operate?

In reality, we are better known outside the academic sphere. As an observatory, we primarily rely on consultancy and project evaluation services for real actors, such as external construction companies and compensation funds. We also collaborate with some public entities. We offer assessment services to evaluate quality, producing deliverables such as evaluation reports, informative presentations, statistics, and improvement scenarios whenever feasible. These findings are discussed with our clients, providing us with valuable information to engage in further academic discussions and dissemination through forums, events, seminars, conferences, and more.

8. What are the dependencies from your field regarding the others?

Essentially, our work revolves around consultancy, establishing closer relationships with constructors and other relevant actors rather than the academic community. However, we heavily rely on research methodology and reference analysis to support our proposals and statements, drawing from both academia and our day-to-day work. Thus, our activities maintain a strong connection with external stakeholders and academia alike.

9. Who are the actors you work concomitantly with?

Developers, private real estate, and public entities.

10. How to intervene in that?

A balanced approach is necessary in the social housing sector, avoiding extremes of solely public or private actor involvement. Both sides have faced challenges, such as corruption issues with public entities and profit-driven interests from private constructors. The Academy plays a crucial role in assessing the current reality and providing unbiased perspectives. It can facilitate mediation and generate spaces for dialogue between conflicting actors. Education alone is not enough; continuous interaction with the external environment is essential for students to understand housing realities. By coordinating efforts and fostering understanding, the Academy can contribute significantly to finding viable solutions for housing issues.

**Annex 5:**

**Tool:** Open Interview / Narrative discourse

**Date:** March 24<sup>th</sup> 2023

**Subject:** Jeiver Oviedo

**Field:** Financial, Banco de Bogota

**Brief bibliography:** Director for housing credit for the North Metropolitan Area of Bogota, Sabana Norte, for Banco de Bogota

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

My name is Jeiver, I am the commercial manager of 11 people that I am in charge of, who are exclusively dedicated to offering housing credits or offer for credit approval from Banco de Bogotá.

2. What's the role of your field in the system?

As a bank, we merely provide and grant credits and loans for housing units to all the clients that meet the requirements for it. We as banks are the enablers for the housing payment as many Colombians, I would say most of us, don't have the complete amount of money to pay the entire unit. As of this year we have entered into a crisis and it is where we have come to the surface and where we find all the deficiencies that have arisen through social interest housing and priority interest housing, starting with sales that have been reduced more or less 70% in construction companies. And obviously, well, that also impacts the banks because we depend on the construction company as such.

3. How do you perceive the system?

In process to collapse. The current situation in housing is critical due to the lack of subsidies and high interest rates on loans. Social housing in Colombia heavily

relies on subsidies, but without them, the market for social interest housing declines. Many clients face frustration when trying to secure a loan, and the government's campaigns sometimes create false expectations. There is a disconnect between subsidies and loans, leaving vulnerable populations unprotected. The state should play a role in educating and informing people about housing options tailored to their needs, similar to how the government assists displaced populations with affordable housing solutions.

4. How do you perceive the role of the user in the system?

In my opinion, the current housing market excludes the poor due to high-risk assessments by banks, making it difficult for those with lower incomes to obtain affordable loans. Even government subsidies don't fully address the issue, leaving many individuals with informal incomes unable to access the formal housing market. This raises concerns about fairness and reliability in the lending system.

5. What are the advantages of the system?

It is an advantage for those who have the money and want to invest, or those who have a formal job and can access a loan and buy the house as an investment, that makes the economy move and the money remains invested, the construction grows, but to meet the basic need of the housing deficiency that exists, no, I do not see any advantage to it, nor will it ever be achieved, for what we are talking about, because the largest number of people who work in Colombia are in the informality, and those who are formal cannot buy such expensive housing

6. What are the limitations of the system?

The recent rate hikes and changes in sales mechanisms have affected the social housing market. Many investors are declining to buy social housing due to the increase in additional rates, and construction companies' new approach of adjusting prices yearly based on the minimum wage has deterred potential investors. As a result, social housing acquisition and purchases have drastically reduced. Moreover, the issue of subsidies is also causing uncertainty, with the

government committing subsidies that may not be fully disbursed due to economic challenges. All these factors combined have led to a negative impact on access to social housing in our country.

7. Does your field depend on others to operate?

Purely from construction companies because if they don't produce units, we cannot grant credits for housing.

8. Who are the actors you work concomitantly with?

Construction companies and the ministry of treasure and public credit. Also, financial superintendence of Colombia as all the rates come regulated by them and the central national bank.

9. How to intervene on that?

One possible idea to address the housing crisis is for the government to take the initiative and construct properties that can be given to the most vulnerable individuals through leasing, while also offering them to low-income individuals capable of paying, thus keeping the economy active. Initially owned by the state, the properties would be leased, and after a certain period of regular payments, the ownership deeds would be transferred to the tenants. However, the enormity of the housing deficit means building enough homes would take an impractical amount of time. Nonetheless, it could still be a viable solution: the government constructs houses without requiring credit, offering them under a lease agreement with the possibility of ownership in the future. To support this approach, clients might have to cover insurance to extend the leasing period, though this could be risky, and not all banks may be willing to engage in such a venture. While the bank understands the lack of access to social housing, it considers it beyond its scope and not a social responsibility since its primary focus lies in the business market.



**Annex 6:**

**Tool:** Open Interview / Narrative discourse

**Date:** March 7<sup>th</sup> 2023

**Subject:** Olga Lucia Ceballos

**Field:** Academia, architecture, and urban planning research.

**Brief bibliography:** Researcher and professor from Universidad Javeriana, Bogota, Colombia.

Faculty of Architecture and Design

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

Just as an academic, I do research on popular housing and the social situations related to it, and since I did my bachelor, I've been fascinated about how housing is the main tool for prosperity all around the world.

2. What's the role of your field in the system?

I think we as academics have a huge role because we're not biased, we see all situations for a very objective point of view, and it helps to dissolve conflicts of interests among those actors who have a sided position.

3. How do you perceive the system?

The history of housing policy in Colombia has been shaped by the significant migration from rural areas to cities, leading to a high demand for housing. In the 1970s, an economist named Le Kerry highlighted the potential of the construction sector to address this housing demand and stimulate the economy. This led to a policy focused on strengthening the construction sector as a key economic driver in the country, with the introduction of the UPAC system for financing.

However, changes in state policies over the years have led to criticism, with some arguing that the focus shifted away from targeting the poorest and corruption issues emerged. The closure of the Institute of Territorial Credit in 1991 was a significant change that impacted social housing efforts. Today, the housing system in Colombia is seen as business-driven, emphasizing economic factors over social considerations, which has resulted in a fragmented approach and burdened social responsibility.

4. How do you perceive the role of the user in the system?

Let's say that the priority is what is understood, is that poor people, more than giving them a home, need a job because people with jobs, well, they can. Get your home? Yes, with the issue of the lot with services, because it was very bad, because there they can access a lot and you can go on building. What did many families actually do at the time? When the demand subsidy is created, there is indeed a great contradiction. Because? Because I need to be very poor to access the highest amount of the subsidy, right? But at the same time I need to have very good money for a bank to lend me.

Because if it doesn't reach me, the subsidy is not 100%. Well no, I'm not going to make it. This. Well, let's say that this has been known for many years, we are already more than 30 years old, not a little more than 30 years after the change? Yes. And there has been bone 10 years ago, articles were written that said, it is not working, the policy is not reaching the people who need it.

So I would say, totally absent the user in the system

5. What are the advantages of the system?

If we have a million jobs under construction, everything is fine, according to this System that is set up in favor of business. But not to be very harsh, this is the only advantage I see when it comes to economic aspects, as construction is the bigger employer in the nation, therefore if social housing keeps being massive, one million jobs are going to be kept, moving economy forward.

6. What are the limitations of the system?

Speed, competing with the informal is very difficult that they go at a speed. And they sell. So we are going to do something, we are going to make some rules to compete with them, that is, we are going to give formality a chance. To get as close to that insolvent lawsuit as possible. those minimum standards. At first it translates into what was a program called batches with services. Yes. Families were given a very basic urban planning, very precarious in some way, either en-received or compacted.

7. Does your field depend on others to operate?

Not at all, we as a private university only depend on us. However, the implementation of our research depends on validation of higher entities as the Ministry of Education

8. Who are the actors you work concomitantly with?

More academics, the ministry of labour sometimes and definitely with the user, as we need to know who they are to propose or research on the topic.

9. How to intervene on that?

Home ownership can be a poverty trap, or rather has been a poverty trap for many. A lot of people, especially when there was the whole crisis of the 90s, a lot of people who have obtained housing and who lose it. It is true that the banks remain. Housing was not a leverage factor to get out of. So, as an improvement, changing the system from a financial system to a social system, towards community enhancement may not make the units more or less expensive but it will enhance the social aspect. I am very harsh, and it is that improvement policies are useless, but we are working with another teacher to design a prototype of social housing unit as a comprehensive advice. So I think that providing a new prototype of social housing, that actually serves the users and listening to them or seeing what's their reality, may enhance the system.

**Annex 7:**

**Tool:** Open Interview / Narrative discourse

**Date:** March 7<sup>th</sup> 2023

**Subject:** Sandra Caquimbo

**Field:** Academia, architecture, and urban planning research.

**Brief bibliography:** Researcher and professor from Universidad Javeriana, Bogota, Colombia.

Faculty of Architecture and Design

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

I am involved in the system academically, affiliated with the research institute at Javeriana University, pursuing my doctorate.

2. What's the role of your field in the system?

The role of my field in the system is to approach research and analysis with an open and unbiased mindset, ensuring rigorous and systematic filtering of information to draw objective conclusions.

3. How do you perceive the system?

In my opinion, informal housing persists due to the absence of a robust social housing system that integrates elements from formal city structures. Improving traditional social housing alone won't be a lasting solution. Instead, we should embrace the power of community and empower residents of informal settlements to be involved in decision-making about their habitat. Tailoring solutions to their specific needs, rather than applying predefined formulas, is essential.

Formal development might move faster, but we must recognize the resourcefulness of informal settlements despite limited resources. As a housing policy teacher, I've seen challenges in state involvement, which often focuses on financial assistance without clear guidelines. Rethinking housing policies from a

community-centric perspective and engaging with informal settlement residents can lead to more sustainable and meaningful solutions. A strong social housing support could significantly reduce informal settlements in the long run.

4. How do you perceive the role of the user in the system?

In my research on low-income housing, I've discovered a significant challenge in determining the appropriate price for social interest homes. Setting a market price for these homes can make them unaffordable and defeat their social purpose. I've observed examples of developers selling small apartments without subsidy conditions, catering to those who don't genuinely need financial assistance. This goes against the concept of social housing and disregards the involvement of the user beyond the buying transaction.

I strongly believe that government-subsidized housing projects should have clear conditions and guidelines to fulfill their intended purpose. Proper regulation of the social housing sector is crucial, and I find it concerning that there are no additional criteria tied to government subsidies in Bogotá's POT (Plan de Ordenamiento Territorial). It can be clearly seen that the user is not totally involved.

5. What are the advantages of the system?

On the positive side, I recognize that the economic activity of housing production generates employment, which is of significant importance. However, I am concerned that this positive aspect should not be tied solely to the concept of social housing. From an economic perspective, the housing production does function as an incentive for developers, as there is always demand for subsidized housing units from individuals who either need or desire such affordable homes. This constant demand makes this particular product range appealing to builders and investors alike.

In my academic assessment, it is essential to separate the economic benefits of housing production from the social objectives of providing affordable housing to

those in need. While the economic activity and job generation are commendable aspects, it is crucial to ensure that the primary focus remains on addressing the housing needs of vulnerable populations. Balancing these aspects is key to fostering sustainable and equitable housing development.

6. What are the limitations of the system?

In the market system, complexities and obstacles often result in individuals who don't genuinely need support accessing subsidies and benefits. While housing access for the middle class is important, there are still vulnerable people living in challenging conditions due to the lack of suitable housing options. The focus on homeownership and limited attention to rental housing show an incomplete approach. Housing improvement is crucial, as relying solely on new construction is not viable, especially with rising land prices. A comprehensive and long-term strategy is needed to address diverse housing needs and affordability challenges.

7. Does your field depend on others to operate?

I would say no, we only depend on the university to fund our projects and research

8. Who are the actors you work concomitantly with?

academia plays a crucial role by contributing to policies, design, and guidelines. Many stakeholders utilize academic research and expertise as a valuable tool to inform their decisions and actions. As part of academia's direct involvement, we collaborate with public entities, gathering statistics and conducting research to support and improve the housing landscape. This collaboration ensures a more informed and evidence-based approach to address housing challenges and foster positive changes in the system.

9. How to intervene on that?

I am discussing alternatives for rental housing, and I am considering two options: state ownership and community cooperatives. I believe that state-owned

buildings could be rented out initially to pay off debts and then generate additional income. On the other hand, forming cooperatives among community members who collectively build and rent units is another viable option. Involving the state in rental housing could expedite the process, avoiding bureaucratic obstacles.

However, I must point out a challenge in dealing with delinquent tenants in state-owned buildings, as this can result in financial losses and hinder providing housing to others. To overcome this issue, I propose making necessary adjustments to regulations.

**Annex 8:**

**Tool:** Open Interview / Narrative discourse

**Date:** April 2<sup>nd</sup> 2023

**Subject:** Elmer Estupiñan Ricaurte

**Field:** Construction and Development

**Brief bibliography:** Architect, CEO of Constructora Vivir Bien, Construction company based in the metropolitan area of Bogota. Currently developing social housing.

1. What is your role within the system?

I have been involved in the construction of housing for over 40 years, participating in the rehabilitation of dwellings that did not meet minimum spatial habitability standards. Currently, my focus is on the construction of Low-Income Housing Projects.

2. What is the significance of your field in the system?

Within the system, my field plays a crucial role in executing the physical space of housing units. We apply relevant regulations and manage the conditions of other actors to materialize housing programs effectively.

3. How do you perceive the system?

The system needs to be rethought. It was established many years ago and has evolved through adaptations influenced by various stakeholders. However, it has taken a direction that hampers access to housing for many users, creates operational challenges for those involved in execution, and prevents the government from achieving its goals.



4. How do you perceive the role of the user in the system?

Considering the previous response, it is necessary to redefine the real objectives of the Low-Income Housing program. By doing so, the actual needs of the users would provide insights into necessary modifications to make the process of acquiring affordable housing more accessible. Currently, users are primarily seen as economic actors within the system.

5. What are the advantages of the system?

It is crucial to observe how users' quality of life improves when they decide to formalize their living arrangements and acquire housing that meets spatial and urban standards. In comparison to the alternative of informal housing with its myriad of problems, the advantages of the system are immense. However, it is important to note that there are still many aspects that require modification.

6. What are the limitations of the system?

There are numerous limitations, largely stemming from the unplanned variations that have occurred within the system, causing it to become strained. The main challenge lies in the ability to acquire a housing unit due to difficulties in understanding the payment process or lacking a viable means to afford it. This issue encompasses factors such as the inability of construction companies to lower prices, the arduous processes users face with banks due to high interest rates, and the lack of savings for users at the outset of the purchasing process.

7. Does your field depend on others to operate?

Absolutely. Like any system, my field is interdependent with others.

8. What are the dependencies of your field on other sectors?

Our field relies on private companies for project execution, semi-private companies for coordinating public utility connections, government regulations, banks for financing construction projects and users, and, most importantly, users who require support throughout the entire process.

9. With whom do you work concurrently?

I work with the government, local authorities responsible for issuing permits, banks that we engage with to expedite processes, social security institutions to align with user requirements, and ultimately, the users themselves who must fulfill certain conditions during this process.

10. How can interventions be made to address these issues?

A comprehensive reassessment of the entire system is required to identify the bottlenecks hindering progress, acknowledging that there are likely more than what my biased perspective identifies. However, the primary intervention should focus on the user's ability to finance their housing. This aspect is particularly challenging due to the conditions and rules set by the financial sector, which often fail to consider the realities faced by the targeted user base.

**Annex 9:**

**Tool:** Open Interview / Narrative discourse

**Date:** March 16<sup>th</sup> 2023

**Subject:** Flor Castañeda

**Field:** Subsidies Entities

**Brief bibliography:** Subsidies Consultant from the Department of Subsidies Allocation in Compensar, Family Compensation Fund for Colombia

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

As a professional in the housing sector, my main responsibility is to negotiate agreements with different construction companies. The goal is to provide housing offers to our organization's members, ensuring that we enhance their quality of life. One of the significant aspirations for our members is to have their own homes, so we create promotion agreements with various construction companies to offer housing projects with discounts to our members during the purchasing process. This incentive acts as a driving force for people to consider buying their own homes.

2. What's the role of your field in the system?

In our projects, we cater to both affordable housing options and higher-end ones. The affordable housing projects are further supported by housing subsidies, providing a sense of security and confidence to our members, even those who may not have direct access to housing subsidies. Ultimately, the aim is to offer our members various options that benefit them when they decide to make a home purchase.

3. How do you perceive the system?

I see a system that is functioning, but not optimally. The surge in housing prices and high-interest rates has negatively affected families' ability to purchase homes. Initially projected interest rates no longer match the current rates, making it difficult for individuals to achieve financial closure. Additionally, housing prices have seen considerable growth, catching families off guard and requiring them to come up with unexpected additional expenses. These challenges are hindering families from fulfilling their dream of homeownership.

4. How do you perceive the role of the user in the system?

Partially involved, as I have noticed that many subsidies are not being obtained in line with the specified requirements. This discrepancy raises concerns about the accuracy and fairness of the subsidy allocation process. Some individuals or families may not meet the necessary criteria, leading to challenges and potential inequities in accessing housing benefits.

5. What are the advantages of the system?

Currently, I do not see any deficiencies in terms of project perception. On the contrary, I view it as a catalyst for people to achieve homeownership. However, it is essential to acknowledge that housing subsidies do not solely come from the compensation fund; there are other subsidies provided by the national government, which are not directly dependent on the fund. When these resources become depleted, it negatively impacts families who have already planned or initiated the home-buying process, which is also a huge advantage not to rely just in one subsidy

6. What are the limitations of the system?

In particular, subsidies play a vital role in affecting the expectations of many families who have purchased their homes in advance, given the lead time for the delivery of social interest housing. At the moment, we depend on third-party resources, that's a huge limitation, not directly approved by the compensation

fund, such as government resources in the case of "Mi Casa." Another factor impacting the housing market is the increase in prices, as some constructions are priced based on multiple minimum wages. Altogether, these factors significantly affect families' purchasing capacity.

7. Does your field depend on others to operate?

As an organization, our housing initiatives rely on collaboration with various stakeholders. We depend on construction companies for providing housing projects, receive guidelines from the Ministry of Labour, funding allocation from the Ministry of Finance, and regulations from the National Savings Fund on how to operate efficiently. This interdependence enables us to work effectively towards our housing goals.

8. How to intervene on that?

In my direct observation, the current interest rates are significantly elevated, which may pose complex challenges for families seeking to purchase homes. I believe that at some point, the situation will need to stabilize, leading to potential competition among financial institutions. As the interest rates stabilize, some banks may start offering lower rates to attract customers who had previously committed to high rates during their home purchases. This competition may result in a regulation of interest rates among banks.

The process of stabilizing interest rates and potential competition among financial entities may require careful navigation from individuals striving to achieve their dream of homeownership. They may need to give their all to secure financial closure and fulfill their homeownership aspirations.

**Annex 10:**

**Tool:** Open Interview / Narrative discourse

**Date:** April 14<sup>th</sup> 2023

**Subject:** Claudia Blanco

**Field:** Public Sector. District Planning Secretary in Zipaquirá.

**Brief bibliography:** Consultant in the Social housing Program for the Municipality Plan 2022-2024

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

My name is Claudia Blanco, and I am a public servant in the housing program of the municipality of Zipaquirá. Our housing program has a particularity compared to other departments and municipalities.

2. What's the role of your field in the system?

Typically, housing programs are housed within the Department of Planning or a related office. However, here in the municipality of Zipaquirá, due to its social focus, the housing program is located within the Department of Economic Development, Social Development, and Family.

In this context, our program primarily focuses on processes related to social housing initiatives.

3. How do you perceive the system?

In my capacity as a public servant in the housing program of Zipaquirá municipality, I have observed that the program shows great potential for improvement. While we have the necessary tools at our disposal, there is a need to reorient our focus from the market and economy to the social aspect. By

organizing our efforts towards addressing social needs, we can enhance the effectiveness and impact of the program significantly.

4. How do you perceive the role of the user in the system?

From my observation, there is a clear distinction between users who are not part of the formal market and those with fixed incomes and formal labor contracts, even if they earn the minimum legal wage. The housing market has become a matter of supply and demand. However, there is a need for profiling those with informal incomes. Some families rely on remittances from abroad, which are part of the resources they must support themselves.

In our housing project, we aim to validate and comprehend these informal economies with the support of accountants or the Finance Department. This involves formalizing the informal income in a way that meets the requirements of financial institutions. While the banks demand real traceability, they do not accept all forms of proof, such as transactions through platforms like Nequi or Daviplata. There is a significant lack of information and guidance for citizens regarding the housing process. The absence of a progressive program for informing and educating citizens exacerbates the situation, with political interests occasionally releasing subsidies without adequate preparation or support for the families seeking housing.

5. What are the advantages of the system?

From my perspective, the Decree 77 of 2015 plays a significant role in social housing regulations. It brought both advantages and disadvantages to the sector. One key advantage is that it allowed individual households to access housing subsidies, making credit and subsidies more accessible for some families. The provision for subsidized interest rates also boosted construction activities and made special credit conditions available to more families.

The "Mi Casa Ya" program has been effective in motivating families to pursue homeownership by combining multiple subsidies to enhance housing affordability. However, we still face challenges in our cultural approach to saving

for housing, as some sectors of the population view owning a home as unattainable.

Nevertheless, the decree introduced measures like encouraging rental savings and initiatives like "Jóvenes Propietarios" to support young individuals in their journey to homeownership. Overall, the Decree 77 of 2015 has positively shaped social housing, stimulating housing demand, but we continue to work on addressing cultural barriers and improving access to housing for all Colombians.

6. What are the limitations of the system?

The first limitation I observe is the extension of financing for families buying houses for 20 to 30 years. Although this allows access to housing, it also leads to significantly high interest rates, which minimizes the impact of interest rate subsidies. Social housing in Colombia tends to follow market dynamics, with limited success in promoting social goals due to the lack of effective collaboration between the government and construction companies.

While regulations demand that construction companies build housing for poor populations, the practice still operates on supply and demand principles. The impact of this market-driven approach has not fully reached vulnerable populations. However, I also believe that citizens share responsibility for the situation, as access to accurate housing information remains lacking, and public discourse often focuses on political interests rather than comprehensive solutions. The lack of financial culture in our society presents another significant challenge. Many low-income families struggle to save due to various economic hardships, which hinders their ability to afford housing, even with subsidies. Additionally, the trend of smaller living spaces globally contrasts with the reality in Colombia, where large families and the desire for adequate living space persist. The regulations allow construction companies to offer small housing units under the guise of social housing, resulting in inadequate living conditions.



7. How to intervene on that?

In summary, I believe that access to information and individual actions, such as saving and staying informed, play a crucial role for users in the housing process. Strategies like community engagement and targeted education can be effective in empowering families. The public-private partnership must continue to address housing challenges, as private interests alone may not prioritize social welfare. I see the importance of supporting local populations to improve their quality of life and promote access to housing within the municipality. Strengthening regulations and ensuring developers comply with social considerations are vital to providing affordable housing options. The effective administration of subsidies by compensation funds has been positive, though there are still some operational challenges in delivering them to families on time and with proper requirements.

**Annex 11:**

**Tool:** Open Interview / Narrative discourse

**Date:** April 21<sup>st</sup> 2023

**Subject:** Jhadier Tique

**Field:** Private Sector. Construction and Development Field

**Brief bibliography:** Project Director at CFC Construcciones, construction company in Cali, Colombia.

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

My name is Javier Tique, and I am the Project Director at CFC Construcciones. Our company specializes in designing, marketing, constructing, and finalizing housing projects. We are dedicated to providing quality homes for our clients, ensuring a seamless process from inception to completion.

2. What's the role of your field in the system?

As a member of the system, I work closely with the construction company, focusing on both low-income and regular housing. In recent years, around 85% of our projects have been dedicated to social housing due to increased demand and government initiatives. We are committed to providing affordable and decent housing options to those with limited financial resources, making a positive impact on their lives. I am proud to be part of a company that prioritizes social housing and actively contributes to improving the quality of life for those in need.

3. How do you perceive the role of the user in the system?

In the current process, the user's involvement is limited to being just a buyer. However, I strongly believe that we should include the user more actively to

gather essential information. By understanding their lifestyle and preferences, we can create more inclusive projects that truly cater to their needs. Empowering the user with a voice in the design process ensures that we produce homes that align with their standards and provide a more satisfying living experience for them.

4. What are the limitations of the system?

The social housing sector faces limitations in addressing informality and affordability issues. Despite efforts in social corporate responsibility and community integration, many housing projects are designed as closed complexes, creating challenges for those not accustomed to such environments. Government intervention through targeted subsidies and policies is crucial to tackle informality and make housing more accessible to low-income individuals. Initiatives like the "viviendas gratis" program and "Mi Casa Ya" have shown promise, but a more tailored approach is needed to cater to the specific needs of different income groups, including government-backed financing and rent-to-own programs.

5. How to intervene on that?

To overcome these limitations, collaboration between the government and financial institutions is necessary to create adaptive and comprehensive policies. Addressing the complexities of informality and affordability requires a multifaceted approach to ensure housing becomes attainable for all segments of society, promoting social well-being and homeownership opportunities for those in need.

I would adopt the same system that the MiCasaYa subsidy used, which involved a strategic alliance between the public and private sectors. One crucial aspect of MiCasaYa's success was the efficient collaboration with private entities, avoiding unnecessary bureaucratic hurdles.

**Annex 12:**

**Tool:** Open Interview / Narrative discourse

**Date:** March 7<sup>th</sup> 2023

**Subject:** Carolina Alvarez

**Field:** Private Sector. Financial Entities, Banks

**Brief bibliography:** Consultant and Advisor for housing loans in Banco Caja Social, for the north metropolitan area of Bogota.

**Aim:** Understanding your position towards the whole system

1. How are you involved in the system?

I've been working for the last 12 years with Banco Caja Social in the field of housing loans, especially for the social housing niche in the Sabana of Bogotá.

2. What's the role of your field in the system?

Our Banco Caja Social is different as it is part of the Fundación Grupo Social, which focuses on addressing the structural causes of poverty. Our mission has always been directed towards the affordable housing market, including those in informal employment or providing various services. We cater to informal independent individuals who may not have formal documentation or financial records, such as street vendors. Our unique amortization system sets us apart from other banks, as we serve a niche market that includes formal and informal workers, without strict requirements like other financial institutions.

3. How do you perceive the role of the user in the system?

Currently, we are experiencing a massive withdrawal issue due to the new subsidy regulations. Entire stages of construction projects that were already sold by the developers are now being returned, and some builders are reconsidering the projects. Clients are coming forward, saying they cannot afford to continue, and

some benevolent constructors refund the money, while others impose penalties. This situation is like starting from scratch with the new subsidy conditions. The government is targeting people with extreme poverty for subsidies, which is commendable, but it raises concerns about how these individuals will secure loans from banks like mine. Our bank is facing challenges in adapting to the new ideology and shifting to other segments of the market. Understanding the needs of the target users is crucial to avoid losses for everyone involved, including banks, cooperatives, and builders. We must carefully consider whom we are selling the properties to in order to find the best solutions for all parties. This is why I consider that the user is partially targeted.

4. What are the limitations of the system?

In summary, things have changed, especially with rising interest rates affecting banks like ours. We, as a conservative bank, have to adjust the rates accordingly, even though we try to be a friendly bank. Our maximum loan term is 20 years as we don't see the feasibility of offering a 30-year housing loan. Moreover, the current value of social housing is around 180 million pesos, and to get a loan of about 126 million pesos, one needs to have an income of at least 3 million pesos per month, more than 2 minimum wages. This shift in mentality has affected our niche market, and I feel this is an important limitation as setting the user in a vulnerable stage and not taking into account the risks the banks may have.

5. How to intervene on that?

In summary, I believe the bank should consider offering loan options for 25 or even 30 years to give clients more flexibility. The increasing interest rates have impacted loan approvals, and while lower rates might help, combining incomes could result in the loss of subsidies. The bank has a conservative approach, focused on safeguarding its portfolio and ensuring clients can repay their loans. Ultimately, factors like macroeconomic conditions and the bank's longstanding policies influence these decisions, but we always strive to make sure clients can afford their monthly payments.



## إمكانية الحصول علي إسكان إجتماعي في كولومبيا

### مراجعة نظام التطبيق

ماريا باولا ميخيا فانيغاس

استنادا إلى مبدأ "بلد الملاك" التي تم إطلاقها في كولومبيا في أوائل عام 2000 ، فإن نظام الإسكان الاجتماعي الكولومبي الحالي مفتوح لجميع المواطنين للتقدم والحصول على وحدة لضمان مكان للمعيشة عن طريق شرائها من خلال الإعانات والمزايا الاقتصادية ، ومع ذلك ، فإن الأكثر فقرا غير مؤهلين لهذا المخطط ، وبدلا من ذلك ، يحصل مواطنو الطبقات الوسطى على هذه المساعدات. يقدم هذا البحث مراجعة لنظام الإسكان الاجتماعي الحالي في كولومبيا ، في الجوانب الاقتصادية ، بدءا من مقارنة موجزة لأنظمة الإسكان الاجتماعي في جميع أنحاء العالم لوضعها في سياقها ولاحقا يقدم كولومبيا كحالة دراسة ، من خلال مراجعة نظام الإسكان الاجتماعي والتقدم ومتطلبات الوصول إليه. التقدم اليه خطوة بخطوة كحاكاة ويؤدي إلى إكتشاف العقبات التي يتم العثور عليها بناء على التحليل ، ليختتم باستنتاجات تم إنشاؤها من التحليل ومراجعة الأدبيات من مختلف الابحاث. يتطرق هذا البحث فقط الي الجوانب الاقتصادية والمالية للتطبيق ولا يغطي جوانب الجودة.

بعد ذلك ، يهدف هذا البحث إلى القول بأن المستفيد المستهدف الذي تم تصميم النظام من أجله لا يتم التعرف عليه ومدجه بشكل كامل في العملية برمتها. تبدأ المنهجية المنفذة بمراجعة الأدبيات، لتحليل الوضع الحالي لتقدم المستفيد إلي النظام، وأصحاب المصلحة المشاركين في النظام وكذلك علاقاتهم، ثم يتبعها مجموعة من البيانات النوعية والكمية في كولومبيا، تم الحصول عليها من خلال مقابلات إستطلاعية، وبالتالي الحصول على نتائج تسلط الضوء على واقع المستفيد المستهدف الذي من المفترض أن النظام يخاطبه، والوضع الحالي للجهات الفاعلة المشاركة في هذا النظام.

بعد ذلك ، بناء على النتائج ، يتم تقديم استنتاجات مثل أن نسبة كبيرة من المتقدمين للنظام ، لا يستوفون متطلبات الحصول على جميع المساعدات معا للحصول على الوحدات ، وأن دفع الإيجار الشهري يمنع المتقدمين من تغطية الدفعة الأولى وأنه على الرغم من أن جزءا كبيرا من المتقدمين يخضع لنظام عمل رسمي ، دخلهم لا يسمح لهم بالحصول على كل من الدعم والقروض للحصول على الوحدات. كما يتم تقديم استنتاجات حول التفاوتات وأوجه القصور والفرص الموجودة في مخطط أصحاب المصلحة. وأخيرا، تقدم بعض التوصيات الممكنة لتعزيز النظام ومعالجته بالتوصيات المطلوبة اللازمة.

**الكلمات المفتاحية:** الإسكان ، الإسكان الاجتماعي ، الإعانات ، القرض ، الرهن العقاري ، أسعار الفائدة ، القدرة على تحمل التكاليف





# إقرار

هذه الرسالة مقدمة في جامعة عين شمس وجامعة شوتجارت للحصول على درجة العمران المتكامل والتصميم المستدام. إن العمل الذي تحويه هذه الرسالة قد تم إنجازه بمعرفة الباحث سنة ...

هذا ويقر الباحث أن العمل المقدم هو خلاصة بحثه الشخصي وأنه قد اتبع الإسلوب العلمي السليم في الإشارة إلى المواد المؤخوذه من المراجع العلمية كل في مكانه في مختلف أجزاء الرسالة..

وهذا إقرار مني بذلك،،،

التوقيع:

الباحث: ماريا باولا ميخيا فانيغاس

التاريخ: 07/23/2023



# إمكانية الحصول علي إسكان إجتماعي في كولومبيا مراجعة نظام التطبيق

مقدمة للحصول على درجة الماجستير في العمران المتكامل والتصميم المستدام

أعداد: ماريا باولا ميخيا فانيغاس

## لجنة أشرف

الأستاذ الدكتور جان فرانسوا جولي  
أستاذ المدن و  
التخطيط الإقليمي  
الجامعة البابوية كزافييريان  
كولومبيا

الأستاذ الدكتور المهندس وولف  
رويتير  
أستاذ التصميم و  
نظريات وأساليب التخطيط  
جامعة شتوتغارت  
ألمانيا

ا. د. محمد صالحين  
أستاذ التخطيط المتكامل والتصميم  
جامعة عين شمس  
مصر

## التوقيع

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أستاذ  
جامعة .....

أ. د. ....  
أستاذ  
جامعة .....

تاريخ المناقشة: .....

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ختم الإجازة  
موافقة مجلس الكلية .../.../...

جامعة عين شمس



جامعة شتوتغارت



07/23/2023





# إمكانية الحصول علي إسكان إجتماعي في كولومبيا مراجعة نظام التطبيق

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إعداد

ماريا باولا ميخيا فانيغاس

المشرفون

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الأستاذ الدكتور المهندس وولف رويتر  
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