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Expanding Affordable Housing in Caracas, Venezuela: A Mixed-Income Housing Policy for the Caracas' Urban Core

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**EXPANDING AFFORDABLE HOUSING IN CARACAS, VENEZUELA:
A MIXED-INCOME HOUSING POLICY FOR THE CARACAS' URBAN CORE**


**By
Leonardi A. Aray**

**A Research Project Submitted in Partial Fulfillment of the Requirements for the degree of
Master of Community Planning
Department of Community Planning and Landscape Architecture
University of Rhode Island
Kingston, Rhode Island**

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Master of Community Planning
Research Project
of
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Approved:
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Dr. Farhad Atash

Acknowledged:
Director



Dr. Farhad Atash

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CHAPTER 1

EXPANDING AFFORDABLE HOUSING IN CARACAS, VENEZUELA

Introduction

As most of the countries in Latin American, Venezuela's socio-economic circumstances and poor urban planning and development have been followed by a rapid increase in population. As a result, a large number of people are living in substandard housing conditions in cities in Venezuela. In addition, the recent tropical storms and landslides that left thousands of families homeless have aggravated the problem. The Caracas Metropolitan District (CMD), with its 3,234,437 people in year 2000, faces the nation's housing challenges as well¹. The CMD covers five municipalities: Municipio Libertador, Municipio Chacao, Municipio Baruta, Municipio Sucre and Municipio El Hatillo. Divided in 22 tracts or "parroquias", Municipio Libertador is the largest borough of the city and has control over the urban core. For the purpose of this study, "urban core" refers to the area within the following parroquias: Catedral, Candelaria, San Bernardino and El Recreo.

The Venezuelan very low-income urban neighborhoods, known as "barrios" or *shantytowns*, occupy a large territory in cities like Caracas. The barrios in Caracas "...are located on land of very irregular topography, most of the time illegally acquired, and are subject to natural hazards, such as landslides..."(Rincon 2000; 70). Since their inhabitants are not able to form these neighborhoods in developable land, they lack the basic services and amenities, and suffer from high crime rate, drug and alcohol use, domestic violence and unhealthy living conditions. Many of the barrios are located in the Caracas' periphery, however some of these settlements are semi-incorporated in the urban core. The barrios, which occupy "...44.9 % of the total area of Caracas..." (Rincon 2000; 70), absorb a considerable amount of territory of the

Municipio Libertador. The growth of the barrios over the years has been such that they are an undeniable reality in the city, as well as a housing alternative for low and very low-income groups. Considering the large population and area that the barrios represent, in the last two decades, strategic programs have been established in order to upgrade, stabilize and improve the infrastructure of the barrios².

The CMD also houses a large number of people out of the barrios. Likewise, Caracas' urban core is diverse in population and neighborhoods. Although many of the people are from the middle and low-income groups, there are some mid-high income neighborhoods within or abutting the urban core. On one hand, people live in urban residential structures that have become dilapidated and suffer from the consequences of urban stress that characterizes the city. On the other hand, located in areas where urban stress is not an issue, there are some properly maintained high-income neighborhoods and multifamily buildings. In either case, the existing housing stock and the new developments are not affordable or attractive to most of the households, particularly the young professional.

There are more than a few upper middle-income and high-income neighborhoods and multifamily buildings in the Caracas Metropolitan District that enjoy a pleasant urban environment; yet, most of the existing and future affordable housing projects are located outside the city and are not truly diverse in population. Furthermore, the affordable housing developments located within the CMD are surrounded by barrios or are located in low-income neighborhoods. As a consequence, urban dilapidation and metropolitan sprawl continue, and social segregation has become more perceptible. Moreover, the current housing shortage for the Municipio Libertador is 116,585³ units despite the considerable investments made by the government and the private sector in the past several years.

Mixed-income housing for the Caracas' Urban Core offers an alternative to the housing shortage in Caracas. By creating policies that support mixed-income housing in the study area, this project is intended to diversify the housing opportunities in the city. This all-inclusive project is oriented to develop affordable housing in the city's urban core for households from all the income levels, with special consideration to married, young professionals. This group of households has seen their homeownership opportunities progressively disappear, which have limited the opportunities for their children to grow in a proper social and physical environment. On the other hand, representing the largest group among the labor force, these well-trained and educated individuals can socially revitalize the urban core. Finally, this study outlines specific ways to provide housing units not only for people with low and moderate income but also units at the market price to be developed in the Caracas's urban core.

Objective of the Study

This study will develop a mixed-income housing policy for the Caracas' urban core for households for all the income levels, with special consideration to married, young professionals between the ages of 24 and 35 years old. The policy recommendations of the study will be divided into five areas:

Government and Legal policy: This section includes recommendations to various levels of government to promote mixed-income housing developments. Likewise, this segment explores policies and programs necessary to develop mixed-income housing in the Caracas' urban core and public-private partnership opportunities in order to achieve the objective of the study.

Housing Finance Policy: This section presents financial policies for the preservation and expansion affordable housing within the Caracas' urban core, including the role of

the private sector capabilities in financially supporting mixed income housing projects in the area.

Social Policy: This section presents policy recommendations to achieve social inclusiveness and equal access to transportation, job opportunities and education through housing. Furthermore, this segment defines the selectmen principles for prospective renters and buyers of mixed-income housing development in the urban core.

Urban and Environment Policy: This section outlines principles regarding mixed-income housing that will catalyze the revitalization of Caracas' urban core and curb metropolitan sprawl.

Design Guidelines: This section recommends guidelines for the physical development of mixed-income housing projects in the Caracas' urban core. These recommendations include: architecture, density, number of units and zoning.

Significance of the Study

This study is aimed to explore mixed-income housing as a policy to alleviate the high housing demand in Caracas and to reduce the concentration of poverty in certain neighborhoods.

The following principles will be addressed:

- Local policies for the Caracas' Urban Core that could be a model for other municipalities within the CMD and for other cities in Venezuela according to their own characteristics and needs. Therefore, mixed-income housing will expand affordable housing opportunities in the nation.
- Defining the responsibilities for different levels of government regarding housing and planning in the Caracas' Urban Core.

- Most of the housing projects developed by the government, as well as the very low-income neighborhoods, are homogeneous and isolated niches that serve to promote political parties and individuals. Therefore, diversity in mixed-income housing developments will prevent political manipulation over the communities.
- Conditions for mixed-income housing projects in the CMD; despite households' income disparities, traditionally the Venezuelan's society has been a mix of people of different race and ethnic since colonial times. In addition, the Venezuela's national housing law and policy⁴ provides subsidy to people with a wide range of income. Therefore, a mixed-income housing policy for the Caracas' urban core may find support from the residents, public officials and the private sector.
- Integrating the different income-group levels through urban housing will catalyze inner-city redevelopment and diminish social disparities.
- Urban mixed-income housing is a policy to curb metropolitan sprawl by promoting the redevelopment of the urban core.
- Demonstrating the knowledge in planning acquired by the author through the Master of Community Planning program.

Methodology

The following tasks were accomplished in order to achieve the objective of the study:

1. In order to define housing affordability and study the feasibility of mixed-income housing in Caracas, it was necessary to *collect data regarding housing costs in the CMD and the urban core*, including the socio-economic characteristics of the area:
 - Median households' income
 - Percentage of income expended for housing

- Median housing cost in the CMD
- Median housing cost in the urban core
- Housing demand in the CMD
- Number of units to be built in the future by the private sector and the government

2. ***Mapping Caracas***: this activity illustrated the main features of Caracas, the location of the low-income neighborhoods, as well as the affordable neighborhoods for the low-income households. Overlaying the information from real state sources, housing agencies and the data used in task number one, the study developed the followings maps:

- Map of the CMD indicating the area of study and the distribution of the municipalities
- Map of the CMD indicating the area of study, the distribution of the barrios and area that had an increase of population during the 1990s
- Map of the CMD indicating the area of study, the distribution of the barrios and the affordable neighborhoods for moderate-income households.
- Map of the study area, the urban core: Parroquias Catedral, Candelaria, San Bernardino and El Recreo. This map includes main roads and transportation network and main features of the area, as well as the location of the barrios and low-income neighborhoods.
- Map of the Parroquia El Recreo, and Map of the Parroquias Catedral, La Candelaria and San Bernardino, expanding the information in the map of the area of study.

3. In order to build an understanding of the legal framework and experience in affordable housing in Venezuela, this task has ***analyzed the Venezuela National Housing Law and***

Policy (Ley de Política Habitacional, LPH) and agencies regarding housing in Venezuela. This task also included interviews of professionals related to the field such as architects, developers and employees working in housing agencies. The law and agency mainly considered for this task was:

- Ley de Política Habitacional (LPH) and Fondo de Desarrollo Urbano (FONDUR)
4. In order to illustrate mixed-income housing projects in the city, this study included six *cases studies*. In addition to three cases studies from Venezuela, this task analyzed and illustrated three mixed-income housing developments in Boston, MA. This task also included a literature review on some of the law and programs that foster mixed-income housing in the U.S.A. Also, the literature review included materials regarding the role of the young professionals in the urban dynamic. Using material collected from architectural and planning magazines, pictures collected over different field visits and professional involvement, the study includes the following case studies:

- Tent City - Boston, MA
- Mission Main - Roxbury, MA (Boston Metro Area)
- Brookline Village Lofts - Brookline, MA (Boston Metro Area)
- Ciudad Casarapa - Guarenas, Miranda (Greater Caracas)
- La Llanada - La Guaira, Vargas (Part of the former Federal District that included the city of Caracas)
- Terrazas de La Vega Municipio Libertador, Caracas Metropolitan District

¹ OCEI. Oficina Central de Estadística e Informática. <http://www.ocei.gov.ve/>

² <http://habitat.aq.upm.es/bpal/onu/bp376.html>

³ FONDUR. Fondo Nacional de Desarrollo Urbano. Oficina de Planificación y Presupuesto

⁴ Nueva Ley del Subsistema de Vivienda y Política Habitacional

CHAPTER 2

AFFORDABLE HOUSING IN VENEZUELA

The second chapter focuses on the housing problem in Venezuela, and the housing policy in country. This chapter is divided into two sections: Demographic and socio-economic characteristics of Venezuela, and the housing policy of Venezuela. The first section reviews demographic data, socio-economic and low-income housing characteristics of Venezuela; and the second section describes the main characteristics of the housing policy and law in the country. The analysis presents data regarding household income and housing shortage, as well as programs and budgets aimed to solve the problem of lack of affordable housing and the very low income neighborhoods. The public sector, FONDUR, and the private sector, CVC are the main sources of information for this section¹.

Demographic, Socio-Economic, and Low-Income Housing Characteristics of Venezuela

Demographic Characteristics

Although the results of the Venezuela 2001 national census have not yet been reported, the agency in charge of housing and urban development in Venezuela, the National Fund for Urban Development (FONDUR) estimates the country's population for 2002 at 25,262,247. The 1990 national census counted the total population at 19,502,229, and it projected a total population of 21,844,678 in 1995; 24,169,841 in 2000 and 28,714,661 in 2010. Along these lines, the 1990 census estimated that from 1990 to 2010, Miranda, Zulia and Municipio Libertador would be the most populated areas in the country as identified in Table 1.

As shown in Figure 1 a remarkable continuous increase in population occurred in the 1990s. Moreover this growth will continue steadily according to the 1990 Census. Figure 1 also

illustrates the population trend for the Municipio Libertador and the state of Miranda. Figure 2, a map of Venezuela, highlights the most populated states.

Table 1. Population by state Venezuela, 1990-2010.

Name of State	1990	1995(1)	2000(1)	2010(1)
Mp. Libertador	1,970,337	1,974,572	1,975,786	1,983,434
Amazonas	88,681	94,759	100,324	110,157
Anzoátegui	923,174	1,034,312	1,140,372	1,335,643
Apure	308,612	382,572	466,932	670,458
Aragua	1,199,489	1,344,098	1,481,453	1,729,974
Barinas	454,593	519,197	583,522	708,959
Bolívar	982,282	1,142,211	1,306,653	1,652,641
Carabobo	1,553,630	1,800,767	2,106,265	2,704,436
Cojedes	194,688	227,741	262,154	334,633
Delta Amacuro	93,489	114,390	137,939	193,778
Falcón	643,409	699,251	747,761	823,401
Guárico	524,314	583,222	638,641	737,784
Lara	1,275,675	1,430,969	1,581,121	1,852,013
Mérida	611,454	680,498	744,990	860,236
Miranda	2,001,493	2,303,304	2,607,160	3,212,875
Monagas	506,710	555,706	599,763	672,628
Nueva Esparta	284,143	330,307	377,700	474,233
Portuguesa	615,723	720,865	830,440	1,059,564
Sucre	729,803	781,755	824,762	887,788
Táchira	855,492	946,949	1,031,156	1,169,282
Trujillo	530,549	562,750	587,283	616,934
Yaracuy	412,047	466,131	518,901	619,528
Vargas	300,762	305,105	309,134	311,107
Zulia	2,441,680	2,820,247	3,209,629	3,993,175
TOTAL	19,502,229	21,844,678	24,169,841	28,714,661

(1) Projections

Source: OCEI. Census 1990

The population in Venezuela is concentrated in urban centers. Respectively, for the year 2000 and 1990, 87% and 83.5% of the population in the country lived in urban centers. Thus, the census estimated that the urban population experienced an increase of 4.5%. Table 2 and Figure 3 demonstrate the urban distribution of the population by gender and age. It is illustrated in Table 2 and Figure 3 that the total population was distributed almost evenly, divided between male and female.

Figure 2. Map of Venezuela.

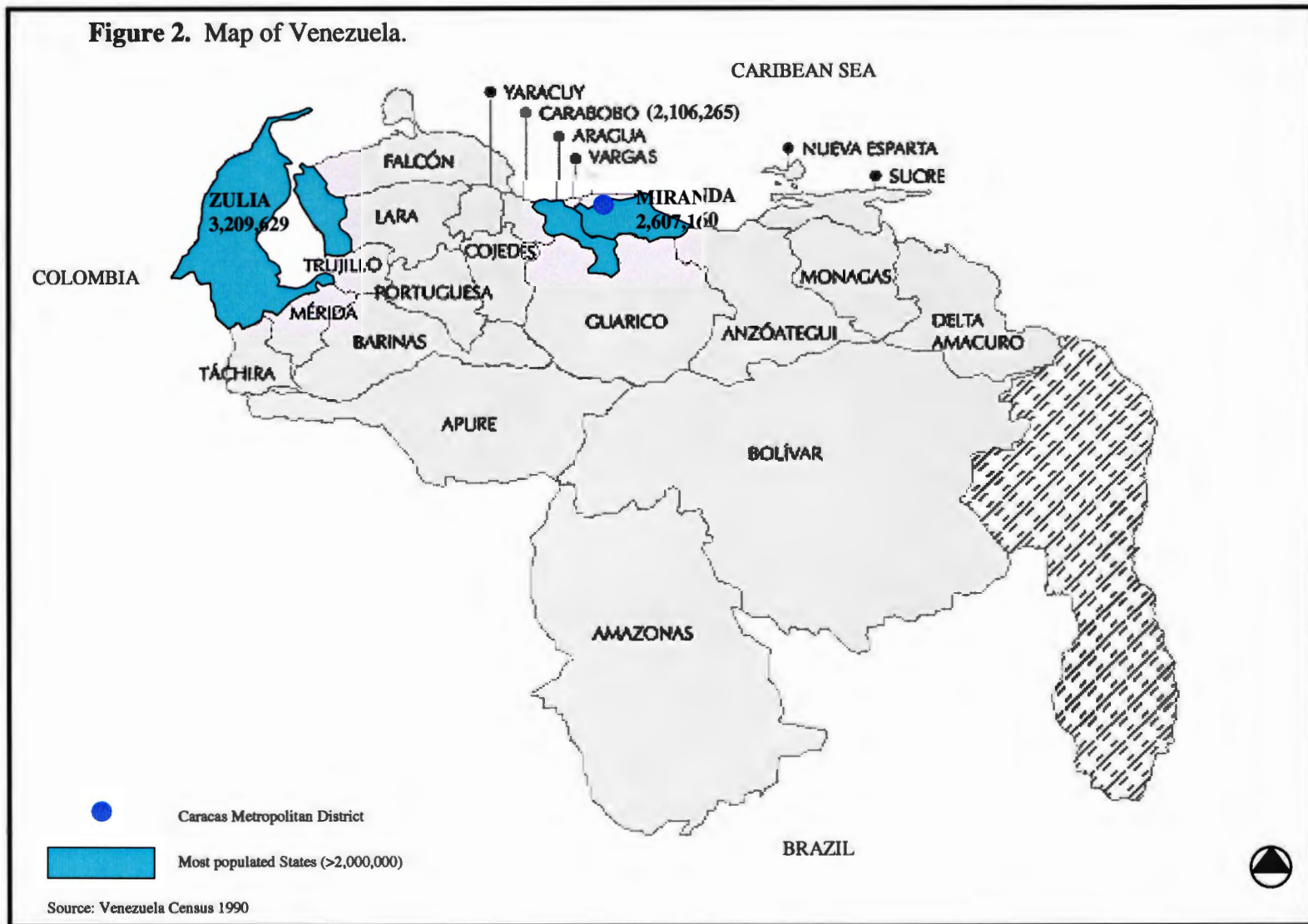


Table 2. Urban population by gender, Venezuela. 1990 - 2000.

AGE GROUP	1990		1995 ⁽¹⁾		2000 ⁽¹⁾		2000
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	%
Total	8,108,235	8,177,237	9,277,236	9,379,215	10,460,568	10,594,677	100.0
0-4	1,127,088	1,079,186	1,169,331	1,127,437	1,199,083	1,163,332	11.2
5-9	1,024,435	987,607	1,139,618	1,104,572	1,184,847	1,154,598	11.1
10-14	932,888	912,876	1,039,580	1,022,208	1,156,521	1,138,488	10.9
15-19	804,605	808,267	961,348	963,037	1,067,149	1,067,218	10.1
20-24	789,773	791,224	834,386	835,560	989,178	987,889	9.4
25-29	732,891	739,066	798,772	804,528	845,181	849,310	8.0
30-34	602,662	612,884	741,631	751,188	809,020	816,368	7.7
35-39	524,216	531,458	609,604	619,350	749,540	757,610	7.2
40-44	428,498	431,906	529,261	537,352	615,232	626,413	5.9
45-49	317,432	327,556	428,069	434,854	528,427	540,195	5.1
50-54	232,028	247,696	306,852	321,056	415,574	428,347	4.0
55-59	193,597	210,282	223,696	243,880	296,011	315,717	2.9
60-64	155,650	174,331	177,189	199,114	206,917	232,706	2.1
65-69	108,072	129,309	143,883	167,293	164,742	192,161	1.7
70-74	68,740	91,895	89,011	115,514	120,363	151,776	1.3
75-79	42,736	60,875	53,941	77,524	70,369	98,396	0.8
80 +	22,924	40,819	31,064	54,748	42,414	74,153	0.6

(1) Projections

Source: OCEI

An interesting finding is the age distribution of the population in the urban centers. As identified in Figure 4, the largest groups of people living in the urban centers are children and teenagers, meaning those younger than 20 years old. Nevertheless, young people, from 20 years old until the mid 30s, also dominate the urban centers. In 2000, people from 20 to 39 years old represented 32.3 % of the country's urban population and 43% are less than 20 years old.

Figure 1. Population trend in Venezuela, 1990-2010.

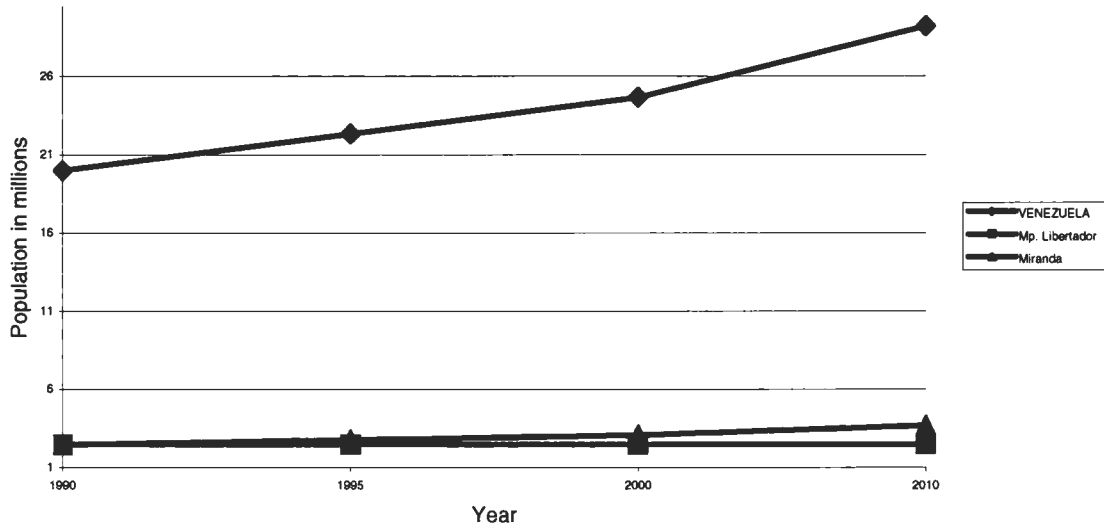


Figure 3. Urban population distribution by age, Venezuela 2000.

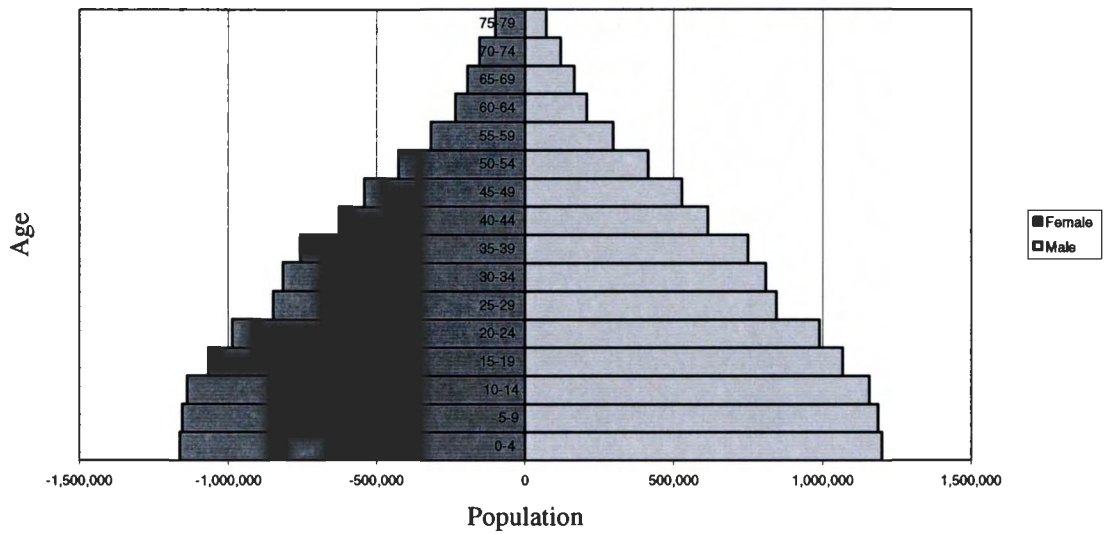
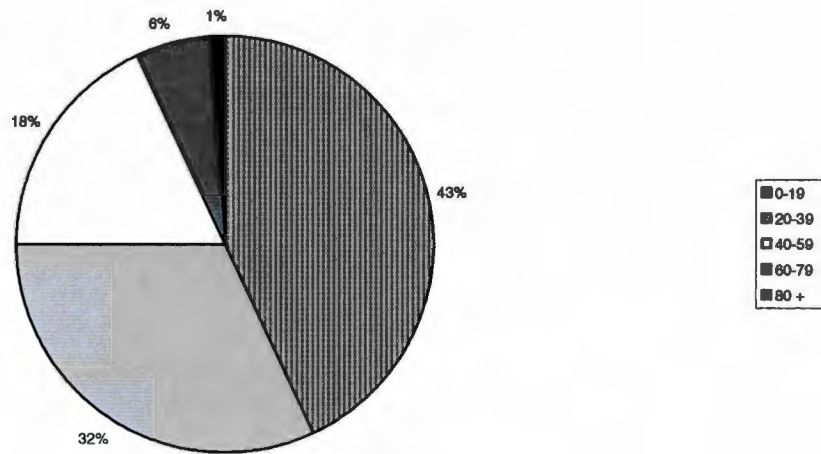


Figure 4. Percentage distribution of urban Population by Age, 2000



Socio-Economic Characteristics

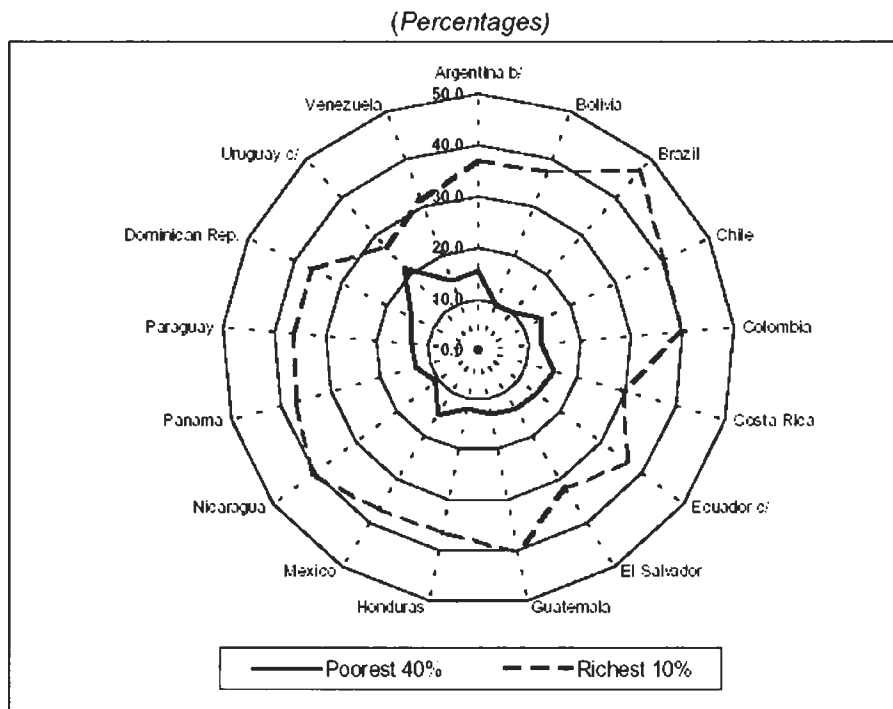
The Latin American political, economic and social crisis has widened the problem of poverty in the region. Venezuela, a country rich in natural resources, faces the same socio-economic distress that characterizes the region. Meyer (1999; 19) states "...poverty and hardship characterized the [1980s] decade. Economic growth in the [Latin America] came to a halt as countries struggled to make payments [for their international debt]". The International Monetary Fund and The World Bank recommended the reduction of public services, elimination of price control and liberalization of exchange controls in order to end the economy crisis in the region. This "medicine", as a result, worsened the conditions of the low-income groups, which at that time represented 35% of the population in the region.

Despite the economic recovery seen in 2000 and some of the progress made in the beginning of the 1990s, the number of poor people has grown in Latin America. The most striking socio-economic characteristic in the region is the continuous in the distribution of

national income. In most of the Latin American countries, about 40% to 50% of the population had an annual income equivalent to less than one half of the average income level. Moreover, the access to the formal economy was limited to a small group of the labor force, which resulted in a growing informal economic sector and high unemployment rates (*Social panorama of Latin America • 2000-2001*). .

Figure 5 illustrates the percentage of total income held by the richest households, representing 10% of the total, and the poorest households, which represent 40% of the total. In all the countries of the region except in Costa Rica and Uruguay, the richest households hold more than 30% of the total income. Accordingly, in the case of Venezuela, 10% of the households hold about 32% of the total income, while the poorest households hold about 15% of the total income.

Figure 5. Share of total income of the poorest 40% and Richest 10% of households in Latin America, 1999.



Source: *Social panorama of Latin America • 2000-2001*

In Venezuela the percentage of poor households, or households with a monthly income below \$385 (50% of the mean income), increased dramatically from 22% in 1981 to 34% of the total households in 1990. This pattern has continued to increase since 1990. For the year 2000, according to ECLA, 44% of the households were poor in Venezuela². For 1999, ECLA reports that in Venezuela 40% of the households had an income that was less than 50% of the mean. Additionally, according to the U.N., the country had an unemployment rate of 14.7% in 1999³.

The ECLA reports that a growing number of households are headed by women, specially at reproductive ages. An increasing number of women are entering the labor market, and the number of single-person households and married couples without children are also growing. This has resulted in a wide range of types of families and living arrangements. However nuclear families still predominate in both urban and rural areas.

In the 1990s, ECLA reports that most of the countries witnessed an increase in the number of households with more than one breadwinner. This phenomenon occurred in all income levels. It is important to mention that governmental agencies and other types of state institutions in the region are not consistent with their definition of family.

Low-Income Housing Characteristics

The ECLA states that national expenditure for housing, water and sanitation in Venezuela represented 1.6% of the GDP in 1990-91 and 0.8% in 1998-99. Among the consequences of the low public social expenditure are a high number of housing units and people lacking of the basic services (Table 3 and 4).

The very low-income neighborhoods or barrios are a sign of the Venezuela socio-economic characteristics. As Table 5 indicates, in Venezuela, a large percentage of people have been living in these dense illegally settled neighborhoods⁴. The growth in population and the

high cost of housing have forced many households to live in these areas. Moreover, the attempts of relocating people in new public housing developments have not lessened the problem efficiently and have not been real alternatives for the low-income households.

Table 3. Low-income housing characteristics in Venezuela, 1990.

Housing Characteristics		TOTAL	AREA	
			Urban	Rural
Percentage of Housing Units without Electricity	VENEZUELA	9.4	5.2	32.5
	FEDERAL DISTRICT	4.3	3.9	35.7
Percentage of Housing Units without Water Supply	VENEZUELA	16.8	10.9	48.6
	FEDERAL DISTRICT	7.5	7.0	50.4
Percentage of Housing Units without Sewage or Septic Tank	VENEZUELA	19.6	12.4	59.1
	FEDERAL DISTRICT	2.8	2.5	29.1

Federal District, former territory prior to the CMD, that included the Municipio Libertador
Source: Rincon, 2001

Table 4. Poverty indicators in Venezuela, 2000.

Poverty Indicators	TOTAL	AREA	
		Urban	Rural
Percentage of People With Access to Drinking Water	84.0	88.0	58.0
Percentage of People With Access to Improved Sanitation Facilities	74.0	75.0	69.0

Source: United Nation, 2002

During the 1920s and 1950s, the government built the first affordable housing developments in the country, a total of 41,000 units⁵. As Gilbert states, three quarter of all the public housings built before 1958 was built in Caracas, and most of the developments were in the form of apartments in the *superblocks* style. Among the most distinct affordable housing developments of that period are the 23 de Enero and the Caricuao complex, both located in the capital city⁶. The very little amount of rental units built was sold after 1946, so, the public agencies lost the existing rental housing stock.

During the 1960s, using international funds, the Venezuelan government attempted for the first time to rehabilitate the barrios, as an instrument to gain popularity among the voters to strength the reestablished democracy. This approach was considered also as an “antidote” to the superbloc⁷. However, this programs were seen “politically counterproductive, technically deficient, and corrupt”⁸. As a result, conventional public housing policies were implemented again during the 1970s and 1980s. This time the attempts to relocate people to new public housing developments within the area of the barrios aggravated the problem. On one hand, the number of units was not enough to satisfy the demand and was not assigned to the households that were affected directly by the barrios’ clearance strategy known as “*desalojo*”. On the other hand, the households’ income was not considered for financing strategies. Since the allocation of new apartments was not possible, the government, through its housing agencies, relocated many households outside the city, and in 1980 the government initiated the implementation of new policies aimed to the redevelopment of the barrios (Rincon 2000; 72).

The conditions of the barrios are described in the daily newspapers. High crime rate, lack of drainage, sewage, water supply and community services, and substandard and unsafe housing are the most common characteristics of these neighborhoods (Figure 5). Tenants, representing 32 % of the total households, spend from 30% to 40% of their income for renting a housing unit in the barrios⁹. Non-governmental organizations and grass root groups, with the support of national and international founders, are working together to improve the quality of life in these neighborhoods. Nevertheless, the existing conditions of the barrios are far from being considered as livable. Additionally, these settlements constantly face the impact of landslides caused by the tropical rains. Due to their location on slope 60% steep and close to torrents and

streams, there are 39,440 units within the barrios in Libertador that must be demolished. Most of these units are located in the barrios of the western Caracas Metropolitan District¹⁰.

Table 5. Population in barrios in five large cities in Venezuela.

CITY	TOTAL	BARRIOS	%
CMD (1991)			
Population	2,685,901	1,085,543	40.4
Housing Units	582,700.00	341,800	58.7
Ciudad Guayana (1993)			
Population	465,738	225,485	48.4
Housing Units	85,268	39,990	46.9
Maracaibo (1993)			
Population	1,265,414	802,807	63.4
Housing Units	244,764	150,714	61.6
Valencia (1993)			
Population	914,561	465,643	50.9
Housing Units	184,280	86,730	47.1
Los Teques (1993)			
Population	186,002	73,103	39.3
Housing Units	38,982	14,455	37.1
Median Urban Population Living in Barrios			50.8

(1) The barrios housing units, for the CMD, refers to the number of low-income housing units, according to Rincon Source: Rincon, 2001; Fundacomun, 1993.

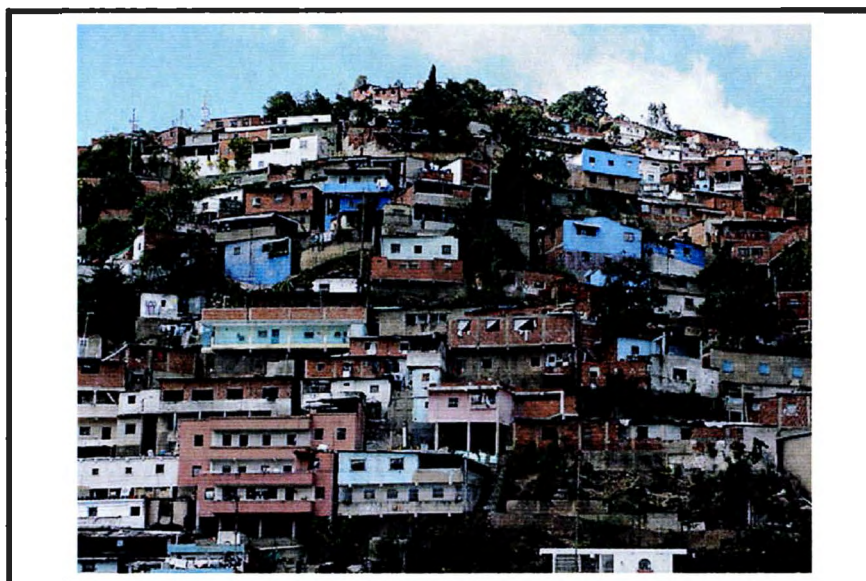


Figure 5. Barrios in the CMD Source: www.gypsylounge.com, 2000.

Housing Policy in Venezuela

“Every person has the right to an adequate, safe, comfortable, healthy house with the basic services, including a habitat such as to enhance the relationship among the family members, neighbors and the community. Citizens and the State shall share the responsibility for the progressive achievement of this right.

The State shall give priority to the families, specially those with meager resources, and shall guarantee the means for them to access to social policies and credits for the construction, purchase or enlargement of housing units.”

Article 82 of the 1999 Constitution of the Bolivarian Republic of Venezuela¹¹

The National Housing Law and Policy in Venezuela (LPH)

Venezuela has financial resources to foster the national housing law and policy (LPH); about 10% of the national budget is directed to this sector. Public agencies are responsible for the administrations of the public funds for housing developments under the provisions of the LPH¹². The *Ley del Subsistema de Vivienda y Política Habitacional* (LPH), or housing law and policy in Venezuela, is by defined through the *Plan Nacional Quinquenal de Vivienda*, National Housing Plan¹³, based on the principles established in the LPH. The national housing policy is developed through the *Planes Anuales Habitacionales* (Housing Annual Plans) and implemented according to the regulations of the LPH. According to the article 3 of the LPH, it is the role of Conavi (the National Housing Council) to elaborate both plans that would be authorized by Minfra, Department of Infrastructure¹⁴.

National and international specialists consider the LPH, implemented for the first time in 1990, as a modern policy to promote homeownership among moderate and low-income households. According to the household's income, the LPH provides mortgages and a wide

range of housing subsidies to buy or to upgrade a housing unit, as shown in Table 6 and 7. Households with a monthly income up to 150 U.T. can also take advantage of the financial assistance that the LPH makes available¹⁵. However, the LPH's programs are aimed at the two following groups: priority to households with income below 55 U.T., and secondly households with income between 55 to 110 U.T. In order to become a beneficiary of the LPH, or an affiliate of the system, households have to save 3% of their income during three years prior to the application. Under the provisions of the LPH, households will pay no more than 30% of their monthly income for their mortgages. The LPH also financially assists the private sector to provide housing units, according to the household's income group that would own the dwellings.

Table 6 summarizes the basic facts of the LPH. The column identified as *Framework* outlines the issues that the housing law and policy covers. The second column refers to the *Requirements* and conditions of the individuals or groups in order to become an affiliate to the system. The column identified as *Programs* describes the activities according to household's income that the LPH may implement. The last column, *Financing Program*, includes the financing process for the households and the developers and other groups. For the purpose of this study, 1 U.T. is equivalent to Bs 13,200 or Bs 14,850, and \$1 is equal to Bs 850, or as otherwise indicated.

The *New Progressive Neighborhoods and Housing Units* program and the *Regular Neighborhoods and Housing Units* program, identified as V and VI in Table 6, are the programs of major interest for this study. By providing housing progress that can absorb the growth of population of people with low income, the *New Progressive Neighborhoods and Housing Units* is intended to avoid the proliferation of new barrios. Otherwise, according to the norms for the implementation of the LPH, the new barrios would be assisted at a higher cost under the

Table 6. Summary of the Venezuela's housing law and policy (LPH)

FRAMEWORK	REQUIRIMENTS	PROGRAMS	FINANCING PROGRAM	
			HOUSEHOLD(S)	DEVELOPERS
Preparation and supply of land for residential purposes	Do not own a dwelling nor having a housing mortgage.	I) Assistance to the homeless. II) Physical upgrade of the barrios.	Downpayment , to be done by the household(s): 36% or more of the household's income to those with income below 55 U.T.	Short Term Credit: Equivalent to the subsidy given to the household(s). Up to 70% of the total cost of the project.
Rehabilitation of existing housing units	Venezuelan citizenship or legal alien with permanent residency.	III) Improvement and extension of the housing units in the barrios.	20% or more of the unit's sale price for households with income between 55 and 150 U.T.	This credit, used according to the construction schedule, is generally for no more than 2 years. And for
Housing production	Households with a monthly income below 110 U.T.; Special consideration to households with income below 55 U.T.	IV) Renewal of others low income neighborhoods, and the housing units within the area.	Subsidy: From 555 to 315 U.T., according to the household's income. See Table 7	the program number V. Long Term Credit: Paid by the household(s) through their credit.
Technical assistance and research on housing and urban development	Monthly deposit (3% of the monthly income) in a Housing Finance Agency for three years prior to the application.	V) New progressive neighborhoods and housing units for people with income below 55 U.T.	Credit: A monthly payment of no more than 20% of the household's income for those below 55 U.T., for no more than 30 years.	Developers that provide housing units for people with income below 110 U.T. are exempt from registration fees.
Others approved by Conavi and Minfra	Legal groups or associations registered on Conavi created by affiliates to the system. Developers properly and legally registered.	VI) Regular neighborhoods and housing units for people with incomes from 55 U.T. to 150 U.T.	And no more than 30% of the household's income for those from 55 to 150 U.T., for no more than 20 years.	

Source: Developed by the author based on the Nueva Ley del Subsistema de Vivienda y Política Habitacional

programs number II and III in Table 6. The new neighborhoods and housing projects under this program should have the possibility of expansion and are aimed at people with income below 55 U.T. Exceptionally, the infrastructure created by the private sector can be used for the promotion, construction and sale of new progressive neighborhoods and housing units (Article 21 of the norms for the implementation of the LPH).

The *Regular Neighborhoods and Housing Units* program refers to neighborhoods and housing units that have no real possibility of expansion. This program is aimed at those with income from 55 to 150 U.T. For this program, the private sector should be fully involved. In addition to the six programs, the national housing law and policy can be implemented in other programs with previous approval of Conavi (Article 23 of the norms for the implementation of the LPH). In addition to the programs stipulated in the LPH, new laws regarding land tenure may be approved in the future soon. These new legal instruments would allow the residents of the barrios to own the land that they have been occupying or where their housing units are located. In other words, the residents of the barrios would become landlord of part of the territory of the country's urban centers.

Table 7. Subsidy according to income range, 2000.

	INCOME, U.T	MAX. SUBSIDY, U.T.
INCOME UP TO 55 U.T.	< 12.5	555
	12.5 - 30	475
	30 - 40	460
	40 - 55	440
INCOME FROM 55 TO 110 U.T.	55 - 65	400
	65 - 75	375
	75 - 90	340
	90 - 110	315

Source LPH, 1999

The National Fund for Urban Development (FONDUR)

The *Fondo Nacional de Desarrollo Urbano* (FONDUR)¹⁶ or National Fund for Urban Development was created in 1975. This institution, associated to Minfra, is intended to collaborate with the administration and financing of the national housing and urban development programs. FONDUR's policy is to financially support programs under the LPH and other programs that the public sector is involved. In addition to FONDUR, state governments agencies, branches of the national housing agencies, provide with a few affordable housing units within their jurisdiction. The scope of work of FONDUR involves:

- Housing development to people with incomes below 55 U.T and between 55 and 110 U.T., mostly in areas owned by the government
- Acquisition and supply of land
- Real state development
- Enhancement and improvement of the physical structures for tourist purposes
- Enhancement and improvement of the public services
- Decrease the national housing shortage

FONDUR has different strategies in order to decrease the housing shortage and provide affordable housing in partnership with other public agencies. Table 8 summarizes these strategies. The first strategy attempts to solve the housing crisis by providing help to the low-income households. The second strategy refers to the *Progressive Neighborhoods and Housing Units* and *Regular Neighborhoods and Housing Units* programs as explained in the LPH. These programs are aimed to provide housing in a context where their occupants will find job opportunities. Also these neighborhoods should be located where health, education and other services are available.

Table 8. Summary of FONDUR's activities, 2002

STRATEGY	OBJECTIVES	TOTAL OF UNITS	BUDGET		
			MILL Bs	U.T.	U.S. \$
1) Improvement of the quality of life of the low-income population.	Construction of new neighborhoods and housing solutions for people with very low income and reduce the previous housing deficit.	35,878	538,174	40,770,758	717,565,333
2) Incentive to developers and other groups for the construction of affordable housing projects.	Construction of <i>New Progressive Neighborhoods and Housing Units</i> , in partnership with other institutions, in an environment that would provide health, education, public services and job opportunities. Reduce the previous housing shortage. These projects include the urban, interurban and rural infrastructure necessary.	8,419	105,240	7,972,727	140,320,000
	Construction of <i>Regular and Progressive Neighborhoods and Housing Units</i> , in partnership with other institutions, in an environment that would provide health, education, public services and job opportunities. Reduce the previous housing shortage. These projects include the urban and rural infrastructure necessary.	80,600	1,696,057.74	128,489,223	2,261,410,320

1 U.T. = Bs13,200; \$1=Bs750

Source: FONDUR

FONDUR builds two types of housing units, according to the households' income. For households with income below 55 U.T. the dwellings should be: three bedrooms and two bathrooms housing units of 70 sq. m. (750 sq. ft). For households between 50 U.T. and 110 U.T. the dwellings should be: four bedrooms and two and half bathrooms housing units of 95 to 100 sq. m. (1022 to 1075 sq. ft).

FONDUR estimates that the country currently has a shortage of about 1,382,757 housing units and an annual demand of about 120,000 units due to population growth. Under this scenario the institution estimates a total shortage of 2,692,224 housing units from year 2001 to 2010. Therefore, the challenge is to build 299,136 dwellings annually in order to meet the demand and the shortage for the same period of time¹⁷. Tables 9 presents the number of units to be built by FONDUR nationwide during the year 2002, and it indicates that the Capital District or Municipio Libertador has a housing shortage of 116,585 units for the year 2002. Most of the financial programs and plans administrated by FONDUR are for the new communities, or "integral cities", that will be developed close to the largest central cities in the country¹⁸. Accordingly, Figure 6 illustrates the housing demand trend for the country and the Municipio Libertador, based on the institution's plans (See also Appendix A).

The feasibility of the FONDUR's plans is questionable given the current political and economic conditions. Additionally, the local press has demonstrated a continuous delay in the projects administrated by the public sector; for instances, for the year 2000, only 64% of the total units expected to be built were completely finished (Figure 7)¹⁹.

Table 9. Housing units to be built by FONDUR in Venezuela by State, 2002.

STATE	Population		Families/ Households		Housing Units Shortage		Number of Units to be built by FONDUR
	Number	%	Number	%	Number	%	
AMAZONAS	101,612	0.40	18,226	0.35	4,887	0.09	375
ANZOATEGUI	1,189,593	4.71	234,304	4.54	62,831	1.22	3,662
APURE	507,249	2.01	93,345	1.81	25,032	0.49	1,459
ARAGUA	1,545,346	6.12	329,508	6.39	88,361	1.71	5,151
BARINAS	613,399	2.43	122,194	2.37	32,768	0.64	1,910
BOLIVAR	1,383,389	5.48	269,544	5.23	72,281	1.40	4,213
CARABOBO	2,238,444	8.86	467,421	9.06	125,344	2.43	7,306
COJEDES	278,227	1.10	48,946	0.95	13,125	0.25	765
DELTA AMACURO	149,098	0.59	28,320	0.55	7,594	0.15	443
CAPITAL DISTRICT	1,837,866	7.28	434,759	8.43	116,585	2.26	6,796
FALCON	770,550	3.05	151,991	2.95	40,758	0.79	2,376
GUARICO	664,337	2.63	131,336	2.55	35,219	0.68	2,053
LARA	1,649,446	6.53	328,597	6.37	88,117	1.71	5,136
MERIDA	774,982	3.07	154,262	2.99	41,367	0.80	2,411
MIRANDA	2,748,723	10.88	592,565	11.49	158,903	3.08	9,262
MONAGAS	620,333	2.46	117,170	2.27	31,420	0.61	1,831
NUEVA ESPARTA	399,825	1.58	81,926	1.59	21,969	0.43	1,281
PORTUGUESA	881,644	3.49	172,372	3.34	46,224	0.90	2,694
SUCRE	845,191	3.35	158,827	3.08	42,591	0.83	2,483
TACHIRA	1,070,402	4.24	219,866	4.26	58,959	1.14	3,437
TRUJILLO	599,335	2.37	121,416	2.35	32,559	0.63	1,898
VARGAS	543,392	2.15	109,517	2.12	29,368	0.57	1,712
YARACUY	458,497	1.82	91,738	1.78	24,601	0.48	1,434
ZULIA	3,390,062	13.42	678,300	13.15	181,894	3.53	10,602
TOTAL	25,260,942	100	5,156,450	100	1,382,757	26.82	80,690

Source: FONDUR, 2001

Figure 6. Housing Shortage in Venezuela under the scenario of producing 229,136 housing units per year, 2001-2007.

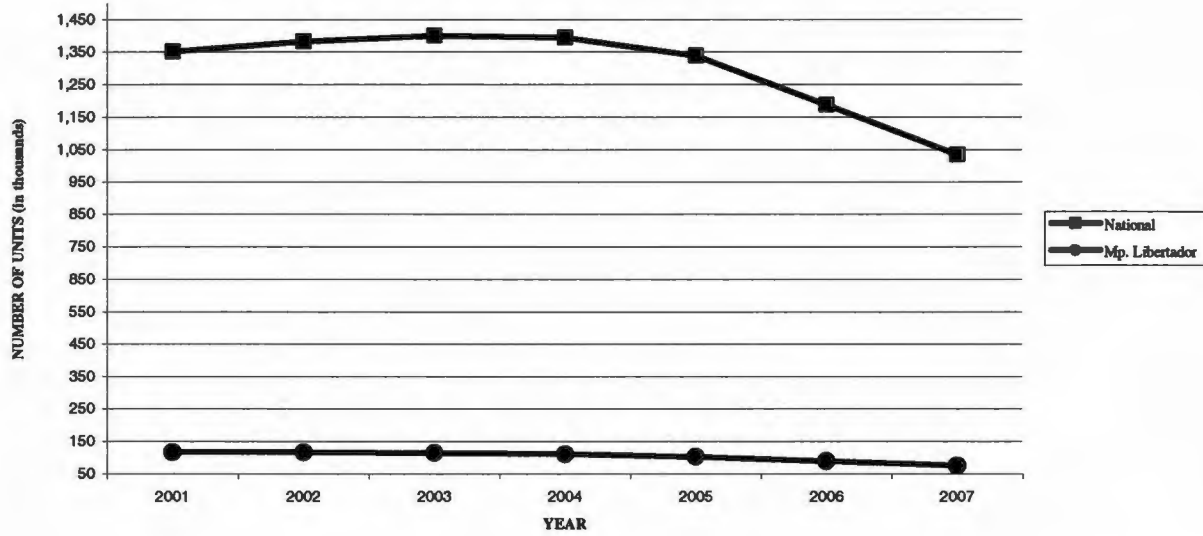


Figure 7. Housing development by FONDUR. Courtesy: FONDUR, 2001

Venezuelan Construction Chamber (CVC)

The Venezuelan Construction Chamber, Cámara Venezolana de la Construcción (CVC), integrates individuals and groups involved with the building industry in Venezuela. The chamber, a non-for profit organization established in 1943, promotes, develops and protects the building industry of the country. CVC is also an excellent source of information and documentation. Some of the objectives and activities of the organization are:

- Development and promoting the implementation of the building codes and norms
- Encourage the participation of the private sector in large-scale projects
- Publish and revise the LPH and its norms for the implementation
- Promote and create financing institutions
- Mediate between the public sector and the private sector
- Hold conferences and presentations at the national and international levels

CVC has done several studies and presented alternatives regarding housing in Venezuela. According to CVC's data, the national housing shortage exceeds the 1,500,000 units and annually there is a demand of 100,000 new housing units nationwide. The private sector provides 20,000 to 30,000 new units every year. Therefore, 250,000 units annually should be built in order to meet the demand and the shortage in a period of ten years. If substandard units would be replaced, the goal will be to build 300,000 units a year²⁰.

The highest housing shortage in Venezuela corresponds to people with income below 75 U.T. (Figure 8). Households with income from 16.5 to 55 U.T represent the largest group of the four income groups shown in Figure 9. Tables 10 and 11 indicate the number of units in demand for each income group. According to the household's income group, the Chamber estimates that the median price of the housing units ranges from \$20,000 to \$54,000. Although there is a

serious housing demand for households with income below 75 U.T., there is a considerable amount of units needed for households with income above this range.

Figure 8. Housing shortage in Venezuela distributed by income group, 2000.

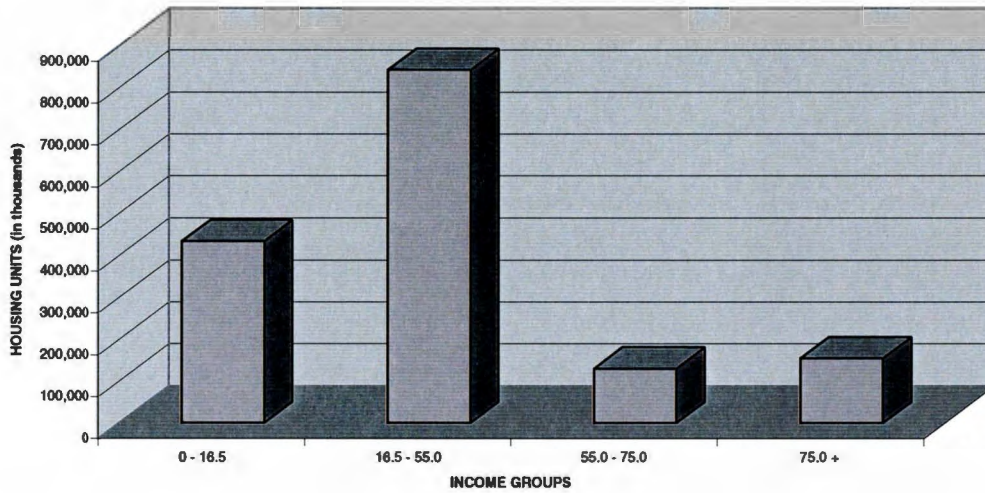
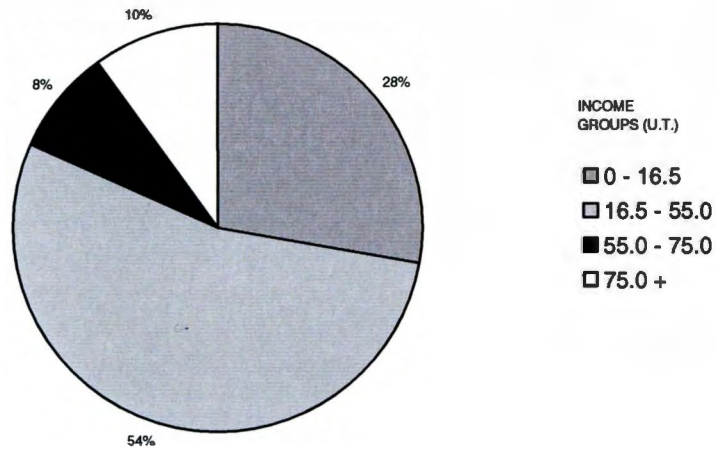


Figure 9. Household distribution by income Venezuela, 2000.



An analysis of the monthly households' income in Venezuela is presented in Table 12. While 44 U.T. (\$770) is the mean income, 41% of the households have an income below half of the mean. The table also shows that there are 20% of the households with income from 50% to 80% of the mean. In other words, 41% of the households have an income of only 22 U.T. a month (\$385) and a fifth of the total households have earnings of 35 U.T. (\$610), while households with a monthly income above 75 U.T. (\$1310) only represent 10% of the total²¹.

Table 10. Income groups and housing shortage in Venezuela, 2000.

INCOME GROUP (U.T.)	HOUSEHOLDS		HOUSING SHORTAGE	
	NUMBER	%	NUMBER	%
0 - 4.4	163,885	3.8	59,310	3.8
4.4 - 8.3	146,327	3.4	52,956	3.4
8.3 - 11.0	269,701	6.3	97,605	6.3
11.0 - 16.5	618,803	14.4	223,945	14.4
16.5 - 22.0	563,426	13.1	203,904	13.1
22.0 - 38.5	1,069,965	24.8	387,220	24.8
38.5 - 55.0	693,359	16.1	250,926	16.1
55.0 - 60.0	121,292	2.8	43,896	2.8
60.0 - 68.0	192,504	4.5	69,667	4.5
68.0 - 75.0	45,874	1.1	16,602	1.1
75.0 - 110.0	303,452	7.1	62,257	4.0
110 +	123,318	2.9	91,714	5.9
TOTAL	4,311,906	100	1,560,002	100

Source: CVC

Table 11. Summary of income groups and housing shortage, median price unit according to income groups, 2000.

INCOME GROUP (U.T.)	HOUSEHOLDS	HOUSING SHORTAGE		MEDIAN PRICE/UNIT
	%	NUMBER	%	
0 - 16.5	27.9	433,816	27.8	\$20,000
16.5 - 55.0	54	842,050	54.0	\$25,600
55.0 - 75.0	8.4	130,165	8.3	\$35,000
75.0 +	10	153,971	9.9	\$54,100
TOTAL	100	1,560,002	100.0	N.A.

Source: CVC

CVC considers that the LPH is an ambitious and modern tool that would be feasible to implement only if the resources were available. Moreover, the social pressure, high housing demand from the very low-income group, vanishes the opportunities for traditional financing. Additionally, lack of incentives for the private sector for building rental units and rent control also have limited the capability of the private sector in providing affordable housing alternatives²². Under this scenario, the government has to provide a large amount of subsidy instead of promoting regular housing mortgages in order to satisfy the housing demand, according to the CVC. Furthermore, the Chamber considers that there are not enough incentives for the private sector to fully participate in providing affordable housing, and there are certain regulations that restrain housing development. The high unemployment rate, 14.5 %, high interest rate for housing credits, 18% to 35%, and the rise of the non-formal sector of the economy aggravate the situation²³. Finally, the CVC summarizes the housing dilemmas:

- Lack of solutions for the very low income group
- Lack of financing programs for people who can participate in a regular housing credit

Along these lines, the Venezuelan Construction Chamber suggests two main strategies to deal with these issues:

- Concentrate the subsidies for households with income not higher than 75 U.T.
- Aggressively provide credits to the households that can participate in regular housing credits. And, decrease as much as possible the interest rate for housing credits.

It is important to mention that FONDUR and CVC consider that fueling the housing industry is an incentive to move the economy forward and generate more employment opportunities. The public agency and the chamber are also aware of the social crisis that the lack of affordable housing has caused.

Table 12. Household distribution by income in Venezuela, 2000.

Income Range (U.T.)	Number of Households	Households Income (Mean: 44 U.T.)		
		50% Mean	80% Mean	35UT<75UT
0 - 4.4	163,885	163,885	163,885	163,885
4.4 - 8.3	146,327	146,327	146,327	146,327
8.3 - 11	269,701	269,701	269,701	269,701
11 - 16.5	618,803	618,803	618,803	618,803
16.5 - 22	563,426	563,426	563,426	563,426
22 - 38.5	1,069,965	0	843,003	1,069,965
38.5 - 55	693,359	0	0	693,359
55 - 60	121,292	0	0	121,292
60 - 68	192,504	0	0	192,504
68 - 75	45,874	0	0	45,874
75 - 110	303452	0	0	0
110 +	123318	0	0	0
TOTAL	4,311,906	41%	20%	24%

80% Mean = 35 U.T.; 50% Mean = 22 U.T.

Source: CVC

¹ Fondo de Desarrollo Urbano (FONDUR), the national fund for urban development. Camara Venezolana de la Construcción (CVC), the Venezuelan Construction Chamber

² Income amount based on the analysis of the second section of this chapter and the report of the Commission for Latin America and the Caribbean, ECLA, in *Social panorama of Latin America • 2000-2001*

³ The Venezuela's local press has published a 14.6% of unemployment during the first quarter of 2002

⁴ Rincon states that between 1984 and 1989, government officials recognized the no-reversible number of barrios. So solutions and programs should be implemented inside these settlements.

⁵ Gilbert, 1993. In search for a home: Rental and shared housing in Latin America

⁶ See Figure 12 and 14 in Chapter 3 for location of the 23 de Enero and Caricuao

⁷ Gilbert, 1993. In search for a home: Rental and shared housing in Latin America

⁸ Gilbert, 1993. In search for a home: Rental and shared housing in Latin America

⁹ A survey done in three different barrios of the CMD provided with information regarding housing spending, migration and some other characteristics of the households in the Caracas's barrios. Gilbert, 1993. In search for a home: Rental and shared housing in Latin America

¹⁰ Mabel Sarmiento in *Hay 39,440 viviendas en zonas de alto riesgo* (There are 39,440 housing units in high risk zones), www.ultimasnoticias.com.ve

¹¹ Translated by the author and combined with the publication of the 1999 Constitution of the Bolivarian Republic of Venezuela in www.vheadline.com/links/1999_Constitution.htm

¹² Elaborated from www.politicahabitacional.com, a site that offers information regarding housing businesses and services in Venezuela

¹³ Plan Nacional Quinquenal de Vivienda is a every five years National Housing Plan

¹⁴ Consejo Nacional de la Vivienda (Conavi). Ministerio de Infraestructura (Minfra)

¹⁵ Unidad Tributaria (U.T.) or tax unit. This base unit is adjusted accordingly to macroeconomic indicators. For December 2000 1 U.T. was equivalent to Bolívares (Bs) 13,200. For December 2001 the value of 1 U.T. was Bs 14,850.

¹⁶ The information in this section was elaborated from the material given at the office of social communication at FONDUR's headquarters in Caracas

¹⁷ CVC -Fondur Presentation

¹⁸ Appendix A shows a more detailed information of the financial costs involved in the FONDUR's projects, and images of the projects developed by the agencies

¹⁹ *Cifras redondas* in El Nacional 04/28/02

²⁰ CVC- Presentation. From this information, it can be inferred that there is 500,000 substandard units.

²¹ ECLA reported that in Venezuela 40% of the households has an income of less than 50% of the mean. 1 U.T. = Bs 14,850; \$1 ~ Bs850

²² "... no one has built rental housing units during the past 20 years or so; the result of a lack of incentive for the sector and o the fixing of rent levels..." President of the CIV, 1987 in *In search of a home: Rental and shared housing in Latin America* Gilbert, 1993.

²³ Unemployment rate for year 1999, according to the UN. The interest rate was elaborated from: the nationwide interest rate range according to www.porlapuerta.com, and Banco Central de Venezuela (Central Bank of Venezuela) www.bcv.org.ve

CHAPTER 3

HOUSING CHARACTERISTICS IN THE CARACAS METROPOLITAN DISTRICT

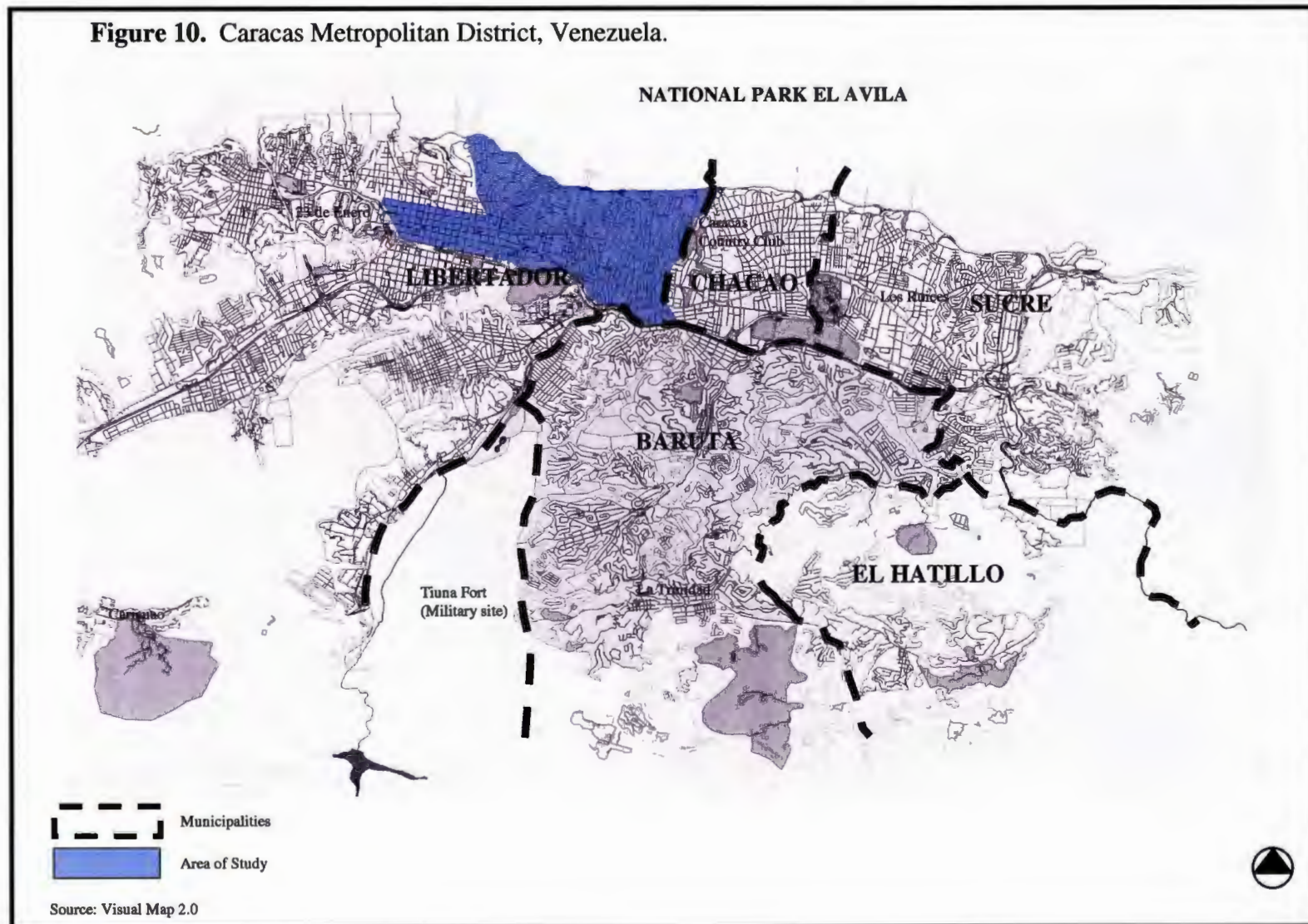
This chapter presents a brief introduction to the CMD, its demographic trend and political and territory structure. This chapter provides information regarding cost of housing in the city and its affordability. Likewise, this chapter maps the location of barrios and the affordable neighborhoods in the city. Finally, this chapter builds the basis for the proposed mixed-income housing policy for the urban core.

The Caracas Metropolitan District

Caracas is the capital of Venezuela and the largest city in the country. The central government, the most important public agencies and financial institutions are located in this cosmopolitan city. The city covers a territory of 777 Square Kilometer (300 Square Mile), only 360 Square Kilometer (139 sq Mi) is urban land, where 3,572,268 people enjoy the multiple and diverse commercial and recreational facilities that the city offers¹. Located in the central-north region of the country, the Caracas Metropolitan District (CMD) is situated in the Caracas' Valley². The National Park El Avila, with its 852 Square Kilometer (328.5 Square Mile) of vegetation and 2,765 m (9070 ft.) of altitude, frames the north side of the city (Figure 11 and 13). Due to the city's geographic location, slopes vary from 5% to 45 %. The average temperature ranges from 68 F in December to 83 F during the months of July and August. Another distinct feature of the CMD is the METRO, the only subway system in the country that coupled with its bus fleet reach almost every neighborhood of the entire capital city (Figure 14).

The CMD, organized at two levels of government, covers five municipalities: Municipio Libertador, Municipio Chacao, Municipio Baruta, Municipio Sucre and Municipio El Hatillo. Figure 10 illustrates the organization of the territory of the CMD, including the Tiuna Fort, an

Figure 10. Caracas Metropolitan District, Venezuela.



area for military use, and the location of the study area or the Caracas' urban core. The Municipal level and the Metropolitan level are the government system for the CMD. The mayor of the CMD, who is the highest authority of the city, heads the Metropolitan government. This level of government has also a legislative body. The Government Council, integrated by the mayors of the five municipalities named above, is the superior consultant body for the Caracas' mayor. The five municipalities have their own mayors and legislative bodies, and are divided in parroquias or tracts. All the authorities are elected by popular vote.



Figure 11. View over the CMD (south-east).

In addition to the amenities that the CMD offers, there is a wide range of employment opportunities within the area, still under the country's unemployment scenario. A few miles to the east of the urban core, as shown in Figure 10, the low-industrial zone of Los Ruices, in the Sucre municipality, contains several manufacturer and professional buildings. Chacao, including the Caracas Stock Market, is an important financial district within the CMD. Large national and international oil related corporations, insurance companies and banks such as Shell, ING Bank, and many others are among the 22 companies and corporations in Chacao³. As

indicated before, the most important agencies of the public sector are spread out in the CMD, but especially concentrated in the Caracas' downtown, located in the Municipio Libertador. In la Trinidad, Municipio Baruta, there is also an industrial zone that coupled with large-scale supermarkets and other services provides with a considerable source of employment to the CMD (Figure 10). Finally, the service sector, including commercial activities and maintenance, and other activities necessary to provide the needs of large urban populations, like teaching, safe, health and others are also sources of employment in the CMD.

Table 13 shows the population distribution by municipalities and parroquias of the Caracas Metropolitan District, and Figure 12 shows the population trend for the CMD and the five main municipalities within the area. They demonstrate the rapid growth in population in the capital city. However the most important growth in population occurred in Municipio Sucre. Increasing its population by 49.5%, Sucre shows the most important change in population among the five municipalities. In Baruta and El Hatillo the number of people increased by 18.7 % and 23.8 %, respectively. Libertador and Chacao experienced no significant change in population.

Figure 12. Population trend in the Caracas Metropolitan District, 1990-2000.

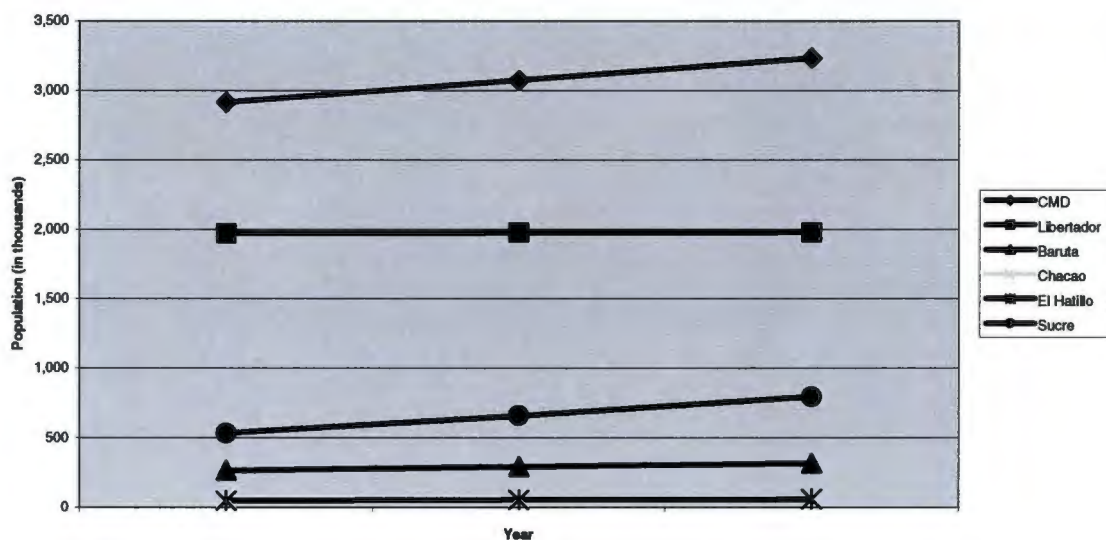




Figure 13. The Avila as seen from the Municipio El Hatillo.



Figure 14. The Caracas' subway, METRO. © Fleming Bell, 1993.

Table 13. Population distribution of the Caracas Metropolitan District by Municipalities, 1990-2000.

Name	1990	1995 ⁽¹⁾	2000 ⁽¹⁾	% Change 1990-2000
CMD	2,915,079	3,073,907	3,234,437	11.0
Municipio Libertador	1,970,337	1,974,572	1,975,786	0.3
Parroquia Altigracia	46,198	45,830	45,322	-1.9
Parroquia Antímano	126,328	131,545	136,547	8.1
Parroquia Candelaria	56,513	57,249	57,816	2.3
Parroquia Caricuao	153,639	154,134	154,155	0.3
Parroquia Catedral	5,260	4,516	3,865	-26.5
Parroquia Coche	54,957	53,599	52,106	-5.2
Parroquia El Junquito	31,113	35,511	40,398	29.8
Parroquia EL Paraíso	104,133	108,519	112,778	8.3
Parroquia El Recreo	104,820	97,857	91,046	-13.1
Parroquia El Valle	145,505	141,908	137,953	-5.2
Parroquia La Pastora	89,843	86,567	83,143	-7.5
Parroquia La Vega	118,554	125,431	132,273	11.6
Parroquia Macarao	43,811	46,207	48,582	10.9
Parroquia San Agustín	41,726	40,344	38,884	-6.8
Parroquia San Bernardino	29,117	29,071	28,939	-0.6
Parroquia San José	45,523	45,084	44,511	-2.2
Parroquia San Juan	107,211	108,965	110,406	3.0
Parroquia San Pedro	61,916	59,463	56,932	-8.0
Parroquia Santa Rosalía	111,136	105,202	99,267	-10.7
Parroquia Santa Teresa	22,481	24,117	25,792	14.7
Parroquia Sucre	382,244	388,223	393,075	2.8
Parroquia 23 de Enero	88,309	85,230	81,996	-7.1
Municipio Baruta	267,225	293,727	317,287	18.7
Parroquia Baruta	179,707	197,530	213,373	18.7
Parroquia El Cafetal	50,096	55,064	59,481	18.7
Parroquia Las Minas de Baruta	37,422	41,133	44,433	18.7
Municipio Chacao	72,139	72,815	72,217	0.1
Parroquia Chacao	72,139	72,815	72,217	0.1
Municipio El Hatillo	49,065	55,070	60,744	23.8
Parroquia El Hatillo	49,065	55,070	60,744	23.8
Municipio Sucre	533,239	659,978	796,930	49.5
Parroquia Petare	361,050	440,390	520,982	44.3
Parroquia Caucagüita	41,973	55,417	71,086	69.4
Parroquia Fila de Mariches	21,685	34,155	52,253	141.0
Parroquia La Dolorita	45,122	60,153	77,908	72.7
Parroquia Leoncio Martínez	63,409	69,863	74,701	17.8

(1) Projections according to the Census 1990

Source: Census 1990

Municipio Libertador

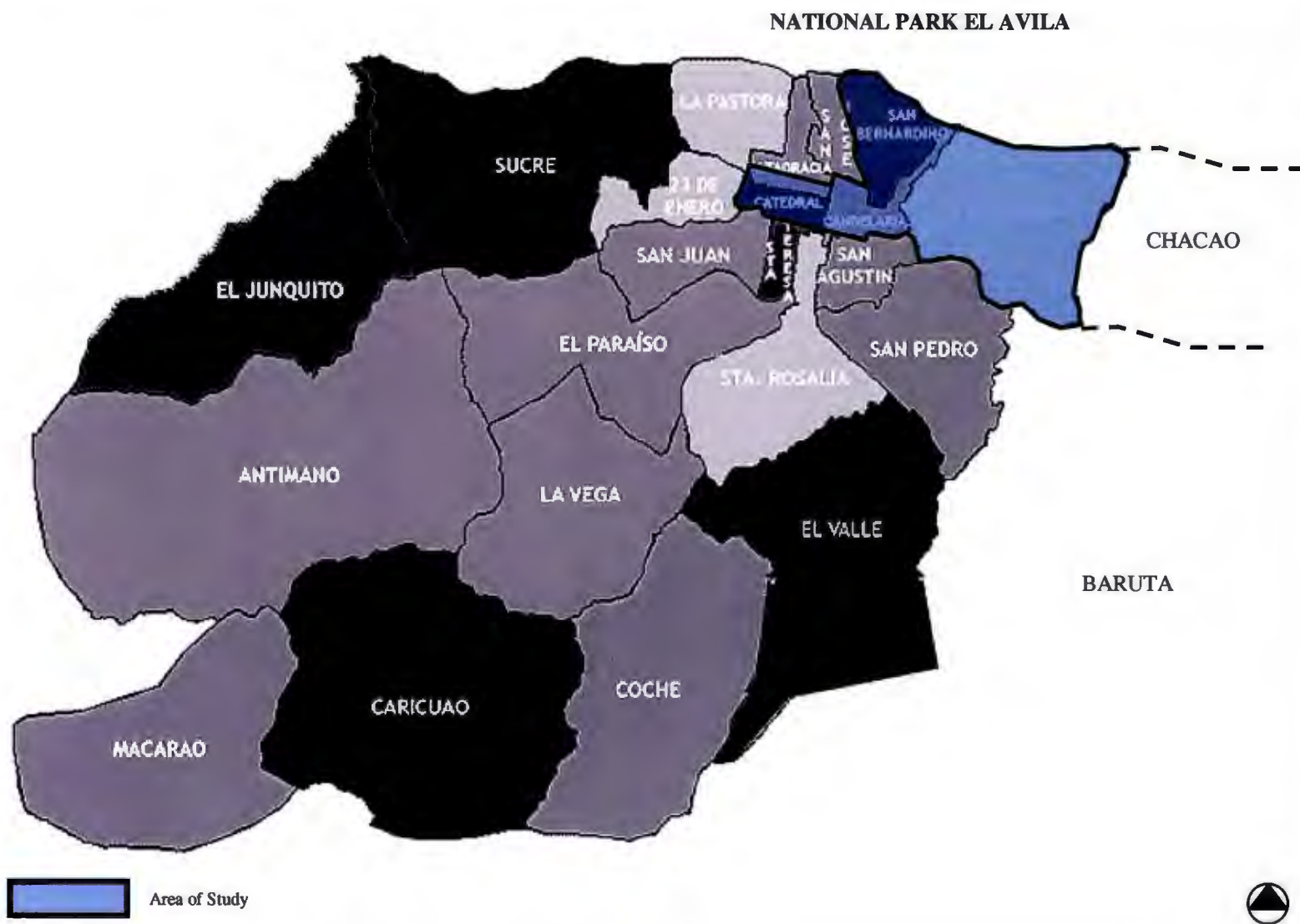
Municipio Libertador, divided in 22 tracts or “parroquias”, is the largest municipality of the city. Municipio Libertador correspond to the original territory of the city of Caracas before the creation of the metropolitan district. This area is also identified as the Capital District, and previously, it was part of the Federal District. The study area: El Recreo, San Bernardino, Candelaria and Catedral are among the tracts of the Municipio Libertador.

This municipality accommodates many of the central government agencies, financial institutions and corporations. Libertador is also an important cultural hub. Many museums, theaters and the Universidad Central de Venezuela, the largest and oldest university of the country, are located within its territory. The historical district of Caracas and the downtown area are located in the heart of the Capital District. Figure 15 illustrates the territorial organization of the Municipio Libertador, including the location of the urban core.

Libertador covers a large number of barrios within its territory. Figure 16 locates all the barrios and the tracts that have experienced an increase in their population in the Caracas Metropolitan District during the 1990s. This Figure shows that the increase in population in the CMD has occurred in the barrios and not in neighborhoods. Conversely, the other parroquias within Libertador lost population or showed no change over the same period of time (Table 13). This pattern has resulted in no significant change in population for the Municipio Libertador.

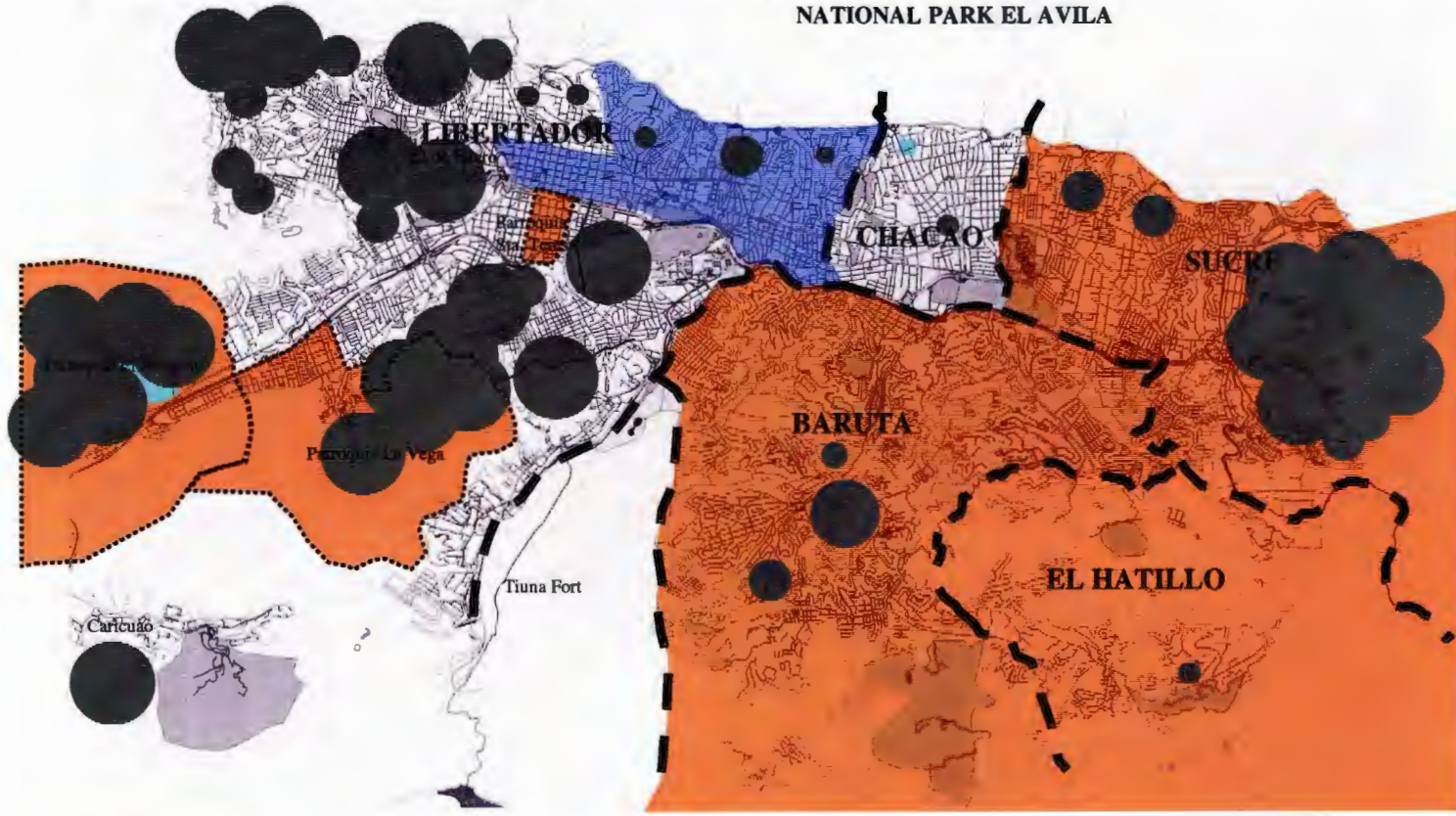
The largest municipality in Caracas, Libertador, is well known for its high level of crime. Libertador accounts for about 20% to 30% of the total deaths caused by violent encounters that weekly occurs in Venezuela⁴. Another constant problem in the city are the “buhoneros”, or street vendors. The urban workers of the *informal economy*, known as buhoneros, have invaded plazas, boulevards and streets of the Capital District. The authorities and citizens have not yet


Figure 15. Municipio Libertador, Caracas Metropolitan District.



Source: www.alcaldiamayor.gov.ve

Figure 16. Location of Barrios and Parroquias and Municipalities that Experienced An Increase in Population by More Than 10%. Caracas Metropolitan District, 1990 – 2000.



-  Municipalities
-  Barrios
-  Area of Study
-  Areas with increase in population

Source: Visual Map 2.0, Venezuela Census 1990. Location of the neighborhoods by the author

found a solution that responds to the demands of all the parties involved. Consequently, the existence of the buhoneros in Caracas congests the public spaces and creates confrontation among the citizens and authorities. Additionally, as the local press consciously stresses the network of road and physical structures in Libertador are succumbing to total dilapidation.



Figure 17. Parroquia Sucre, Municipio Libertador. © Fleming Bell, 1993.

Municipalities Chacao, Baruta, Sucre and El Hatillo

Chacao, Baruta, Sucre and El Hatillo are among the 20 municipalities of the State of Miranda. These are also the other four municipalities that with Libertador define the CMD.

Chacao is, after El Hatillo, the second less populated tract in the CMD. A third of the territory covered by the municipality is urban land, and the rest is open space. Chacao distinguishes for its well-maintained urban infrastructure and richness in architecture and parks (Figure 18). Noticeable wealthy neighborhoods, such as the Caracas Country Club, are found in this municipality⁵. On the contrary barrios are particularly absent in this historic territory. Yet, a small number of low-income settlements can be found within Chacao.



Figure 18. Municipio Chacao's old urban core.

El Hatillo and Baruta, once considered the suburbs of Caracas, are characterized by their rich vegetation and low-density neighborhoods. Baruta, located at the southern borderline of Chacao and Libertador, connects to the southeast area of the city. La Trinidad, centrally located in Baruta, was a former satellite city (Figure 10). Baruta occupies a territory of 9,392 hectares (approx. 23,210 acres or 36 Square Mile). About 4,043 hectares (15.5 Square Mile) of the total territory of Baruta are under special metropolitan open space programs.

Households with middle and high income dominate in many of these areas within Baruta and El Hatillo. Motivated by urban policies oriented to develop the suburbs of Caracas⁶, Baruta and El Hatillo house 18.7% and 23.8% more people in 2000 than in 1990. Baruta has some barrios within its territory and El Hatillo a very few. These municipalities have not suffered from the concentration of these low-income neighborhoods (Figure 16).

Sucre is the eastern municipality of the CMD and the second largest municipality in the area. Sucre, together with Libertador, concentrates the largest low and very low-income

neighborhoods, as shown in Figures 16 and 18. Petare, the largest tract in Sucre, augmented its population by almost 50 percent during the 1990s (Table 13 and Figure 16).

Housing Cost and Affordability in Caracas

The Caracas Metropolitan District offers few housing opportunities for people with income below 75 U.T. The disparity in income is visible among the tracts and neighborhoods of the Venezuela's capital city. On one hand, Chacao concentrates the most expensive housing neighborhoods in the metropolitan area, as well as, Baruta and El Hatillo have a housing cost 1.5 times above the CMD's housing median cost. On the other hand, Libertador has the lowest median housing cost offered in the market and Sucre have several housing neighborhoods with housing costs below the median. Additionally, the territory of the last two municipalities is denominated by barrios.

In term of the size of the housing units, the real estate agencies estimated that 57.7% of the apartments sold have an area that ranges from 60 Square Meter (645 Square Feet) to 100 Square Meter (1075 Square Feet). Units with an area of 75 Square Meter (800 Square Feet) represent the largest group among the dwellings sold in the market⁷. Assuming 75 Square Meter apartments, the average size of the units in the market, it was found that few neighborhoods within the CMD are affordable for rent or for sell for households with income from 75 U.T. to 110 U.T. Appendix B lists the affordable neighborhoods in each municipality, according to the household's income.

Table 14 explains the household's capability to rent a housing unit according to their income. Organizing the housing sale price and rent by municipalities and neighborhoods, and considering the average size of the apartments offered in the market, it was found that several neighborhoods within the Municipio Libertador, Sucre and Baruta are affordable for households

with income equal to 110 U.T. or more. Households with income from 55 U.T. to 75 U.T. can afford to rent a 75 Square Meter dwelling in many of the neighborhoods in Libertador. However, this group of households cannot afford to rent a unit of the same size in Chacao, Baruta and El Hatillo.

Table 14. Rent affordability according to household's income

Monthly Household Income (U.T.)	22	35	55	75	110
30% Income (U.T.)	6.6	10.5	16.5	22.5	33
Total Rent (Bs)	92,400	147,000	231,000	315,000	462,000
Rent Bs/Square Meter	1,307	2,079	3,267	4,455	6,160

Rent Bs/Square Meter for a 75 Square Meter apartment
14,850 Bs/U.T.

Source: Housing price Porlatpuerta.com; affordability calculations at 30% of income done by the author.

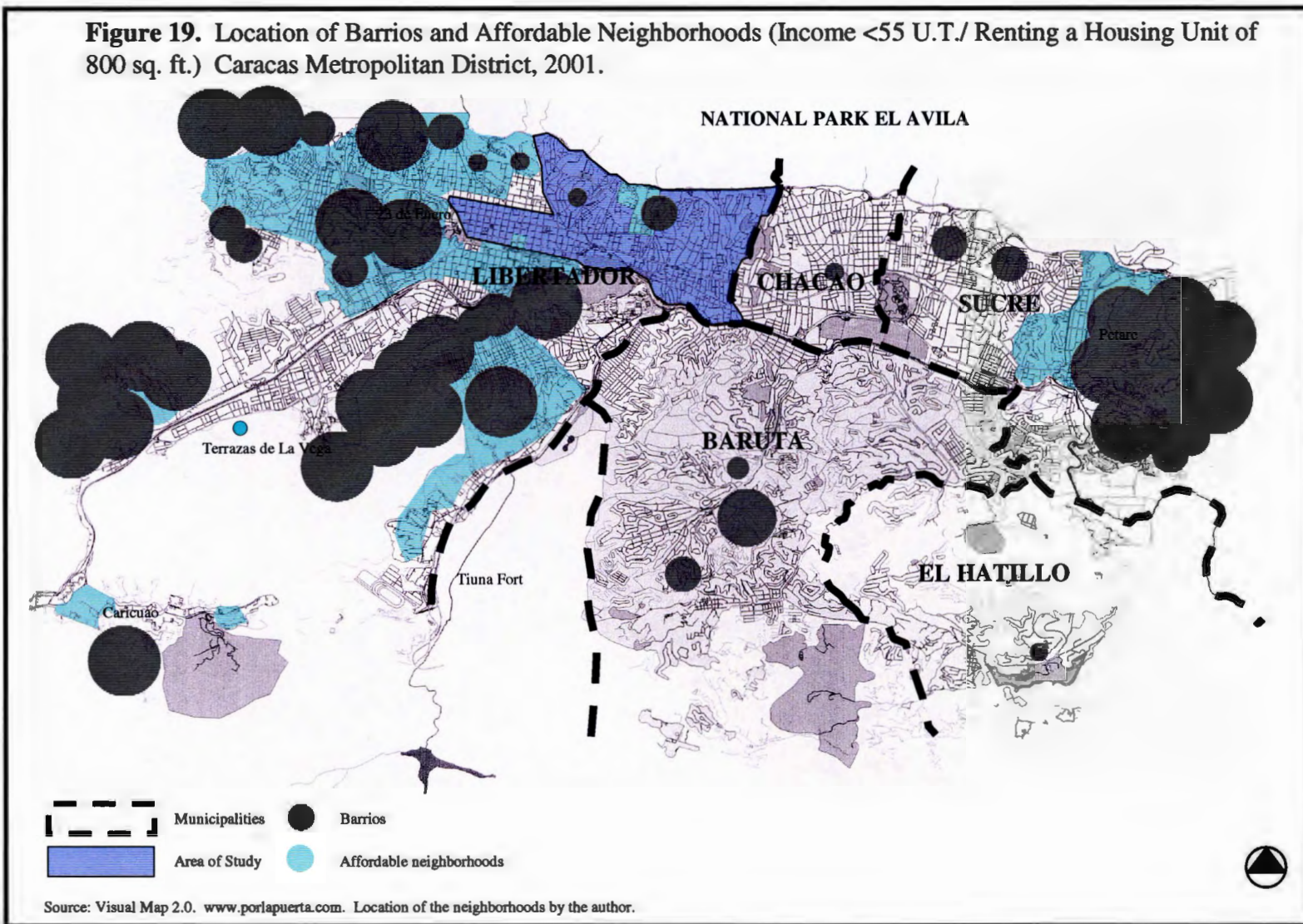
The Venezuelan Construction Chamber, as shown in Table 11, estimates that the median affordable housing price for households with a monthly income above 75 U.T. is \$54,000; for households with income between 55 to 75 U.T. the affordable housing price ranges from \$25,000 to \$35,000; and for households with income below 55 U.T. the affordable housing price should not be more than \$25,000.

During the last quarter of 2001, real estate agencies estimated that 46.7% of the apartments sold in the CMD varied from Bs 15,000,000 (1010 U.T.; \$20,000) to Bs 40,000,000 (2694 U.T.; \$53,300)⁸. While 22% of the total were offered in the market at Bs 27,000,000 (1229 U.T.; \$36,000), only 5% of the total units were priced at Bs 15,000,000 or \$20,000 (See also Appendix B). For instance, in old public housing developments located in the parroquia Caricuao, in Libertador, units of 68 Square Meter (730 Square Feet) are sold at Bs 35,000,000 or \$46,000. In other words, the housing market in Caracas, as indicated by the real estate agencies, offers less than a quarter of the housing stock for sale within the range of \$20,000 to \$35,000, and only 5% of the units cost less than \$20,000.

As a result households with income from 55 U.T. to 110 U.T barely can afford to buy a housing unit within the CMD. The scenario is more dramatic for households with income below 35 U.T. that have no housing options to live in the CMD, unless they chose to live in the barrios. Yet, households with income equal or above to 110 U.T. have few options to afford to live in the city. As seen in Table 10, it is important to state that households with income from 75 U.T. to 110 U.T. represents 7.1% of the total households in the country, and those with income above 110 U.T. only represent 2.9% of the total.

The few affordable neighborhoods are also concentrated only in certain areas of the city. Figure 19 locates the barrios and the affordable neighborhoods for households with income below 55 U.T. within the CMD. Libertador and Sucre offer some housing opportunities of housing for people with moderate income. While Baruta, El Hatillo and Chacao are very exclusive in terms of housing opportunities. This uneven distribution of poor and wealthy communities is exacerbated by the location of affordable housing developments in areas that have a large concentration of barrios. In other cases the affordable housing projects are only available in abutting towns to Caracas. Case studies in Chapter 5 exemplifies two housing projects located in abutting towns to the CMD and one affordable housing development in parroquia La Vega, located in Municipio Libertador (Figure 10 and 19)

Figure 19. Location of Barrios and Affordable Neighborhoods (Income <55 U.T./ Renting a Housing Unit of 800 sq. ft.) Caracas Metropolitan District, 2001.



Source: Visual Map 2.0. www.porlapuerta.com. Location of the neighborhoods by the author.

¹ Population according to OCEI, Oficina Central de Estadística e Informática. <http://www.ocei.gov.ve>. Rincon found that the total area of the Caracas Metropolitan Area was 777 Square Kilometer for 1990. The Venezuela's embassy in US considers that 360 Square Kilometer are developed land

² The description of the CMD was elaborated from the municipalities and state of Miranda's official web site

³ www.chacao.gov.ve

⁴ El Universal and El Nacional, Venezuelan local press, in their section *Ciudad* (city) constantly denounce the violent crimes committed in the Municipio Libertador. The news repeatedly also address the dilapidated conditions in general of the Capital District.

⁵ See also Figure 20 in Chapter 4 for the location of the Caracas Country Club

⁶ CVC. Presentation in urban planning

⁷ www.porlapuerta.com

⁸ www.porlapuerta.com . 1 U.T./ Bs 14850 and \$750/Bs is the best estimated for the last quarter of year 2001. The housing costs are from that period of time.

CHAPTER 4

STUDY AREA : THE CARACAS' URBAN CORE

Chapter 3 presented a brief introduction to the city of Caracas, its demographic trend and political and territory structure, as well as information regarding housing cost and affordability. Chapter 4 analyzes the study area, The Caracas' Urban Core, which is limited to the following four tracts: El Recreo, San Bernardino, La Candelaria and Catedral. This chapter describes the location and significance of the four tracts within the city, and using data from the previous chapters, it summarizes the housing shortage and cost for the Caracas' Urban Core.

The Caracas' Urban Core

The study area is limited within the territory of the tracts El Recreo, San Bernardino, La Candelaria and Catedral. Illustrating the study area, Figure 20 indicates that the southern area of the parroquia Altigracia is also included in the urban core. All the selected tracts are part of the 22 divisions that conform the Municipio Libertador (Figure 15). Table 15 shows the population distribution in the four tracts. Additionally, including some of the features of the urban core, Figure 20 also illustrates how two important corridors, Urdaneta-Andres Bello and Libertador, connect the Caracas' downtown with the Municipio Chacao.

Parroquia El Recreo

El Recreo, located to the east of La Candelaria and to the west of Chacao, is the largest and most populated tract among the selected group of parroquias. But, it is also one of the tracts that have lost more population during the 1990s. Two main expressways run the city in the east-west direction: the Boyaca Avenue or Cota Mil and the Francisco Fajardo Highway (Figure 21). The first runs along the north side of the city at 1000 m. of altitude at the bottom of The National Park El Avila. The second, following and covering the course of the Guaire river, crosses the

Figure 20. Study Area: The Caracas' Urban Core.



Source: Visual Map 2.0

Caracas' valley in the east-west direction, as well. El Recreo has access to the first highway in its north side, and it has access to the second one in the south border.

TABLE 15. Population of the Study Area, 1990 -2000

Name	1990	1995 ⁽¹⁾	2000 ⁽¹⁾	1990-2000	
				% Change	Number
CMD	2,915,079	3,073,907	3,234,437	11.0	319,358
Municipio Libertador	1,970,337	1,974,572	1,975,786	0.3	5,449
Parroquia Altigracia (2)	46,198	45,830	45,322	-1.9	-876
Parroquia Candelaria	56,513	57,249	57,816	2.3	1,303
Parroquia Catedral	5,260	4,516	3,865	-26.5	-1,395
Parroquia El Recreo	104,820	97,857	91,046	-13.1	-13,774
Parroquia San Bernardino	29,117	29,071	28,939	-0.6	-178
Total Tracts	195,710	188,693	181,666	-7.2	-14,044

(1) Projections according to the Census 1990

(2) For the total calculation Altigracia was not included, because just a small part of this tract is included in the study area

Source: OCEI, Census 1990



Figure 21. Francisco Fajardo Highway (Looking toward east). 2001

Chacaito, one of the most important transportation nodes in the CMD, is just in the southeast borderline of Chacao with El Recreo. In Chacaito, it is the central station of the first subway line of the city, the METRO (1983). At this point, three roads from different directions converge: 1) Las Mercedes Main Avenue, which connects to Baruta, 2) Francisco de Miranda Avenue, a vehicular and pedestrian axis that runs from Chacaito to the parroquia Petare in Sucre, and 3) Sabana Grande Boulevard, the largest pedestrian street mall of the city and one of the preferred sites of the buhoneros, or street vendors, for running their “business”. Still in the Chacao’s jurisdiction, the Caracas Country Club, the wealthiest neighborhood in the CMD, is located at the east center-north edge of El Recreo¹. The boundaries of El Recreo and further information about the parroquia are found in Figure 22.

The conflict generated by the workers of the informal economy, urban dilapidation as well as traffic congestion are among the negative characteristics in the southern area of El Recreo. Yet, the Sabana Grande neighborhood, an important transportation hub in the city, is an appealing and well-known recreational and commercial area (Figure 23). In the northern region of El Recreo, an appealing urban area contains low-scale commercial activities and some less dense and high-income neighborhoods, such as La Florida and Alta Florida (Figure 22). There are also two barrios in the west-northern area of El Recreo, which are located among the zones with higher risk of landslide in the Municipio Libertador².

Despite the negative aspects of El Recreo, transportation facilities, access to the Avila, and the recreational and commercial dynamic are motives for expanding the housing opportunities in this tract. Consequently, a mixed-income housing policy will make this tract a greater urban neighborhood. Chapter 5 will describe the redevelopment of some neighborhoods in Boston, MA that have encouraged mixed-income communities.

Figure 22. Parroquia El Recreo



Source: Visual Map 2.0





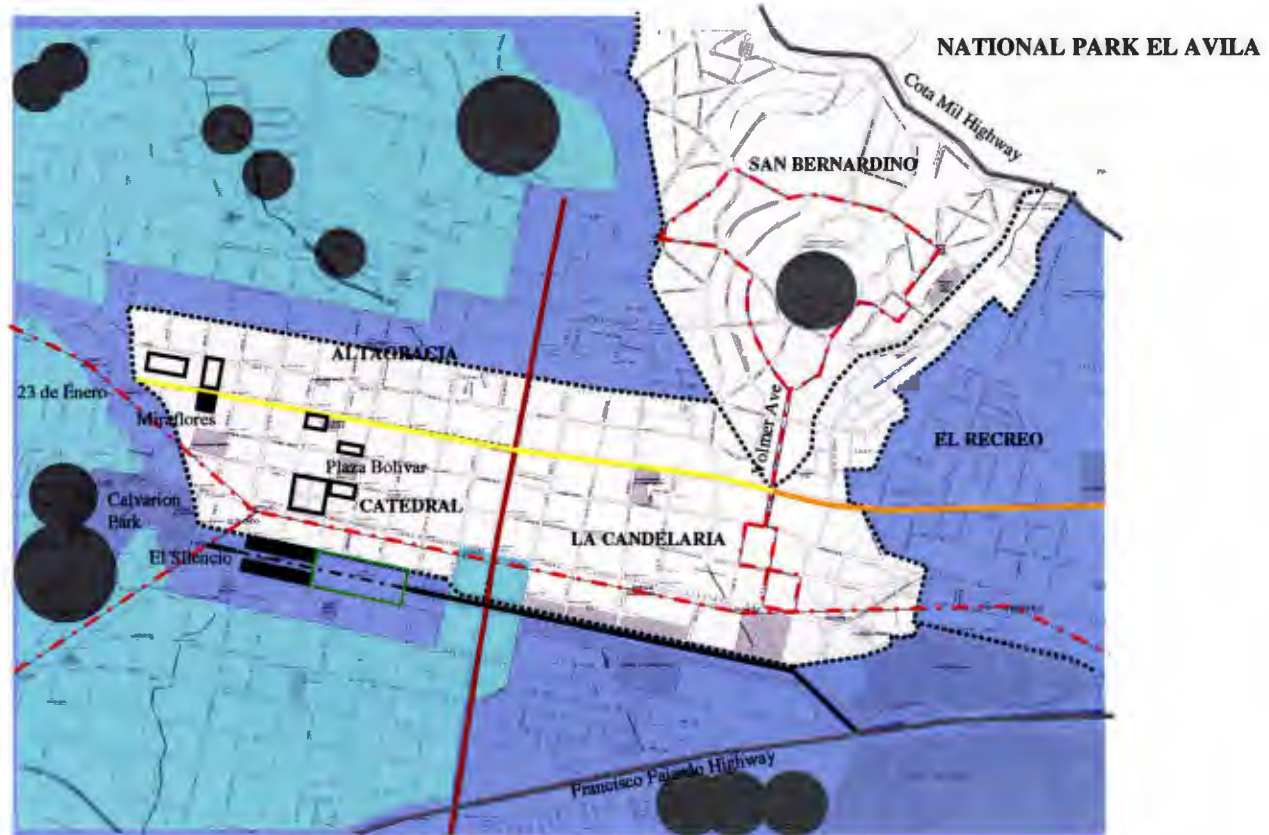
Figure 23. West end of the Sabana Grande Boulevard. The building to the left (yellow), after a long period of abandonment, is under renovation. 2001.









Parroquia San Bernardino

San Bernardino is also located at the bottom of the Avila and slightly intersects with La Candelaria in the north side. Figure 24 illustrates this peculiar condition as well as the rest of the urban land that San Bernardino, La Candelaria and Catedral cover. San Bernardino is after El Recreo the largest tract in territory within the urban core, but it is also one of the less populated parroquias in the entire CMD. Only Santa Teresa and Catedral, which are smaller in land, have less population than San Bernardino (Tables 13 and 15). This tract also benefits from its location at the bottom of the Avila: access to the park and the highway, as well as a pleasant view over the city. Additionally, inner road networks that easily communicate with other neighborhoods and public transportation are found in this parroquia.

One of the most interesting characteristics of San Bernardino is its “Parisian” street pattern in the southern boundary. The Volmer Avenue, an important axis in the north-south direction in the Caracas valley, is the center of a tri-road scheme that follows the shape of the

Figure 24. Parroquias San Bernardino, La Candelaria and Catedral.



- | | | | | | | | |
|---|------------|---|-------------------------------------|--|-------------------|---|-------------|
|  | Parroquias |  | Barrios |  | Urdaneta Ave |  | METRO |
|  | Government |  | Affordable Neighborhoods (<55 U.T.) |  | Fzas. Armadas Ave |  | Bolivar Ave |

Source: Visual Map 2.0



tract and connects to the city in every direction³. Likewise, many of the buildings within this area, an important collection of the 1950s and 1960s modern architecture, continuously follow the shape of the block reconstructing the edge of the streets. San Bernardino is not totally exempt of barrios; also crime and robbery rates, especially at night, impact the urban peace of this tract. However its greener, low scale commercial activities and transportation facilities are conditions to bring people to live in San Bernardino. Accordingly, residents from all the income levels would augment community relationships and strength the livability of the neighborhoods.

Parroquias La Candelaria and Catedral

La Candelaria and Catedral, downtown Caracas, are located on the grid system that was the originally street pattern of the city of *Santiago de Leon de Caracas*. Catedral with its Plaza Bolivar, surrounded by governmental, commercial buildings and the Caracas' Cathedral, contains the oldest structure of the city. The Fuerzas Armadas Avenue defines the boundary between Catedral and La Candelaria, a well-settled neighborhood dominated mostly by people from Spain (Figure 25). In the picturesque tract of La Candelaria, restaurants and other commercial and recreational activities dominate the area. Comparatively free of barrios, this parroquia is among the few tracts that experienced an increase in population during the 1990s, according to the census 1990. Conversely it is remarkable, as seen in Table 15, that Catedral has lost a quarter of its population during the same period of time. The main reason for this population trend is the change from residential to commercial uses in the historic and governmental areas. Figure 24 illustrates the physical composition of these two parroquias and San Bernardino.

As indicated before the southern part of Altigracia, which has also suffered from lost of population, is included in the defined urban core. Specifically, Oeste 5 Street and Este 5 Street

following the northern edge of La Candelaria is the boundary of the study area. The Urdaneta Avenue defines the limit between Altagracia and its southern neighbor Catedral. Mixed uses and high-rise buildings continually reconstruct the edge of this busy avenue. Catedral and Altagracia, both within the historic district, contain most of the buildings that serve the executive branch of the national government.



Figure 25. Housing with commercial activities in La Candelaria, 2001

Miraflores and the Palacio Blanco, where the chief of the State commands the nation, is located at the end of the Urdaneta Avenue and next to one of the largest low-income areas in the CMD: the 23 de Enero and surrounding neighborhoods⁴. This area has an important public housing development that was built during the 1950s and contains 9,100 apartments. This housing development, known as the *Bloques del 23 de Enero*, was planned for 55,000 people and it was designed by Carlos Raul Villanueva⁵. This once working class neighborhood has

gradually been surrounded by the so-called *cordones marginales* that occupy the zone with higher risk of landslides within the Municipio Libertador⁶. Thus, a concentration of low-income housing is next to the west side of Caracas' downtown (Figure 24 and 26).



Figure 26. Public Housing and Barrios. © Fleming Bell, 1993.

At the south border of La Candelaria and Catedral is located the Bolivar Avenue. This axis resulted from the ideas of Maurice Rotival and the five plans that carried his name⁷. The interrupted Rotival Plans, developed from 1939 to 1959, were aimed to regulate and organize the growth of the city. Despite the discontinuity in the urban planning process, the Bolivar Avenue (1949) is a busy corridor and contains several amenities (Figure 27). A very visited public urban room, the *Plaza Caracas*, is located below the first Caracas' modern landmark the *Torres del Centro Simon Bolivar* (1949). Next to this structure is also the new Court House, which links to the east to another well-known public space, *Plaza Diego Ibarra*. During the of urban redevelopment process of the 1940s, the government in order to replace a dilapidated neighborhood built *El Silencio* (1943), designed also by the greatest Venezuela's architect Carlos R. Villanueva. This extraordinary and pedestrian-scale neighborhood, located at the west end of

the Bolivar Avenue, contains 90 apartments for moderate-income households and commercial retails at the ground level. Finally, the Bolivar Avenue is a busy public transportation hub that connects to the Francisco Fajardo, the most important highway system in the city.

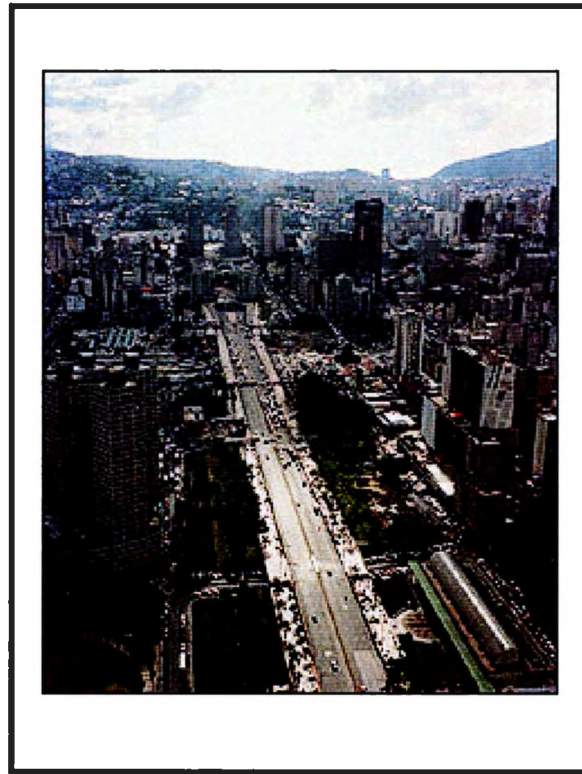


Figure 27. Bolivar Ave. Source: www.alcaldiamayor.gov.ve

There are many dilapidated neighborhoods abutting the Caracas's downtown. Workers of the informal economy chaotically occupy the streets and plazas. Traffic jam and crime negatively impact this old tract as well as La Candelaria. Also as previously indicated urban degradation affects El Recreo and San Bernardino; consequently from Chacao to Catedral the city gradually becomes more chaotic until it approaches its urban heart. However the scale of the streets, the distinct urban pattern and commercial spaces and plazas, coupled with its historic structures, are motives for La Candelaria and Catedral to become again healthy neighborhoods.

After all, Caracas was called for many years *La Ciudad de Los Techos Rojos* (The City of the Red Roofs) in reference to the typical red tiled roofs that covered the contiguous colonial houses.

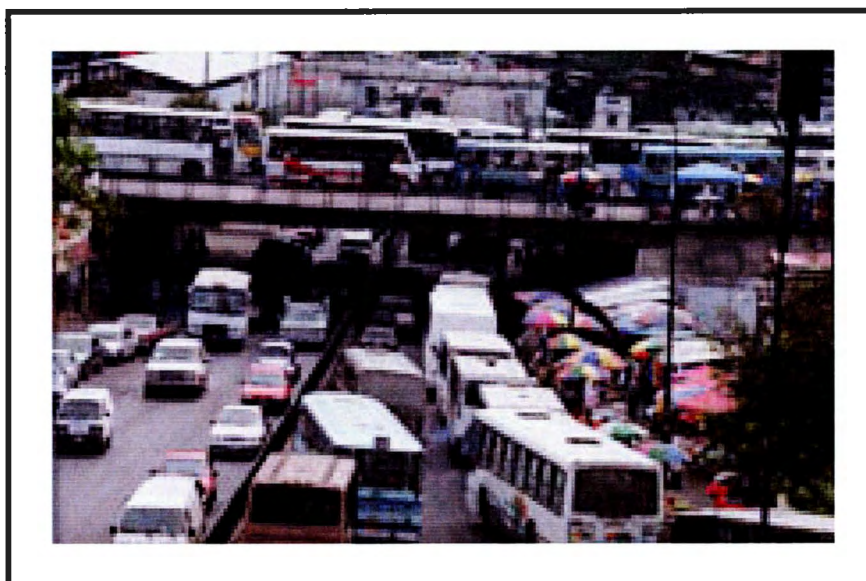


Figure 28. Public transportation and traffic in Caracas. Intersection of Bolivar Ave with Fuerzas Armadas Ave. Source: www.eud.com, 2001

Population in the Caracas' Urban Core

In 1990 there were a total of 195,710 people living in the urban core. As people moved out and non-residential uses dominated the area, there were a total of 181,666 people in the area in 2000. Although La Candelaria has experienced an increase in population, the other tracts lost population. As a result there were 14,044 less people at the end of the 1990s decade living in the urban core (Table 15).

It is important to examine the density in the urban core. In 1990, Catedral and La Candelaria had 61,773 people in 3 Square Kilometer, which is equivalent to 53,330 people per Square Mile⁸. For the same year, El Recreo and San Bernardino had 133,937 people living in 8.6 Square Kilometer, or 40,336 people per Square Mile. For the year 2000, the two first tracts had a density of 53,251 people per Square Mile, while the second pair had a density of 36,135

people per Square Mile. The overall density of the urban core for the year 2000, based on the 1990 census, was 40,550 people per Square Mile (Table 16).

TABLE 16. Number of housing units and population density in the study area, 1990-2000

Parroquias (Tracts)	Area	1990			2000 ⁽¹⁾	
		Population	Units	Units/ Acre	Population	People/ Mi2
Candelaria	3 Km2 (1.15 Mi2)	56,513	19,227	28	57,816	53,635
Catedral		5,260	1,580		3,865	
El Recreo	8.6 Km2 (3.32 Mi2)	104,820	27,725	60	91,046	36,140
San Bernardino		29,117	101,327		28,939	
Total StudyArea	11.6 Km2 (4.48 Mi2)	195,710	149,859	52	181,666	40,550

(2) Projections from census 1990

Source: Census 1990. Density analysis and data for year 2000 developed by the author

According to the data shown above, the study area has a very high population density, if compared with downtowns or other metropolitan areas of the size of the CMD. For instance, Boston’s downtown, which is located in a metro area of 3,406,829 people, had a density of 18,063 people per Square Mile in 2000. Likewise Baltimore’s downtown had a density for the same year of 11,805 people per Square Mile within a metropolitan population of 2,552,994⁹. In contrast, the overall housing density in the study area was 52 units per acre in 1990 (Table 16), while around Kendall Square in Cambridge, in the Boston metro area, the zoning permit developments up to 100 units per acre¹⁰.

There are several factors to take into account in order to evaluate the density of the study area. The American cities are in a process of recovering population in the last ten years that was lost during the 1970s and 1980s, and the process of recovering urban population is expected to continue. Second, the density in the Caracas’ barrios is approximately 62,000 people per Square

Mile, four times more than in regular neighborhoods¹¹. Therefore, there is a large concentration of people in the very-low income neighborhoods within the urban core.

Additionally, there is evidence of vacant units within the area, and the new housing developments are aimed to small size households, which means that it would take more housing to accommodate the 14,044 people that moved out from the area during the 1990s (Figure 33)¹². Although, there is not available data to affirm the total of vacant lots in the urban core, there are several of these and there are many underutilized lots that negatively impact the livability of the urban core (car dealers, mechanic garages and gas stations, low density commercial uses in dilapidated buildings, parking lots and further – Figures 29, 30, 31 and 32).



Figure 29. Parking lot in La Candelaria.

Finally, two main avenues forming an important corridor run through the urban core, Urdaneta Avenue and the Andres Bello Avenue, and connect to the Libertador Avenue, which links to the east of the CMD (Figure 20). According to David Dixon, one block of revitalized main street requires 3,000 new households, if households with low-income are included. So, in order to revitalize the corridors shown in Figure 20, many households with different incomes

would be needed. Therefore, raising the population density by rehabilitating and developing new housing within the regular neighborhoods will benefit the urban core. The next chapter will illustrate urban revitalization involving mixed-income housing developments.



Figure 30. Parking lot (behind walls) at the intersection of the Volmer Ave and the Urdaneta-Andres Bello corridor. This is one of the largest underutilized lots in the CMD (approx. 5.4 acres).



Figure 31. Vacant lot in El Recreo and Metro-Bus. Notice the lack of maintenance of the buildings in the background



Figure 32. Vacant building, apparently under rehabilitation, at the west end of the Francisco Solano Ave. in the Parroquia El Recreo.

Housing Characteristics in the Study Area

As described in this chapter, the urban core suffers from many of the calamities that the Municipio Libertador faces: loss of population, urban dilapidation and high crime. Additionally, the urban core lacks affordable housing. However, barrios and low-income neighborhoods do not dominate within the four tracts, some of these neighborhoods are found in the area, and many of these settlements surround the urban core. Pinto Salinas, a barrio located in the northwest side of El Recreo, is next to Simon Rodriguez, which is the only public housing development found in the study area. Barrio Los Erasos, located in San Bernardino, and barrio Nuevo, located in the north-east side of El Recreo, are the other two barrios within the study area¹³. Also, indicated in Figures 20 and 22, La Florida, Alta Florida and La Campiña neighborhoods and part of the tract San Bernardino are among the high-income neighborhoods within the urban core.



Figure 33. New development in El Recreo: Two highrise buildings (red) with more than 150 units. 600 to 750 sq. ft. Market price approx. \$60,000.

Table 17 lists the housing median prices and rent in the urban core. As seen in Table 17, the median rent and median sale price in the study area is below the median housing price in the CMD. Based on the income analysis shown in previous chapters, the mean income in Venezuela is 44 U.T. In the urban core, households with income above 110 U.T. could afford to rent a 75 Square Meter (800 Square Feet) apartment, but families with income below 75 U.T. cannot afford the median rent in the urban core. Only in the tract Altagracia and in the neighborhood Mariperez, in El Recreo, households with income equal to 55 U.T. or more would be able to rent a 75 Square Meter housing unit. Moreover, in certain areas, such as La Florida, households with an income of 110 U.T. or further can afford to rent an apartment of the same size.

TABLE 17. Housing price and rent affordability in the study area, 2001

Neighborhood or Zone	Median Sale Price	Median Rent	BELOW CMD MEDIAN PRICE		RENT AFFORDABILITY FOR AN APARTMENT OF 75 sq m. (800 sq. ft.)				
	Bs/ sq. m.	Bs/ sq. m.	SALE	RENT	22 U.T	35 U.T.	55 U.T.	75 U.T.	110 U.T.
Altagracia	387,416	3,084	YES	YES	NO	NO	YES	YES	YES
Av. Baralt	343,719	3,665	YES	YES	NO	NO	NO	YES	YES
Av. Panteón	475,202	4,166	YES	YES	NO	NO	NO	YES	YES
Av. Universidad	466,256	4,157	YES	YES	NO	NO	NO	YES	YES
Av. Urdaneta	498,263	3,788	YES	YES	NO	NO	NO	YES	YES
Capitolio	481,894	4,587	YES	YES	NO	NO	NO	NO	YES
Fuerzas Armadas	506,274	4,884	YES	YES	NO	NO	NO	NO	YES
La Campiña	701,196	8,553	YES	NO	NO	NO	NO	NO	NO
La Candelaria	509,218	5,060	YES	YES	NO	NO	NO	NO	YES
La Florida	749,412	5,172	YES	YES	NO	NO	NO	NO	YES
La Hoyada	401,810	4,324	YES	YES	NO	NO	NO	YES	YES
Las Acacias	554,886	4,066	YES	YES	NO	NO	NO	YES	YES
Los Chaguaramos	566,765	5,427	YES	YES	NO	NO	NO	NO	YES
Maripérez	513,044	4,044	YES	YES	YES	YES	YES	YES	YES
Plaza Venezuela	491,353	4,764	YES	YES	NO	NO	NO	NO	YES
San Bernardino	612,601	6,725	YES	NO	NO	NO	NO	NO	NO
MEDIAN	484,174	4,527	YES	YES	NO	NO	NO	NO	YES

22 U.T. = 50% Mean Income; 35 U.T. = 80% Mean Income; 44 U.T. = Mean Income; 110 U.T. = Max. Income for subsidy

CMD Median Sale: 747,148 Bs/sq. m. (93 \$/sq. ft.) ~750Bs/\$

CMD Median Rent: 6,625 Bs/sq. m. (1 \$/sq. ft.) ~750Bs/\$

Source: Housing price Porlatpuerta.com; affordability own calculations at 30% of income.

Table 11 shows that the median housing price for households with income equal to 75 U.T. is \$54,100, according to the CVC. Therefore, the market offers some units below the low-income means in La Candelaria, La Catedral and Altagracia. Quite the opposite in San Bernardino and El Recreo, the housing price goes beyond \$100,000. Therefore there are limited opportunities for households with income below 75 U.T. to buy a housing unit in the Caracas' urban core (See also Appendix C)¹⁴.

As previously indicated, FONDUR and the Venezuela Construction Chamber estimates a shortage of about 1,500,000 housing units and an annual demand of 120,000 units due to population growth. Table 9 illustrates the distribution of the housing shortage nationwide and the number of units to be built by FONDUR during the year 2002 for every state. As FONDUR indicates the Capital District or Municipio Libertador has one of the largest housing shortages in the country. Likewise, Table 18 shows the projection of the housing shortage and housing units to be built during the year 2002 in the study area.

The projection shown in Table 18, are estimated under the assumption that every community according to its population should allocate a proportional amount of affordable housing units. Under a mixed-income housing scenario, it should correspond 11,525 housing units to the urban core, which represents 0.83 percent of the total shortage nationwide and 9.88 % of the total housing shortage in the Capital District. In terms of the annual demand due to population growth, it would correspond 63 housing units to the study area. Additionally, for the year 2002 FONDUR would be able to contribute with the supply of 672 units for the urban core at \$28,056 each¹⁵.

Table 18. Housing shortage and demand in the study area, 2002.

	Venezuela	Capital District	Study Area
Population			
Number	25,260,942	1,837,866	181,666
%	100	7.28	0.72
Total Households			
Number	5,156,450	434,759	42,974
%	100	12.27	0.83
Housing Shortage			
Number	1,382,757	116,585	11,525
%	26.82	2.26	0.83
Units to Be Built	80,690	6,796	672
Annual Housing Demand (Due to Population Growth)	120,000	8,736	63
Number of Units/ 1000 People	3.19	3.70	3.70
Total Budget (millions Bs)	1,696,057.74	143,000.75	14,135.97
Median Cost per Unit (Bs)	21,019,429	21,041,900	21,041,900
Median Cost per Unit (\$)	28,026	28,056	28,056

\$ ~ 750 Bs

Source: FONDUR; study area projections calculated by the author

Based on the analysis of the study area and further cases studies, the estimated increase in population, and consequently, the increase in the number of housing units will benefit the urban core. Moreover, it has been illustrated many of the amenities and the physical capacity of the study area that positively would influence in the allocation of housing units, including new development, occupying vacant units, the upgrade of existing substandard housing units out of the barrios and converting non-residential uses for housing purposes.

Significance of the Study Area in the Caracas Metropolitan District

As described in this chapter the significant characteristics of the study area can be summarized as follow:

- The median rent and median sale price in the urban core is below the median prices in the CMD. However, there is a mix of housing styles and prices. There are three barrios and one large public housing development within the urban core. Also, there are neighborhoods with a housing cost that is 1.5 times higher than the median in the CMD, while few neighborhoods offer housing units at 80% of median housing costs within the CMD.
- Households with income above 110 U.T. could afford to rent a 75 Square Meter (800 Square Feet) apartment, but households with income below 75 U.T. cannot afford the median rent.
- In the immediate surrounding area of the urban core, there is a large concentration of low income neighborhoods and barrios to the west, and the municipality with the highest housing cost in the area abuts in the east side.
- Social tension is a key element reflected in the housing disparity in the two poles: 23 de Enero in the west and Chacao in the east side. As a result, the urban core is between two poles: a wave of poverty running from the west into the city and a steady and ambitious wealthy community in the other side.
- Access to public transportation and roads, and connection to the biggest open space in the city, the Avila.
- Diversity in population, but also loss of population during the 1990s.
- Commercial, financial and governmental activities, as well as historical and cultural hub.
- Need for urban revitalization of the well-defined urban pattern.
- Political tension due to the close location of governmental offices to large concentration of low-income neighborhoods.

- Density could be increased within the regular neighborhoods. The average housing density in the area is 52 units per acre, and it covers a territory of 4.5 Square Mile.
- A total of 14,044 people moved out from the area during the 1990s.
- Lack of affordable housing.
- Under a mixed-income housing scenario there is a shortage of 11,525 housing units and an annual demand of 63 dwellings due to population growth.

¹ The Caracas Country Club is a treasure of urban planning and landscape architecture in the city. It was developed during the 1920 to the 1940s, and Frederick Olmsted was among other professionals and designers that produced such a project.

² Mabel Sarmiento in *Hay 39,440 viviendas en zonas de alto riesgo* (There are 39,440 housing units in high risk zones), www.ultimasnoticias.com.ve

³ Designed by Louis Roche, Plaza Altamira in Chacao and the Volmer avenue are among the few serious attempts of urban planning in the city

⁴ The current president of Venezuela, Hugo Chavez Frias, has suggested converting Miraflores into a public University arguing the need for educating the low-income population. The true is that there is substantial fear of having an avalanche of disappointed people over the government's headquarter. In 1989, February 27, thousands of people were killed during a sequence of riots, known as the *Caracazo*, driven by the measures implemented by the government at that time, which negatively affected the low-income population. Most of the violent episodes occurred in the urban centers. In 1992, February 4, the current president, in his failed coup d'etat, commanded the military actions to attack Miraflores from the Museo Militar located in the Calvario Park (Figure 18). President Chavez was elected by popular vote in 1998. In the last two years tense masses of people, demonstrating support or rejection to the current government, have continually gathered at the doors of Miraflores, the National Assembly, located next to the Plaza Bolivar and along the Urdaneta and Bolivar Avenue.

⁵ Bloques del 23 de Enero, The 23 de Enero Blocks in reference to the size shape of the buildings. Pineda and Perez in *Ultimas Noticias*, a Venezuelan newspaper, presents an extraordinary summary of the most important projects developed in Caracas

⁶ *Cordones marginales* is a Venezuelan pejorative term used to identify the very low-income neighborhoods that once were located apart from the urban core. In the Sarmiento's article, it was stated that he parroquias located to the west of the urban core are within the zone that present the higher risk of landslide within Libertador

⁷ Mollejas in *El Universal*, extracted from "*Caracas: La Ciudad que nunca fue*", refers to the role of Maurice Rotival in the Caracas's urban planning and development process

⁸ Calculations are based on the information in the tables and the area calculated from the maps

⁹ "Downtown Rebound" from the Fannie Mae Foundation and The Brookings Institution 2001

¹⁰ David Dixon FAIA in "Fear and loathing of density" in the Greater Boston Builder

¹¹ According to "Disaster-Resistant Caracas", an article published at <http://www.arch.columbia.edu/gsap/887>, the Caracas's average density "...is 6,000 people per Km 2, but at least four times that in the barrios."

¹² The Venezuelan newspapers continually demand the increasing *squatting* that have been occurring during the last two years in the urban core and some other areas of the CMD. According to Dixon, in "Fear and loathing of density", "...the fact that households sizes have shrunk by 25 percent since 1970 means that it takes much more housing to return cities to their previous population levels..."

¹³ The location of the Barrios correspond to the information found in Caracas maps

¹⁴ Appendix C shows the sale prices and apartment size in the four tracts as listed by real estates agencies in the last quarter of 2001

¹⁵ According to the material obtained from FONDUR, for the year 2002, the budget for the Capital District was \$190,667,667 to build 6,796 housing units.

CHAPTER 5

BEST PRACTICES IN MIXED-INCOME HOUSING

The previous chapters presenting the housing dilemma in Caracas and the characteristics of the study area suggest providing urban housing for people from all the income levels. This chapter illustrates the theory framework to support the proposed Mixed-Income Housing Policy in the Caracas' Urban Core. Chapter Five is divided in two parts: Mixed-income housing in the U.S.A. (three projects in Boston, MA) and two affordable housing developments in Venezuela. The first part briefly introduces some of the programs that promote mixed-income housing projects in the U.S.A. Next, this chapter describes three mixed-income housing projects in the Boston Metro Area, while the last section includes two affordable housing projects in Venezuela to show some of the approaches aimed to alleviate the housing demand in the Caracas Metropolitan District.

Mixed Income Housing in the U.S.A.

In the U.S.A. there are a variety of programs and policies that promote mixed-income housing projects. Some of these programs are directly administrated by the U.S. Department of Housing and Urban Development (HUD), and others are strategies at the local or state government to develop affordable housing within their jurisdiction. For the purpose of this study the following programs and policies have been considered: *Public Housing Reform Act*, *HOPE VI*, *Mixed-Finance Public Housing Development*, *FHA's¹ Mixed-Income Housing Underwriting Guidelines*, *Inclusionary Zoning Ordinances*, *Chapter 40B of the General Law of Massachusetts* and *Section 4.40 Zoning By-Law of the Town of Brookline, MA*.

The Public Housing Reform Act, or the Quality Housing and Work Responsibility Act of 1998, is a landmark legislation in the U.S.A. that tremendously reformed the American public

housing policy. Among other provisions, this legislation fosters homeownership and mixed-income housing projects. HOPE VI is a federal funded program that addresses the proper physical development of public housing, by demolishing or revitalizing the existing ones. As mandated by the Public Housing Reform act, this program is intended to lessening the concentration of poverty by creating mixed-income housing developments. The Mixed-Finance Public Housing Development approach and the FHA's Mixed-Income Housing Underwriting Guidelines include recommendations to bring additional resources to housing projects and to ensure long-term viability of mixed-income housing developments, among others. Appendix D contains further information about these federal policies and programs.

At the state and local government level, inclusionary zoning laws are an instrument to negotiate and ensure the supply of affordable housing units in developments constructed by the private sector. Chapter 40B of the General Laws of Massachusetts is a mechanism intended to expedite the governmental permitting process to the developer that would supply with affordable housing units (See also Appendix E). The Section 4.40 Zoning By-Law of the Town of Brookline, MA is a zoning strategy to enforce a minimum of 10% of affordable housing units of the total for new or adaptive use residential developments (See also Appendix F). The three cases studies from Boston, included in this chapter, address some of the issues regarding the policies and programs at the federal, state and local level described above.

Three Mixed-Income Housing Project in the Boston Metro Area

Tent City: Mixed-Finance Housing and Advocacy

Tent City illustrates a case study where developers, public official, the residents and non-profit organizations can work together to provide a mature development that satisfies the needs of all and ensure long term sustainability. The Tent City Task Force resulted from a movement

initiated by a group of community activists that was opposing the city to develop a luxury housing development and above ground parking garage in a vacant lot in the South End². For over twenty years, this organization was calling for new housing for people from all the income levels in a 3.3-acre site, which was previously occupied by townhouses that were torn down as part of the urban redevelopment in the 1960s. The activists were also protesting the outgoing housing demolition through the South End neighborhood during that time. Appendix G contains further information about Tent City.



Figure 34. Town houses section of Tent City. Source: www.designadvisor.com.

In the mid 1980s Tent City Corporation (TCC), created from the Tent City Task Force, became the developer of a project that will fulfill the goals of all the participants, including the city and the private owners. The Boston Redevelopment Authority (BRA) “...negotiated an agreement by which *JMB/Urban* [part owner of the site] contributed part of the site – approximately 50 percent of the land, valued at \$4 million- to BRA.” The private developer also agreed to build the structural foundation for the “...housing development and to provide and maintain 129 parking spaces for Tent City tenants. In return, BRA gave *JMB/Urban* a 99-year

lease to develop 698 spaces of underground parking two levels beneath the site.” The city, while retaining the ownership of the site, leased “...land and the air rights to TCC for 99 years to develop the housing.” TCC and JMB/ Urban worked together with the same architect and contractor, which facilitated the coordination and development of the project (Rosenthal, 1988).

The financial structure of the project, according to Rosenthal, involved thirteen sources that produced \$36 million development. The BRA provided grants for site and urban improvements, while the Massachusetts Housing Finance Agency assisted with tax-exempt mortgages. Four programs, involving state and federal funds, insured financial assistance for the tenants.

The Project: Tent City is located in Boston’s historic South End and next to Copley Place, a large scale mixed-used development containing two hotel towers and an upscale shopping mall. Surrounded by older structures that house people from different income levels, the site has access to public transportation system. The Commuter trains, which pass by the nearby Back Bay MBTA station, run beneath an urban park that provides a transition between the housing development and Copley Place (Figure 35).

According to the architectural firm in charge, “...the 269 units range from one to four bedrooms in size, and offer a variety of configurations for both flats and duplexes. Bay windows in many of the apartments open to dramatic skyline views. All townhouses have private front and rear entrances and patios facing shared community courtyards.”³ Tent City rises to 12 stories at the side of the Copley Place development but it gradually retakes the scale and character from the historic South End side (Figures 34, 35 and 36). “The 12 stories structure includes 176 one and two bedroom apartments and 6,500 square feet of ground level retail space. The townhouses contain 93 three and four bedroom duplex apartments and one retail space”

(Rosenthal, 1988). There are a total of 129 parking spaces below grade and 17 surface spaces on internal street. Finally, the proper use of the material, as seen in Figure 37, “reddish-orange” and colored bricks combined with bays windows, and the gradual change in height mitigates the overall density, which is 81.5 units per acre with 212 parking spaces below grade.



Figure 35. Tent City as seen from the MBTA station, two the right is the park that makes the transition with Copley place.

Housing Affordability: The housing distribution principle called by the Tent City’s activists have become popular in other developments, that is “...a mix of twenty-five percent low-income units, fifty percent moderate-income units and twenty five percent market rate units... Low-income families in Tent City occupy forty percent of the apartments, moderate-income families occupy thirty percent, and market-rate tenants occupy the remaining thirty percent.”⁴ In addition to the units in the tower, five percent of the townhouses are accessible.

As seen in Table 19, there are units that can be rented for \$217 to \$405, and some others from \$850 to \$1,850 according to the room sizes. In other words, low-income tenants have the opportunity to live in a development that meets the needs and expectations of people with a 5 to 7 times larger income.



Figure 36. Gradual change of scale in Tent City.

Table 19. Housing units and rent. Tent City - Boston, MA.

Type of Unit	Number of Units	Size of the Unit (sf)	Rent Range (\$)
Studio	1	580	N.A.
1 Bedroom	93	600 to 650	215 to 850
2 Bedroom	92	825 to 850	215 to 1,200
3 Bedroom	66	1,130 to 1,200	360 to 1,600
4 Bedroom	17	1,450 to 1,525	405 to 1850

Source: www.designadvisor.org

Market rate tenants are easily attracted because of the quality of the units and the facilities in the project, such as laundry, day care for 50 kids, recreational open space, as well as the convenient location. Resident Alliance, the Tent City residents association, addresses issues of common concern and oversee management. Finally, residents, as a whole, equally benefits from all of these characteristics, which facilitate social integration and consolidate the neighborhood.

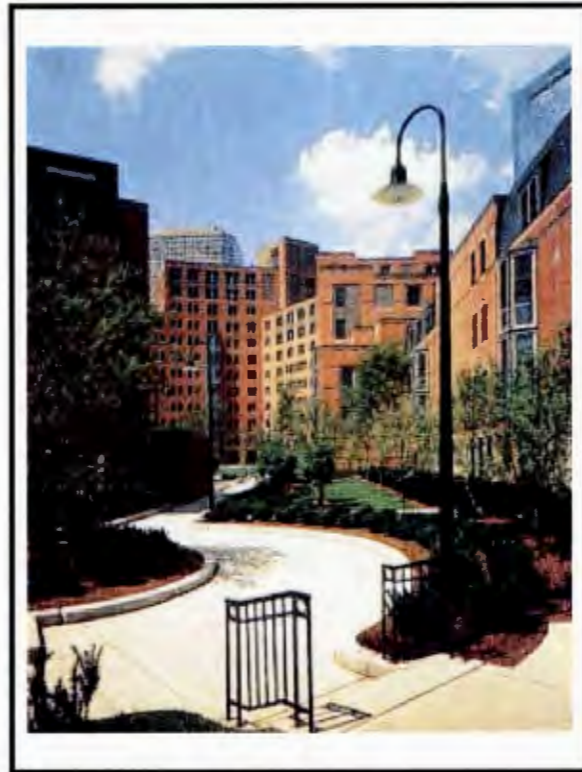


Figure 37. Tent City. Source: www.designadvisor.org, 1989.

Mission Main: Converting Public Housing into Healthy Neighborhoods

Mission Main, located at the Mission Hill neighborhood in Boston, is the result of the redevelopment of a former “superblock” public housing development⁵. Mission Main is a mixed-income housing development sponsored by HUD through the HOPE VI program administered by the Boston Housing Authority (BHA). Appendix H contains further information about Mission Main, and public housing redevelopments.

Mission Hill offering a wide range of housing style “...is one of Boston's most unique neighborhoods...[and] one of the most racially and economically diverse [neighborhoods] in the city”⁶. Many of the developments in the neighborhood are institutional facilities, coupled with special interest on public housing projects. Additionally, retail and commercial areas are within walkable distance as well as they are the MBTA orange line and green line of the Boston subway system⁷.

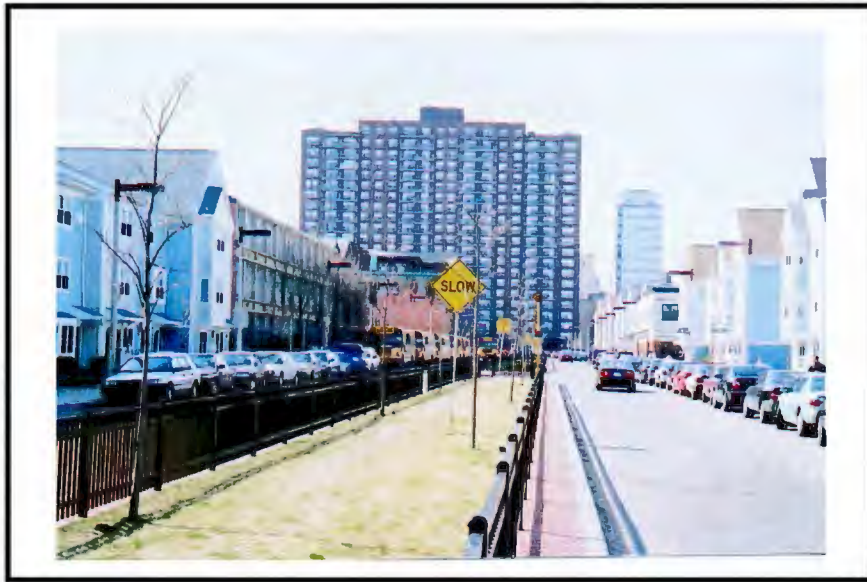


Figure 38. Mission Main. Looking toward west Boston from the revitalized main street in the development.

In 1993, Mission Main was awarded with a HOPE VI grant, which fueled the enthusiasm of the already in place Mission Main Task Force (MMTF), a community organization of residents that were committed to make a change in their own lives and a substantial change in the neighborhood. The following goals were established by the Boston Housing Authority (BHA) for the Mission Main HOPE VI initiative⁸:

- *End isolation of Mission Main by integrating the development physically, socially and economically with the broader Mission Main neighborhood*

- *Build high-quality housing that will attract and retain a broad income mix*
- *Create a self-sufficient community by providing the necessary elements*
- *Work in partnership with the neighbors of Mission Main*
- *Promote economic development in the Mission Main community and neighborhood*

The implementation of the HOPE VI program in accordance with the BHA goals included four major components, Physical redevelopment, financing, management and relocation⁹.

The Project: Mission Main is a mixed-income housing development that contains a total of 535 housing units. Three and four bedrooms units in garden style housing and walk ups, there is a total of 415 units of this style (Figure 39). The other 120 units are one-bedroom apartments, arranged in a seven-story building.



Figure 39. Mission Main. Front lawns and reconstructing the edge of the street.

There are several amenities and services in this community, including a childcare facility, a community center on site and a full time management and maintenance staff. There are also playgrounds and landscape grounds as well as resident parking. Additionally, there is after school programs and teen groups; and in 1999, it was founded Mission Main Residents Service

Corp., which assists families to gain greater self-sufficiency through education and job preparation.



Figure 40. Mission Main. Source: www.bostonhousing.org

Housing Affordability: From the total 535 housing units provided 83% are destined for public housing occupancy and 17% are for market rent. Table 20 illustrates the housing units distribution according to the number of bedrooms, and Table 21 shows the housing units distribution according to the target income groups.

Table 20. Distribution of housing units by size.
Mission Main – Boston, MA.

Type of Unit	Number of Units
1 Bedroom	120
2 Bedrooms	186
3 Bedrooms	181
4 Bedrooms	46
5 Bedrooms	2
Total	535

Source: www.bostonhousing.org

Table 21. Percent of housing units and income groups.
Mission Main – Boston, MA.

% of Units	Income Groups
27	14 % of AMI
14	26% of AMI
15	35% of AMI
27	60% of AMI

AMI: Area Median Income
Source: www.bostonhousing.org

Brookline Village Lofts: Town Planning and Design

The Brookline Village Lofts is a 21 units development located in the Brookline Village neighborhood within the town of Brookline, MA. This condominium, completed early in 2002, contains two affordable units in accordance to section 4.40 of the Zoning By-Law, the rest of the units are offered at the market rate. The design of the project and the allocation of the two affordable units are the result of an intense negotiation process between the Town of Brookline Planning Department, the neighbors and the developers. Appendix I contains further information about the Brookline Village Lofts.

The town of Brookline includes "Back Bay" style brick townhouses and another variety of quality housing buildings. “[In a neighborhood] just to the south of Brookline Village... homes of historic significance, both single and multi-family, line the streets... Some of the highest sales prices single-family homes in Metro Boston...” are offered in the vicinity of the *Village*¹⁰.

Prior to the Brookline Village Lofts, it was submitted a proposal intended to demolish the existing commercial building on the site, and to construct a single residential condominium building of 23 units, two to four stories, and 36 parking spaces underneath. After strong neighborhood opposition and the disapproval of zoning relieves, the developer withdrew his

proposal¹¹. The new development team had to face the challenge of meeting with the neighbors and town officials in order to reach consensus to build an alternative project, the Brookline Village Lofts.



Figure 41. Front elevation Brookline Village Lofts. Courtesy: CYMA2, Inc.

According to the architect in charge, “[This project] was originally designed as a single unified building but that after the negotiation process with the neighborhood, the plan changed into separate buildings to allow for greater air and open space throughout the project.”¹² In addition to the consideration of the size and design of the building, the developers in consultation with the Transportation Department and the Transportation Board of Brookline provided landscaping and traffic calming measures (Figure 43). Finally the developer met with the Housing Advisory Board and provided two affordable housing units in accordance to the Town’s guideline.

Although the zoning challenges involved, parking, set backs and dimensional regulations, “[t]he Planning Board unanimously supported the proposal and the zoning relief [that was] sought because the Planning Board recognizes how well the Developer [had] worked with the

Community and with the Planning Board and its Design Advisory Team throughout the entire project... The Planning Board [also] believes this project is a real benefit to the Town of Brookline and that it provides two affordable housing units on site, and provides a unique style of housing appropriate to the Brookline Village Area”¹³.

The Project: The Brookline Village Lofts is sited in a parcel of land of 18,250 square feet, where there is an existing one-story structure, with a partial basement, that had been used for office space, manufacturing and warehousing. The lot, located at the southern end of Linden Street in the Brookline Village neighborhood, is the circular corner where Kent and Station Street intersect. A train station of the D-line, located 100 yards from the project, is among the amenities that surround the site.

This 21 units residential condominium, with a density of 50 units to the acre, consists of four buildings, which are identified as A, B, C, and D (Figures 41 and 42). Building A is a shingled four-story structure that contains three units: one flat unit and two triplexes. Building B is a four-story brick building and has three units. Building C, the largest building of the project, is a brick courtyard style building that contains fourteen units (Figure 44). Building D, which has only one unit, is the result of the rehabilitation of the existing structure on the site¹⁴.

The Brookline Village Lofts provides, in an underground garage structure, a total of forty-one parking spaces; many of these are back-to-back spaces (tandem). Additionally, this project provides “...traffic calming measures to make the area safer and to allow traffic flow to proceed without significant impact from this proposal and with greater pedestrian safety. Among the traffic calming measures [provided] are the widening of the sidewalk along Kent Street, additional landscaping at the street side and moving of the traffic island in the middle of the intersection [Figure 43].” Finally, the landscaped open spaces between the buildings not only

provide the units with more light and air than in the case of a single unified building, but also it creates a greater sense of scale and community¹⁵.

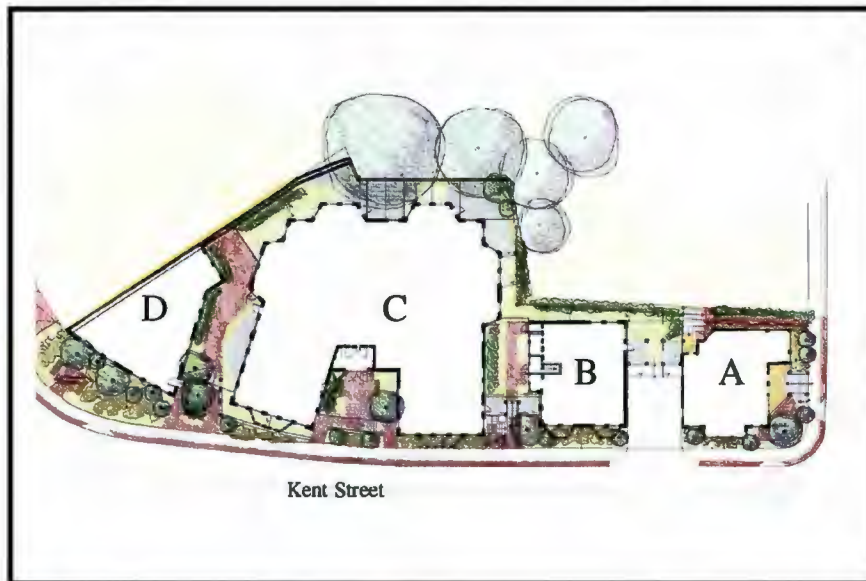


Figure 42. Site Plan Brookline Village Lofts. Courtesy: CYMA2, Inc.



Figure 43. Brookline Villages Lofts, view from the corner of Linden St.

Housing Affordability: This is a residential development of more than ten units located in Brookline, MA; therefore, under Section 4.40 in the Zoning By-Law (Appendix F), two affordable units should be provided. The flat unit in building A, Unit A1, is one of the affordable

units. And Unit C4, located in Building C, is the second affordable apartment. In order to meet the provisions of Section 4.40 the developer agreed to¹⁶:

- Set aside Unit A1 and Unit C4 as affordable housing units.
- Provide the affordable units with the same exterior finish and with the same quality of envelope and construction systems as the market units. Interior finishes and fixtures should be in consistency with standards of amenity and long-term affordability currently used in the local affordable housing industry.
- Provide one parking space at no additional cost for each affordable unit.
- Enter into an Affordable Housing Agreement that will preserve the units for affordable rental to families with incomes below 50 percent of the Area Median Income of the Boston Standard Metropolitan Statistical Area, as indicated by HUD. In the case the sale of one of the affordable units to any person or entity other than an affiliate, after approval of the Town of Brookline, the unit would be sold to the target income group mentioned above.

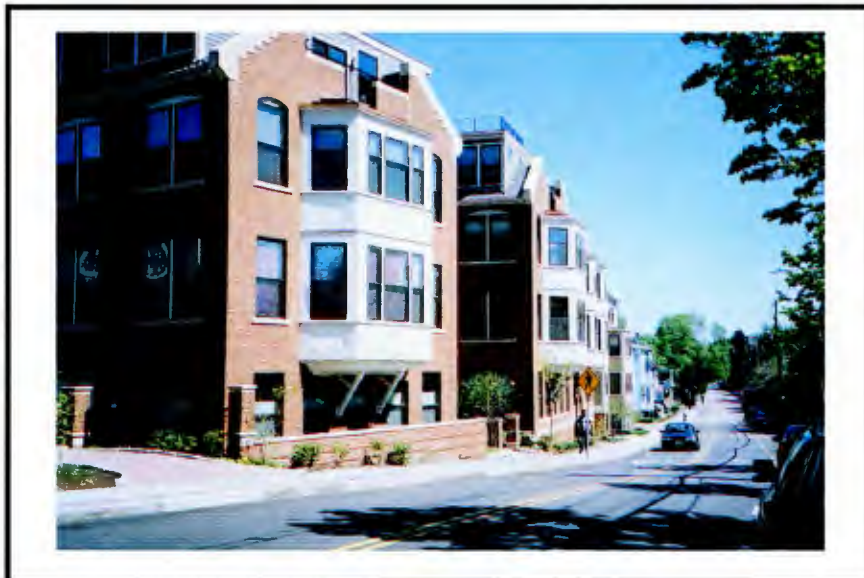


Figure 44. Kent Street at the Brookline Village Loft. Building “C” on the fore plan.

Table 22. Housing units features and sale prices. Brookline Village Lofts – Boston Metro.

Type of Unit	Size (Sq. Ft.)	Parking	Outdoor Space	Price of the Unit
A1. 3Bd-Flat	1349	1	Patio	(Rent) \$499 to \$924
A2. 3Bd-Triplex	1738	2 Tandem	Deck	\$635,000
A3. 3Bd-Triplex	1716	2 Tandem	Deck	\$625,000
B1. 3Bd-Flat	1189	2 Tandem	Yard	\$435,000
B2. 3Bd-Triplex	1710	2 Tandem	Deck	\$625,000
B3. 3Bd-Triplex	1700	2 Tandem	Deck	\$620,500
C1. Loft-Flat	1263	1	Yard	\$460,995
C2. Loft-Flat	1313	2 Tandem	Yard	\$480,000
C3. Loft-Flat	1421	2 Tandem	Yard	\$515,000
C4. 3Bd-Flat	1414	1	Yard	(Rent) \$499 to \$924
C5. Loft-Flat	1300	2 Tandem		\$474,500
C6. Loft-Flat	1452	2 Tandem		\$530,000
C7. Loft-Flat	1675	2 Tandem		\$611,375
C8. Loft-Flat	1300	2 Tandem		\$475,500
C9. Loft-Flat	1300	2 Tandem		\$475,500
C10. Loft-Duplex	2488	2	2 Balconies	\$920,000
C11. Loft-Duplex	2857	2	2 Balconies	\$985,000
C12. Loft-Flat	1300	2 Tandem		\$475,500
C13. 1Bd-Flat	1190	2 Tandem	Roof Deck & Balcony	\$435,000
C14. 1Bd-Flat	1199	2 Tandem	Roof Deck & Balcony	\$435,000
D1. 3Bd-Duplex	2692	2		\$985,000

Unit A1 or Unit C4 can be only sold for \$66,000 and no more than \$200,000

Source: www.brooklinevillagelofts.com. Price estimated from the cost of sale sq. ft. 365\$/sq. ft. Affordability obtained from the Affordable Agreement and the affordable analysis of the Town of Brookline Planning Department (Appendix F and I).

Table 22 illustrates the rent and sale price for the Brookline Village Lofts units and their main features. This case study illustrates that low-income tenants have the opportunity to live in a condominium occupied also by households with a 5 to 15 times greater income.

Affordable Housing Projects in Venezuela

Considering the capacity for housing production of Promotora Casarapa and the common approach of providing housing units outside Caracas, the following case studies illustrate the

financial aspects and the characteristics of two affordable housing developments around the Caracas Metropolitan Area (CMD) and its vicinity. All these projects have been developed under the LPH provisions (Chapter 2). Appendix J contains further information about the two projects, and affordable housing developments in the vicinity of the CMD.

Important elements of these projects are the financial strategies implemented in order to provide affordable housing, and how the unstable Venezuela's economy directly influences the housing supply in the country. Additionally, it is important to look at the density, design and the location of the projects presented in this section. Finally, this case study illustrates the concentration of people of certain income in housing developments and neighborhoods.

Ciudad Casarapa (Casarapa City)¹⁷: The Affordable Housing Industry

In 1991, the policy of the Venezuelan government, sponsored by the new Ley de Política Habitacional (LPH), or national housing law and policy, was to sell every land owned by public institutions to developers that were willing to develop housing in accordance to the programs of the LPH (Table 6, Chapter 2). Several lots of land, located in Guarenas in the state of Miranda, owned by FONDUR and Inavi, were sold to a group of developers that later created Promotora Casarapa (PC)¹⁸. This private organization is not only a real estate agency, but is also in charge of the construction of the projects.

The cost of the 272 acres of land, located in Guarenas and part of a former farm called Casarapa, was \$4,000,000¹⁹. The developers were enthusiastic about the land and envisioned to build a "city" that would include 10,000 housing units with all the proper amenities. The project was scheduled to start in 1992 and to finish in 2002; so 1,000 units should be built every year in order to achieve the goal.

Although the developers had some financial support, they still needed to assure more funding in order to accomplish such a project. For this purpose, they had the opportunity to put “housing bonds” in the stock market, which allowed them to continue with the development²⁰. This strategy, an investment at a better interest rate than the rate offered by the banks, was called and popularized as the “Bono Promotor Inmobiliario” (The Real Estate Bond). Likewise, the owners of the bonds had the choice to cash it for the established value, after receiving the dividends during certain period of time, or to exchange it for one of the units in the project. The Casarapa Real Estate’ bonds entered into the market in 1993; the value for each of the 154 bonds was equal to \$18,000²¹, so it was the value of the apartments. As a result, this financial strategy allowed starting the site development without a loan that would tie the project to a bank, and virtually the first 154 apartments had been sold.

Despite the economic upheavals, the project continues to be productive and more than half of the total units have been built. Additionally, Nueva Casarapa²², a development of similar characteristics that started in 1993 ran by a different developer, is projected to build more than 12,000 units in 494 acres of land. This project “in healthy competition” with Ciudad Casarapa is attracting moderate-income households into their developments.

The Project: In 271 acres of land, Ciudad Casarapa is a development of 10,000 housing units that includes commercial and educational services, as well as recreational and sport facilities. Although the development provides with playground and open space, it is a car-oriented community (Figure 45). The units, one bedroom and two bedrooms apartments, are arranged in four story buildings; none of the buildings has an elevator.



Figure 45. Interior road at Ciudad Casarapa.

In this 36 units per acre gated community, there are surface parking spaces for every unit and many facilities. In 1996, the community expedited the construction of the school that has capacity for 800 elementary school and high school students. Ciudad Casarapa has a very appealing public open space, the *Plaza Nuestra Sra. De Copacabana*. Some of the types of trees found in the Caracas Country Club have been planted in this plaza that was finished in 1995 and received the approval of a public program aimed to restore urban civic spaces (Figure 46). Additionally, there is a Clubhouse that offers, among other amenities, a pool and a tennis court to their members. The club membership is open to the public, and there is a special fare for the residents of Ciudad Casarapa. Finally a new mall that will serve the area is under construction.

Housing Affordability: The common choice for low and moderate-income households is to live outside Caracas and commute to the place of work. Ciudad Casrapa is one of these options. As seen in Table 23, there are two types of unit, one bedroom, 54 Square Meter. (Approx. 580), and

the two bedrooms 78 Square Meter (approx. 840 Square Feet) and the price of the units goes from \$28,000 to \$41,000²³. The developer built some studio units, 270 Square Feet, but this type of apartment did not succeed in the market, so there are not more of these units available.



Figure 46. Green Plaza at Ciudad Casarpa

Table 23 also illustrates the credit provided by the LPH. As seen in this table, households can be assisted with approximately 70% of the cost of the unit. Furthermore, from 10% to 25% of the cost of the unit can be subsidized. Also, it is important to mention that due to the price of the apartments, households with income with 55 U.T. or further are more likely to afford to live in this development (Table 11, Chapter 2). However, according to the developer, 70% of the households have five times more the minimum income required to apply for a mortgage to buy one of the units in the development. In other word, most of the households have income of 110 U.T., while a few of the households have an income of 22 U.T.

Table 23. Housing units and sale prices, 2002.. Ciudad Casarapa – Guarenas, Greater Caracas.

Type of Unit	Sale Price	LPH Total Credit	30% after LPH-24 Monthly payments
Studio, 270 sf	N.A.	N.A.	N.A.
1 Bedroom, 580 sf	\$28,000	\$20,095	\$411
2 Bedroom, 840 sf.	\$41,000	\$28,500	\$530

The 2Bd apartment can be converted into a 3 Bd apartment

The subsidy, included in the LPH Total Credit, varies from \$4,410 to \$7,770 according to the household's income

Table 6 and 7 in Chapter 2 contain more information about the LPH

~850Bs/\$. 14,500 U.T./Bs

Source: www.ciudadcasarapa.com

According to the Casarapa sales department, the developer recently started to offer the two bedrooms apartments for rent at \$346 at month, including furniture, and \$240 for the unfurnished units. This rental strategy could be a housing alternative for low-income households, 33 U.T. The developer also found, after selling the first 1,000 apartments, that 39% of the residents have a university degree, 37% are technicians, 12% are salesmen and 8% are office managers. Additionally 72% of the residents are between the 18 and 30 years old; and while almost 80% of the couples have no children, still 4% have three or more kids. These statistics according to Mr. Alamo have not significantly changed.

Parque Residencial Terrazas de La Vega: The LPH in Caracas

Terrazas de La Vega is the first project developed in Caracas under the provisions of the LPH. So far, very few of these projects are found in the city and are also located within low-income neighborhoods and aimed to moderate-income households. *Lafarge*, a multinational company dedicated to the production of cement, concrete and other construction material, owned 148 acre of land in the Parroquia La Vega²⁴. Thus, it was the goal of the company to continue to keep the land free of illegal occupation or barrios, while maintaining the predominant vegetation on the site, which was only occupied by the remaining of the old Lafarge's factory. In

accordance with Promotora Casarapa, one of the largest clients of Lafarge, the resulting strategy was to develop a housing project aimed to moderate-income households under the provisions of the LPH and with similar characteristics to the one in Guarenas. Figure 47 illustrates the natural surrounding, and the main plaza built upon the structure of the factory.

In 1998, the developer bought 47 acres of the total land of the former quarry to develop 6,000 housing units. The cost of the land, estimated in \$6,000,000, was based in a percentage from the profits when selling the units; in other words, the developer paid no money prior to the construction of the project²⁵. Despite some difficulties that the developer faced, including clarifying ownership and property boundaries, the elected officials of Libertador, conscious of the housing needs in the area, supported the development of the project.



Figure 47. Parque Residencial Terraza La Vega. Source: www.ciudadcasarapa.com.

The Project: Surrounded by mountains, Parque Residencial Terrazas de La Vega is a 127 units to the acre development that not only provides affordable housing, but also it benefits the entire neighborhood with the new community facilities, including a school and sport amenities (Figure

48). Each of the five story buildings in the development contains 30 housing units, two bedrooms and one bathroom apartment of 54 Square Meter (580 Square Feet). The landscape of this gated community is the result of new intervention, and the rehabilitation of the exiting structures of the old factory, converted into water fountains that enhance the design of the outdoors spaces (Figure 47). The developer also has provided a new public library for the entire community, including residents, neighbors and educational institutions around the area. Additionally, this development, with a density of 63,713-people/ Square Mile, has internal roads that important roads of the city and it is located close to public transportation facilities²⁶.



Figure 48. Community facilities in Terrazas La Vega. Source: www.ciudadcasarapa.com

Housing Affordability: Terrazas La Vega as well as Casarapa is targeted to moderate-income households that can take advantage of the LPH financing program. In this projects all the units are two bedrooms with one-bathroom apartments of 580 Square Feet. Table 24 shows the price of the units and the financial assistance trough the LPH. As seen in this table, the price for the

units is \$30,000; so, households with income of 55 U.T. or further are more likely to afford to live in this development (Table 11, Chapter 2)²⁷.

Table 24. Housing units and sale prices. Terrazas de La Vega – Municipio Libertador

Type of Unit	Sale Price	LPH Total Credit	30% after LPH-24 Monthly payments
2 Bedroom, 580 sf	\$30,000	\$21,000	\$411 24 U.T.

The subsidy, included in the LPH Total Credit, varies from \$4,410 to \$7,770 according to the household's income

Table 6 and 7 in Chapter 2 contain more information about the LPH

~850Bs/\$. 14,500 U.T./Bs

Source: www.ciudadcasarapa.com

¹ FHA, Federal Housing Administration

² The story and the description of Tent City can be found in a short document for free at the office management in the development, *The Tent City Story: A History of Struggle*. The office also has copies of the Rosenthal, 1988 article. Also at www.designadvisor.org there is an overview of the project. All of these are the sources for the description of Tent City in this study. Appendix G contains this and further information.

³ www.gcassoc.com/frame-projects-page.asp?projid=66

⁴ *The Tent City Story: A History of Struggle*

⁵ This case study was elaborated from the information on the Boston Housing Authority web site, www.bostonhousing.org, and the observations made on the field, and other sources as indicated.

⁶ www.cityofboston.gov/bra/

⁷ MBTA, Massachusetts Bay Transportation Authority, is the America's "...oldest and 4th largest transportation system." (www.mbt.com).

⁸ Summarized from www.bostonhousing.org

⁹ Summarized from www.bostonhousing.org Appendix F have more information regarding the Mission Main project. There are other five components that are addresses in *the project* and *housing affordability* to follow the structure of the rest of the case studies.

¹⁰ www.brooklinevillagelofts.com

¹¹ Summary of the Board of Appeals Hearing on February 24, 2000, courtesy of the Brookline Planning Department

¹² Board of Appeals No. 3584 document, courtesy of the Brookline Planning Department

¹³ Board of Appeals No. 3584 document, courtesy of the Brookline Planning Department

¹⁴ More information on the Brookline Village Lofts is found in Appendix G

¹⁵ Board of Appeals No. 3584 document, courtesy of the Brookline Planning Department

¹⁶ Taken from Board of Appeals No. 3584 document, courtesy of the Brookline Planning Department

¹⁷ The description of the projects done by Promotora Casarapa, unless otherwise indicated, is an edited translation from *De la Hacienda a la Ciudad, Casarapa* published by the developer

¹⁸ The town of Guarenas, located 30 minutes from the Caracas' urban core in the state of Miranda, is part of the area that has been dominated as Greater Caracas.

¹⁹ The estimated value of the currency for 1991 was 50 Bs/\$

²⁰ The national government uses this strategy in a similar way to finance some of the housing programs administrated by FONDUR

²¹ The estimated value of the currency for 1993 was 90 Bs/\$

²² More about Nueva Casarapa in www.casarapa.com

²³ Best estimated for April 2002 ~850 Bs/\$. The price of the units in bolivars have been reduced since January as an strategy of the developer to sell the units

²⁴ La Vega, as previously indicated, is one of the largest tracts in the Municipio Libertador that concentrates a great number of barrios and it has increased its population during the 1990s decade (Table 13, Figure 14).

²⁵ *Cómo tener vivienda: La Vega del extremo oeste* from www.dinero.com.ve

²⁶ *Cómo tener vivienda: La Vega del extremo oeste* from www.dinero.com.ve

²⁷ Best estimated for April 2002 ~850 Bs/\$. The price of the units in bolivars have been reduced since January as an strategy of the developer to sell the units

CHAPTER 6

A MIXED-INCOME HOUSING FOR THE CARACAS' URBAN CORE

The study has presented the housing dilemma in Venezuela, lack of affordable housing for the low-income and moderate-income households, coupled with a long term housing shortage and increasing population. More specifically, the study focused in the housing characteristics, population and physical features of the Caracas Metropolitan District (CMD) and the study area, the Caracas' urban core. Two affordable housing projects, built under the provisions of the national housing law and policy (LPH), are included in this study¹. Likewise, three cases studies from the Boston Metro Area illustrated how mixed-income housing projects can be planned and built with the implementation of community organization initiatives with federal and local policies and programs. Chapter 6 summarizes the findings and it presents *A Mixed-Income Housing Policy for the Caracas' Urban Core*. This policy, an alternative to expand the affordable housing opportunities in Caracas, is the result of the conclusions derived from the study done and the research literature that sustains such study. As indicated in Chapter 1, this policy is divided into five areas: *Government and Legal Policy, Housing Finance Policy, Social Policy, Urban and Environment Policy and Design Guidelines*.

Summary of Findings

The findings of the study are consolidated in three sections: Affordable Housing in Venezuela, Population composition and distribution in the CMD, and housing in the urban core.

Affordable Housing in Venezuela

According to the LPH, and the housing needs in Venezuela obtained from the National Urban Fund for Development (FONDUR), the Venezuela Chamber of Construction (CVC), and

the local press, the following findings are most relevant regarding affordable housing in Venezuela:

- There is a shortage of 1,500,000 housing units nationwide and an annual demand of 120,000 new housing units, due to population growth. The goal of the national housing plan is to eliminate the housing shortage over the next ten years.
- 36,440 housing units within the barrios of the CMD must be demolished due to their hazardous location.
- The LPH, implemented for the first time in 1990, provides housing mortgages and a variety of subsidies according to the household's income to buy (not rent) or upgrade a housing unit.
- Households with a monthly income up to 150 U.T. can benefit from the LPH financial assistance. Households have to save 3% of their income three years prior to be awarded benefits from the LPH. Debt service is no more of 30% of their income.
- The LPH financially assist the private sector to provide housing according to the household's income group.
- Taking advantage of the LPH, households with income below 16.5 U.T. could afford a housing unit up to \$20,000 and households with income of 75 U.T. or more could afford a housing unit of \$54,000.
- Very few housing developments under the provisions of the LPH are found within the CMD. Those that are available are located within low-income neighborhoods.
- Many housing developments under the provisions of the LPH, dominated by the private sector, are located close to the CMD and households with income above 55 U.T. are more likely to afford to live in these developments. Some of the affordable housing

developments in the vicinity of the CMD are projects that contain more than 6,000 units, and in some other cases have more 10,000 units.

- For the year 2002, FONDUR had planned to build 80,600 units within a price range of \$16,500 to \$28,000; yet, most of the units built are below \$12,000. The characteristics of the housing developments done by FONDUR depend on the resident's income. Housing units and neighborhoods for households whose incomes are below 55 U.T. are different than those for households with incomes from 55 U.T. to 110 U.T., according to FONDUR standards.
- The private and the public sectors consider that fueling the housing industry is an incentive to move the economy forward.

Population Composition and Distribution in the CMD

Based on the 1990 census, the population composition and distribution can be summarized as follows:

- 80% of the total population in Venezuela (24,600,000) lives in urban centers. Equally distributed by gender, people from 20 to 40 years old represent 32.3% of the country's urban population and 43% are less than 20 years old. Professionals and people from 18 years old to 40 years old are the largest group of residents in recent affordable housing developments located outside the CMD.
- Households with income below the mean income, 44 U.T., represent 61% of the total in the country. Households with income below half of the mean, 22 U.T. represents 41% and 20% are households with income between 50% and 80% of the mean (35 U.T.) Likewise, households with income between 35 U.T. and 75 U.T. represent 24% of the total. And, households with a monthly income above 75 U.T. represents 10% of the total.

- The increase in population, during the 1990s, within the CMD occurred in the parroquias and the municipalities that concentrate a large number of barrios. Municipio Libertador and Sucre have the largest concentration of Barrios. Furthermore, the increase of population in the Municipio Libertador occurred in the poorest parroquias, while regular neighborhoods within the area have experienced a decline in their population.

Housing in the Caracas' Urban Core

The housing characteristics of the Caracas' Urban Core are the result of analyzing data from real estate agencies, and mapping the location of the barrios and low-income neighborhoods within the area. Additionally, the housing characteristics in the CMD and demographic information were relevant to determine the housing cost and distribution in the study area. The findings are summarized as follow:

- The barrios occupy 44.9% of the land of the CMD and 40% of the total urban population live in these settlements. Tenants in the barrios pay over 30% of their income for housing. Under the new law of urban land tenure some of them would become the owner of the land that they have been occupying.
- The median rent and median sale price in the urban core is below the median prices in the CMD. There are three barrios and one large public housing development within the urban core. Additionally, there are neighborhoods that offer housing that exceeds 1.5 the mean sale price and rent, while some other neighborhoods offer housing units at 80% the cost than the median price within the area.
- In the immediate surrounding area of the urban core, there is a large concentration of low income neighborhoods and barrios to the west, and the municipality with the highest housing cost in the area abuts in the east side.

- Households with income above 110 U.T. could afford to rent a 75 Square Meter. (800 Square Feet) apartment, but households with income below 75 U.T. cannot afford the median rent.
- Diversity in population, but also loss of population during the 1990s. A total of 14,044 people moved out from the urban core during this period of time.
- Under a mixed-income housing scenario there is a shortage of 11,525 housing units and a demand of 63 dwellings every year due to population growth. The average density in the area is 52 units to the acre, and it covers a territory of 4.5 Square Mile.
- Commercial, financial and governmental activities create an intense dynamic in the urban core. Additionally, cultural and educational facilities and a fair amount of historic structures are found within the area. Access to the biggest open space in the city, the Avila, and to public transportation are also some of the attributes of the Caracas' Urban Core. However, urban dilapidation shadows these features and discourages investment in the area.

Expanding Affordable Housing in Caracas, Venezuela:

A Mixed-Income Housing Policy for the Caracas' Urban Core

The 1999 Venezuela Constitution mandates a right to housing for everyone. Recognizing the gap between the increasing housing cost and the stagnant household's income, the National Housing Law and Policy (LPH) financially assists not only low-income households, but also middle-income households in buying a house². The LPH can also be a tool to stimulate the economy by providing subsidies to the private sector to fuel the housing industry. The LPH is an instrument to rehabilitate and upgrade the very low-income neighborhoods and barrios. However, the policy should not be a mechanism that may promote people to live in the barrios

and it should not facilitate households to buy poor quality housing units³. Additionally, the LPH does not financially assist households who would rent a dwelling and the private sector finds no financial incentives for the production of rental units, which constrict families' housing choices⁴. Furthermore, the private sector, due to the high market interest rate and lack of governmental incentives, is not able to supply affordable housing for the very low-income households and struggles with the construction of housing for high-income households⁵. Therefore, more inclusive housing policies are necessary in order to provide decent housing for everyone.

The Caracas' Urban Core offers a wide range of housing styles and prices; nonetheless, people are distributed in neighborhoods accordingly to their income. Public housing developments are homogeneous and isolated niches. These have shown tremendous failure and have created false housing expectations. The concentration of barrios and low-income neighborhoods in the CMD have become an urban nest of social degradation, which coupled with the lack of proper amenities and infrastructure, has been a tremendous obstacle for thousands of people who seek to become more productive citizens and to educate their children. Fostering urban sprawl, the private sector, due to the lack of financial incentives, has created neighborhoods for certain income groups while ignoring the needs of the low and very-low income households. In any case, the concentration of poverty through housing has been used for decades as a pedestal for political agendas and it has prepared the scenario for social unrest.

People with different income levels share many interests and concerns. They all need, among other amenities that the urban core offers, parks, childcare facilities and access to public transportation and educational centers. Moreover, they all wish a decent housing in a suitable neighborhood. Despite economic disparities, and recent political divisions, traditionally there has been a mix of people of different races and ethnicity among the Venezuelan society. Located

between very low-income neighborhoods, in the west, and wealthy neighborhoods, abutting to the east, the Caracas' urban core can embrace a mix of residents from different income levels. Likewise, in mixed-income housing developments, residents would share common goals, and so, they would encourage community engagement to protect the benefits that this type of projects may offer. On one hand, the market-rate tenants and current property owners, want to protect and increase the value of their properties; and on the other hand, the low and moderate-income households, the ones seeking to improve their quality of life, want to have and to encourage better housing opportunities.

A Mixed-Income Housing Policy for the Caracas' Urban Core could serve as a model for other municipalities within the CMD, and even for other cities in Venezuela. There is a need to produce thousands of houses that would shape the physical development and the future social network of the cities and towns of the country. Thus, mixed income housing developments that diminish social disparities would foster a suitable physical environment for all and would expand the opportunities for those whose development has been constrained. Along these lines, it is imperative that the public sector and the private sector enter into a healthy partnership to ensure the development of suitable housing and neighborhoods for all the income levels. Different levels of governments must also prepare their comprehensive plans in order to continue to grow in a manageable way. The plans shall be the result of a process of consultation between the public officials and the residents, who will understand the needs of everyone and would find the benefits of sharing the spaces of the Caracas' urban core with people of different income levels.

Scope of the Policy

A Mixed-Income Housing Policy for the Urban Core shall apply to all residential developments and zoning districts within the territory occupied by the Parroquias El Recreo, San

Bernardino, La Candelaria and Cathedral. This policy shall apply to new developments, rehabilitation of vacant properties, renovation of historic structures, converting structures from non-residential uses to residential uses, infill developments and any other development that would involve three or more housing units within the urban core. This mixed-income housing policy calls for the inclusion of everyone regardless of their income; however, special consideration shall be given to professionals from 24 to 35 years old⁶. Finally, a mixed-income housing policy for the Caracas' urban core is envisioned not only to provide affordable housing units, but also to create great neighborhoods for tomorrow.

Government and Legal Policy

The use of land and physical development of the urban core depends, among other things, on government management. Thus, promoting the development of housing opportunities for people from all the income levels as well as preserving the affordable housing stock can be achieved with the proper administration of law and programs at the different levels of government. In this regards, this section includes the following recommendations:

1. The national government, and the state and local governments shall concentrate their activities in protecting and promoting the right to housing as mandated by the article 82 of the 1999 Venezuela Constitution, rather than concentrating their activities in the development of housing units. Accordingly, the government shall not create barriers that would discourage the private sector in becoming the main supplier of housing for most of the citizens; instead, public officials shall expedite permissions for housing developments and create the incentives necessary for the private sector to produce housing, as long as households with a wide range of income are included in every development.

2. The national government shall especially grants state and local governments that create and develop mixed income housing policies and developments within their territory. In response, the Municipio Libertador, in coordination with the government at the metropolitan level, shall implement inclusionary zoning laws within the urban core that would enforce developers to create mixed-income housing projects in the area. On the other hand, the local public officials shall create mechanism to attract the private sector to participate in mixed-income programs backed with public money.

3. The Municipio Libertador shall call for the development of as many as possible mixed-income housing projects within the territory of the urban core. The local authorities shall allow for as many as possible new housing developments, redevelopments and infill developments opportunities, including using air rights and changes in the zoning ordinances. This implies creating an inventory of all the structures within the urban core, and defining those that can be redeveloped for housing.

4. The elected officials of the Municipio Libertador, the community and the private sector shall work together for the implementation of the suggested mixed-income housing policy in a friendly political environment. Along these lines, the officials of Municipio Libertador shall use the power of *eminent domain* to acquire land and properties as the last resource for providing the urban core with mixed-income housing projects. Thus, building consensus shall be the approach.

Housing Finance Policy

An adequate balance of private sector and public sector resources will provide grater housing opportunities. Additionally, the formation of public and private partnership will ensure long-term sustainability in mixed-income housing developments⁷. On one hand, elected officials at different levels of government would gain more interest in funding projects that will benefit a

wide range of the constituency. On the other hand, the private sector, including non-profits organizations, would find its way to participate in a wider range of projects. In view of that, this section considers the following recommendations as paramount for financing mixed-income housing developments in the urban core:

1. Every residential development in accordance with the scope of this policy shall involve a combination of national, state and local funds as well as private sources. The means of this financial policy shall be used for providing affordable housing units, so ensuring mixed-income housing, and/or to carry out the necessary urban improvements in the area, which would attract prospective buyers of the market rate units.
2. The private sector and the government shall support and increase the participation of non-profit groups and non-governmental organizations in the housing industry. Special consideration shall be given to grassroots organizations whose members are individuals that meet the requirements under the provisions of the LPH¹.
3. National and international funds and technical assistance utilized in barrios shall be aimed to benefit the entire urban core. The use of these sources shall not be limited for upgrading these settlements and retaining a concentration of low and very-low income households in the same location. Instead, creating new housing opportunities for some of the tenants in the barrios, these settlements within the urban core shall be converted into mixed-income housing developments and shall be integrated into the surrounding neighborhoods. This approach shall, also, be considered when revitalizing existing or former public housing projects.

¹ Traditionally non-governmental organizations are mediators between the private sector and the public sector in local conflicts, and also these groups attracting and managing international funds are considered by worldwide agencies and organizations a better alternative to provide public services (The World Bank and Civil Society, www.worldbank.org. "The Economics and Politics of NGO's in Latin America" Meyer, Carrie A. 1999)

4. Diversify the affordable housing occupancy alternatives. Under the existing provisions of the LPH, it shall be also stipulated that financial assistance for renting a housing unit within the urban core will be provided. Accordingly, it shall be created incentives for the production of rental units under the provisions of this mixed-income housing policy; likewise, it shall be promoted the participation of real state agencies dedicated to market rate units to the management and promotion of affordable housing units and mixed-income housing developments in the urban core.

5. Affordable housing units shall remain affordable forever, and their rent and sale price shall be adjusted according to the income distribution in the CMD. Additionally, existing affordable housing units offered in the market within the urban core shall be bought and retained by using a mix of funds.

Social Policy

Building and strengthening human capital is a means to ensure economic development. The urban core needs to properly house a wide range of residents, including police officers, firefighters, businessmen, public officials, teachers, people with disabilities, young professionals, the elderly, employees and minimum wage workers and every other productive citizens, to stabilize and strength the neighborhoods within the area. Many of the individuals mentioned above are low and moderate-income households, while a few of them are high-income households. However, everyone shall have ample choice of housing within the urban core and shall have the opportunity to live in a decent neighborhood. Likewise, ensuring a mix of residents in the urban core would diminish social disparities, and the children of the low-income families would grow in a healthy social environment while gaining a better sense of life's

opportunities⁸. In this regard, this social policy is complemented with the followings recommendations:

1. Residential developments within the urban core that attempt to segregate households by their income or create exclusionary neighborhoods shall be banned.
2. Households - police officers, firefighters, businessmen, public officials, teachers, people with disabilities, young professionals, the elderly, employees and minimum wage workers and every other productive citizens - with income below 110 U.T. shall be classified in the following three groups: households with income below 35 U.T., households with income from 35 U.T. to 75 U.T., households with income form 75 U.T. to 110 U.T. This classification is not intended to modify the financial assistance under the provisions of the LPH; rather, this classification could expand the scope of the LPH.
3. In mixed-income housing developments within the urban core, there shall be a fair amount of units for the following groups:
 - Group 1: Priority shall be given to professionals, or equivalent level of productivity and education, that are married and are between 24 to 35 years old with income below 35 U.T.
 - Group 2: Second level of priority shall be given to professionals, or equivalent level of productivity and education, that are married between 24 years old to 35 years old with income from 35 to 55 U.T. Families, elderly and people with disabilities with income below 44 U.T. shall be included also in this group.
 - Group 3: Households with income from 55 to 75 U.T shall be the following group in order of priority, before the allocation of the market rate units.

All these individuals shall be residents of the Municipio Libertador, or former residents of the municipality within the last ten years. In addition, they all shall be affiliates to the LPH. By ensuring a young population in the community, it would attract other young professionals with higher income that may be able to occupy the market rate units.

4. Ensuring the privacy of the individuals, the designated public authorities shall have access to, if any, criminal and drug related activity records of the applicants to occupy affordable housing units. Therefore, those who receive the approval of the moderate *screening* selectmen process would be eligible for living in a mixed-income housing development within the urban core⁹. Furthermore, the public authorities in partnership with the community shall prevent and eradicate every drug related activity and violent incidents, inside the developments and in the surrounding neighborhoods.

5. Every resident shall share project costs, in proportion to their financial capability, and shall collaborate with the consolidation and the maintenance of the quality of mixed-income developments. Along these lines, community organizations, including low-income households, shall supplement public sector inputs for housing development and shall maintain consensus in mixed-income housing projects. Finally, community organizations, participating in the urban planning decision-making process, shall advocate for the inclusion of everyone in all the residential developments around the urban core.

Urban and Environment Policy

Pedestrian friendly neighborhoods, rehabilitation of historic structures and urban revitalization is imperative within the urban core. Furthermore, metropolitan sprawl, traffic congestion and gas consumption shall be reduced¹⁰. The urban core, in addition to benefit from the jobs opportunities that the CMD offers, has a distinct urban pattern, access to public

transportation and roads, parks and cultural amenities that residents could benefit from and are needed to consolidate neighborhoods. In this manner, the Municipio Libertador promoting mixed-income housing projects shall redevelop the urban core to retain households that would stimulate a market for developing open spaces in the vicinity of the CMD. Likewise, providing mixed-income housing developments in the urban core shall be a tool to curb metropolitan sprawl and catalyze urban revitalization by retaining and bringing population to the area. In this regard, this section outlines the following recommendations:

1. Investment for housing shall be followed by investment in urban redevelopment, as recommended in the *Housing Finance Policy*. In other words, for every housing development one initiative in urban revitalization shall be achieved, including collecting funds, urban upgrade, landscaping, urban planning or further.
2. The urban core shall redevelop upon the existing structure already in place and the available land in the barrios. Tenants in the barrios, who soon would own the land, shall be considered business partners in the urban revitalization process and prospective tenants and owners of units in mixed-income housing developments as suggested in the *Housing Finance Policy*.
3. The urban core shall develop upon the existing structure already in place and the advantage that the area offers. Communities facilities, such as open space, public transportation, community centers, schools and other amenities and services that suburban housing development needs to recreate shall be upgraded to serve all the residents of the area.
4. Households that will prefer to live in the urban core, rather than in the surrounding areas of the CMD, shall be able to transfer their credits for buying a car under the national program in order to rent or to buy a housing unit within the urban core¹¹. Additionally, households that

make the commitment of using public transportation shall benefits from new incentives for buying or renting a housing unit within the urban core.

5. Although commuters trains and other means of public transportation could be strategies that would reduce traffic congestion and gas consumption, prior to encouraging people to migrate, full redevelopment of the urban core shall be achieved and urban growth shall be planned¹². Additionally, employers and commercial developers within the urban core shall support mixed-income housing developments as a policy to retain employees and consumers.

Design Guidelines

The implementation of the suggested mixed-income housing policy shall call for distinctive and appealing physical developments that reflect a sense of place¹³. For that reason, design should be a tool to mitigate social differentiation, to integrate people from different income levels and to attract market rate tenants to occupy mixed-income housing developments that would foster urban revitalization. This section considers the following design guidelines as a basic instrument to guarantee the proper physical development of mixed income housing projects in the urban core:

1. Every residential development, under this scope of this policy, of more than 3 units shall provide one or more affordable housing units. In the case of developments of more than 5 units, the range of income residents shall be wider and all the income groups as indicated in the *Social Policy* shall be included and fairly distributed with the market rate units as follow¹⁴:

- 30% or more of the units for households of Group 1.
- 10% or more of the units for households of Group 2.
- 5% or more of the units for households of Group 3.

2. Every new, rehabilitated or adapted housing unit within the urban core shall be designed to be aesthetic, safe, clean, healthy, and suitable to the context and to residential uses. FONDUR and any other public agency related to the production of housing shall raise its standards of design and minimum requirements for residential developments. Affordable housing units may have some variations and follow certain standards in order to reduce the costs, but in any case, the design shall not attempt against the envelope of the structure, neither with the safety and the functionality of the unit according to the family size. A fair amount of housing units shall meet the *Universal Design* principles, meaning that the units shall be *made both aesthetically pleasing and functional for every individual, regardless of disability or age*¹⁵.

3. Every residential project shall be fully integrated into all the necessary community facilities, which shall meet a level of design that would attract market rate tenants and would ensure long term sustainability. Parking garages shall suit to the context and shall not attempt against the safety and pleasant circulation of the pedestrians.

4. Mixed-uses and density above 80 units to the acre shall be permitted and extensively implemented along the following corridor: Urdaneta Ave, Andres Bello Ave, Libertador Ave, Francisco Solano and Volmer Ave. Mixed-uses and high-density developments shall receive the proper design treatment to mitigate the impact inherent to the mass of the project and to a smooth transition from public spaces to private spaces. Mixed-uses and high-density developments shall be implemented in other areas as long as the architecture, character and scale of the neighborhoods are maintained.

5. The design process involved in the rehabilitation of historic structures shall be sensitive with the values inherent to the structure; but also, the design strategies shall be aimed to accommodate residential uses, under the provisions of the suggested mixed-income housing policy.

¹ Nueva Ley del Subsistema de Vivienda y Política Habitacional, LPH

² *Nature of the Subsidy Gap* page 149 in *Housing and Community Development*, 1999.

³ *Nature of the Subsidy Gap* page 150 in *Housing and Community Development*, 1999.

⁴ *Horizontal Equity: Serving the Neediest Households* page 154 in *Housing and Community Development*, 1999.

⁵ The CVC recommends lowering the interest rate to provide housing not only for the low-income households but also the moderate-income households (+ 75 U.T.). As well, Mr. Juan Guillermo Alamo has confirmed such a statement as an incentive for the production of affordable housing

⁶ 24 years old, assuming ending college/university at 21 years old plus three years of saving for housing as required by the LPH. 35 years old, it would include those that were 24 for years old when the LPH was implemented for the first time, 1990.

⁷ Mixed-finance Public Housing Developments (Appendix C)

⁸ "It must be a quality product. To many people, affordable means cheap" in *An American Challenge: Mixed-Income, Mixed-Use Neighborhoods*. A Forum sponsored by: Congress for the New Urbanism, The Seaside Institute, Urban Land Institute, U.S. Department of Housing and Urban Development. 2000.

⁹ Quality Housing and Work Responsibility Act of 1998 (Public Housing Reform Act)

¹⁰ In Venezuela the price of the gas is extremely low, due in part to the price control policy implemented by the government. The current nationwide price of the gas is 0.35 \$/gal. Additionally, augmenting the price of the gas has always been a controversial political decision.

¹¹ For the last two years the government has implemented a policy of creating incentives to people to own a car. During the first two years about 65,000 cars have been sold under this program. The cost of the units, which among other incentives are exempt of taxes, ranges from \$6,800 to \$10,000.

¹² A new train that would connect the CMD with western neighborhoods is been built. Already unplanned developments are taking places to offer affordable housing. In the east side, Guarenas and Guatire face the same dilemma (See Chapter 4)

¹³ *Getting to Smart Growth: 100 Policies for implementation*. Smart Growth Network.

¹⁴ The percentage represents half of the total percentage distribution by the income groups. See also tables 10 and 11 in Chapter 2.

¹⁵ *National Endowment for the Arts*, February 1998

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**APPENDIX A:
FONDUR**

Number of Housing Units to be built by FONDUR in Venezuela by the type of programs, 2002

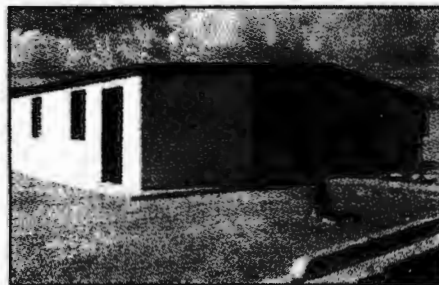
STATE	Emergency National Housing Plan		Housing Special Program		New progressive neighborhoods and housing units.		Urban Development	3% Construction Administration	TOTAL UNITS	TOTAL BUDGET		
	UNITS	MILL Bs	UNITS	MILL Bs	UNITS	MILL Bs	MILL Bs	MILL Bs		MILL Bs	U.T.	\$
AMAZONAS	0	0	230	4,245.32	63	1,154.67	586	217.32	293	6,203.31	469,948	8,271,078
ANZOATEGUI	0	0	2873	52,957.88	782	14,403.77	7,310	2,058.65	3655	76,730.30	5,812,901	76,730,298
APURE	0	0	1099	20,255.84	299	5,509.30	2,796	852.21	1398	29,413.35	2,228,284	29,413,353
ARAGUA	2571	47,383.53	2020	37,237.14	550	10,127.96	10,282.00	2,918.12	5141	107,948.75	8,177,935	107,948,748
BARINAS	0	0.00	1487	27,413.49	405	7,456.07	3,784.00	1,149.50	1892	39,803.06	3,015,383	39,803,056
BOLIVAR	0	0.00	3257	60,028.59	886	16,326.90	8,286.00	2,348.74	4143	86,990.23	6,590,169	86,990,234
CARABOBO	3579	65,960.97	2814	51,856.70	765	14,104.27	14,136.00	4,152.66	7158	150,210.60	11,379,591	150,210,597
COJEDES	0	0	591	10,895.85	161	2,963.51	1,504.00	466.84	752	15,830.20	1,199,258	15,830,200
DELTA AMACURO	0	0	335	6,172.38	91	1,678.80	852.00	550.27	426	9,253.44	701,019	9,253,444
Mp. LIBERTADOR	1149	21,176.07	903	16,643.55	245	4,524.05	4,394.00	3,689.21	2297	50,616.92	3,834,615	50,616,920
FALCON	1200	22,116.00	943	17,386.99	257	4,729.01	4,800.00	1,326.96	2400	50,358.96	3,815,073	50,358,959
GUARICO	0	0	1616	29,775.22	439	8,098.43	4,110.00	1,136.21	2055	43,119.86	3,266,656	43,119,858
LARA	0	0	4030	74,271.43	1096	20,200.75	10,252.00	2,834.17	5126	107,558.34	8,148,359	107,558,344
MERIDA	1207	22,245.01	948	17,473.93	258	4,752.65	4,826.00	1,334.15	2413	50,631.74	3,835,738	50,631,737
MIRANDA	4574	84,298.82	3595	66,253.92	978	18,021.47	18,294.00	5,057.38	9147	191,930.39	14,540,196	191,930,585
MONAGAS	0	0	1450	26,718.01	394	7,266.91	3,688.00	1,019.55	1844	38,692.47	2,931,247	38,692,467
NUEVA ESPARTA	0	0	991	18,256.34	269	4,965.46	2,520.00	696.65	1260	26,438.45	2,002,913	26,438,453
PORTUGUESA	0	0	2077	38,280.36	565	10,411.70	5,284.00	1,460.76	2642	55,436.82	4,199,759	55,436,821
SUCRE	0	0	1983	36,541.66	539	9,938.80	5,044.00	1,394.41	2522	52,918.87	4,009,006	52,918,873
TACHIRA	1724	31,773.32	1355	24,964.82	368	6,790.07	6,894.00	1,905.85	3447	72,328.06	5,479,398	72,328,055
TRUJILLO	0	0.00	1522	28,051.01	414	7,629.47	3,872.00	1,070.41	1936	40,622.89	3,077,492	40,622,893
VARGAS	3250	59,897.50	2555	47,089.77	695	12,807.73	13,000.00	3,593.85	6500	136,388.85	10,332,489	136,388,849
YARACUY	0	0.00	1338	24,660.55	364	6,707.31	3,404.00	941.04	1702	35,712.89	2,705,522	35,712,895
ZULIA	5266	96,315.18	4108	75,705.86	1117	20,590.83	20,902.00	5,778.36	10491	219,292.29	16,613,052	219,292,287
TOTAL	24520	451,166	44,120	813,131.59	12000	221,159.99	161,020	47,953.26	80640	1,694,431.24	128,366,002.67	1,696,499,005

1 U.T. = Bs13,200; \$1=Bs750

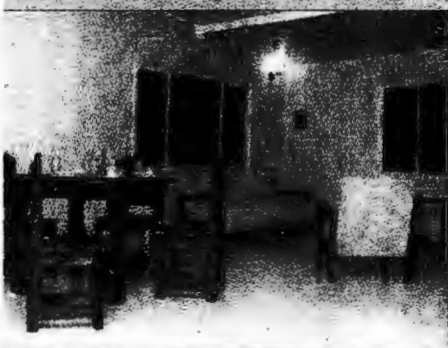
Source: FONDUR

**Estado
Miranda**

*Urb.
El Manguito
III*



Estado Miranda
Urb. Terrazas de Vista Linda



.....

Estado Barinas
Urb. Las Palmas



Estado Aragua
Urb. Montaña Fresca



URBANIZACIÓN MONTAÑA FRESCA-ESTADO ARAGUA

LOCALIDAD: Maracay, Edo. Aragua

NÚMERO DE VIVIENDAS: 1.816

ÁREA DE CONSTRUCCIÓN: Nivel I: 76 m². Nivel II: 102 m²

ÁREA DE LA PARCELA: Nivel I: 180 m². Nivel II: 240 m²

POSIBILIDAD DE AMPLIACIÓN: Horizontal

DISTRIBUCIÓN: Nivel I: 3 habitaciones, 2 baños, recibo, comedor, cocina. Nivel II: 4 habitaciones, 2 baños y medio, recibo, comedor, cocina.

URBANIZACIÓN LAS PALMAS- ESTADO BARINAS

Sector Las Palmas, Sector "La Hormiga.

LOCALIDAD: Edo. Barinas

NÚMERO DE VIVIENDAS: 453

ÁREA DE CONSTRUCCIÓN: 70 m²

ÁREA DE LA PARCELA: 204 m²

POSIBILIDAD DE AMPLIACIÓN: Horizontal

DISTRIBUCIÓN INTERNA: 3 habitaciones, 2 baños, cocina, estar y comedor integrados.

**APPENDIX B:
HOUSING IN THE CARACAS METROPOLITAN DISTRICT**

MUNICIPIO LIBERTADOR

Neighborhood	PRICE		BELOW CMD MEDIAN PRICE		RENT AFFORDABILITY FOR AN APARTMENT OF 75 sq m. (750 sq. ft.)				
	SALE	RENT	SALE	RENT	22 U.T.	35 U.T.	55 U.T.	75 U.T.	110 U.T.
	Bs/ sq. m.	Bs/ sq. m.							
23 de Enero	315,304	2,026	YES	YES	NO	YES	YES	YES	YES
Coche	262,910	2,421	YES	YES	NO	NO	YES	YES	YES
Propatria	312,105	2,534	YES	YES	NO	NO	YES	YES	YES
Catia	361,025	2,549	YES	YES	NO	NO	YES	YES	YES
Santa Rosalía	390,475	2,771	YES	YES	NO	NO	YES	YES	YES
El Valle	310,690	2,894	YES	YES	NO	NO	YES	YES	YES
Vista Alegre	394,489	3,030	YES	YES	NO	NO	YES	YES	YES
Altigracia	387,416	3,084	YES	YES	NO	NO	YES	YES	YES
El Cementerio	369,328	3,171	YES	YES	NO	NO	YES	YES	YES
El Silencio	379,669	3,244	YES	YES	NO	NO	YES	YES	YES
La Pastora	353,679	3,501	YES	YES	NO	NO	NO	YES	YES
Av. Victoria	465,950	3,518	YES	YES	NO	NO	NO	YES	YES
Juan Pablo	505,053	3,526	YES	YES	NO	NO	NO	YES	YES
Quinta Crespo	402,923	3,596	YES	YES	NO	NO	NO	YES	YES
Av. Baralt	343,719	3,665	YES	YES	NO	NO	NO	YES	YES
Av. Urdaneta	498,263	3,788	YES	YES	NO	NO	NO	YES	YES
Bellas Artes	458,615	3,976	YES	YES	NO	NO	NO	YES	YES
Montalbán	569,818	4,009	YES	YES	NO	NO	NO	YES	YES
El Pinar	476,423	4,014	YES	YES	NO	NO	NO	YES	YES
El Paraíso	550,382	4,049	YES	YES	NO	NO	NO	YES	YES
Las Acacias	554,886	4,066	YES	YES	NO	NO	NO	YES	YES
San Martín	380,407	4,086	YES	YES	NO	NO	NO	YES	YES
Puente Hierro	359,460	4,155	YES	YES	NO	NO	NO	YES	YES
Av. Universidad	466,256	4,157	YES	YES	NO	NO	NO	YES	YES
Av. Panteón	475,202	4,166	YES	YES	NO	NO	NO	YES	YES
MEDIAN	477,382	4,357	YES	YES	NO	NO	NO	YES	YES

22 U.T. = 50% Mean Income; 35 U.T. = 80% Mean Income; 44 U.T. = Mean Income; 110 U.T. = Max. Income for subsidy

CMD Median Sale: 747,148 Bs/sq. m. (93 \$/sq. ft.) ~750Bs/\$

CMD Median Rent: 6,625 Bs/sq. m. (1 \$/sq. ft.) ~750Bs/\$

Source: Housing price Porlatpuerta.com; affordability own calculations at 30% of income.

Housing Price and Affordability in the Caracas Metropolitan District (CMD) by Municipalities and neighborhoods, 2001

MUNICIPIO LIBERTADOR

Neighborhood	PRICE		BELOW CMD MEDIAN PRICE		RENT AFFORDABILITY FOR AN APARTMENT OF 75 sq m. (750 sq. ft.)				
	SALE	RENT	SALE	RENT	22 U.T	35 U.T.	55 U.T.	75 U.T.	110 U.T.
	Bs/ sq. m.	Bs/ sq. m.							
La Hoyada	401,810	4,324	YES	YES	NO	NO	NO	YES	YES
Capitolio	481,894	4,587	YES	YES	NO	NO	NO	NO	YES
Plaza Venezuela	491,353	4,764	YES	YES	NO	NO	NO	NO	YES
Fuerzas Armadas	506,274	4,884	YES	YES	NO	NO	NO	NO	YES
La Villa	490,309	4,994	YES	YES	NO	NO	NO	NO	YES
Valle Abajo	578,984	5,014	YES	YES	NO	NO	NO	NO	YES
La Candelaria	509,218	5,060	YES	YES	NO	NO	NO	NO	YES
La Florida	749,412	5,172	YES	YES	NO	NO	NO	NO	YES
Los Chaguaramos	566,765	5,427	YES	YES	NO	NO	NO	NO	YES
Parque Central	386,905	5,704	YES	YES	NO	NO	NO	NO	YES
Las Palmas	678,693	6,302	YES	YES	NO	NO	NO	NO	NO
Sabana Grande	675,291	6,329	YES	YES	NO	NO	NO	NO	NO
San Bernardino	612,601	6,725	YES	NO	NO	NO	NO	NO	NO
Santa Mónica	705,502	6,911	YES	NO	NO	NO	NO	NO	NO
Los Caobos	691,995	7,900	YES	NO	NO	NO	NO	NO	NO
La Campiña	701,196	8,553	YES	NO	NO	NO	NO	NO	NO
MEDIAN	477,382	4,357	YES	YES	NO	NO	NO	YES	YES

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CMD Median Sale: 747,148 Bs/sq. m. (93 \$/sq. ft.) ~750Bs/\$

CMD Median Rent: 6,625 Bs/sq. m. (1 \$/sq. ft.) ~750Bs/\$

Source: Housing price Porlatuerta.com; affordability own calculations at 30% of income.

MUNICIPIO BARUTA

Neighborhood	PRICE		BELOW CMD MEDIAN PRICE		RENT AFFORDABILITY FOR AN APARTMENT OF 75 sq m. (750 sq. ft.)				
	SALE	RENT	SALE	RENT	22 U.T.	35 U.T.	55 U.T.	75 U.T.	110 U.T.
	Bs/ sq. m.	Bs/ sq. m.							
Prados del Este	666,126	4,926	YES	YES	NO	NO	NO	NO	YES
Concreta	625,564	4,994	YES	YES	NO	NO	NO	NO	YES
Cumbres C.	710,088	5,098	YES	YES	NO	NO	NO	NO	YES
Manzanares	645,493	5,132	YES	YES	NO	NO	NO	NO	YES
Alto Prado	681,499	5,207	YES	YES	NO	NO	NO	NO	YES
La Bonita	613,275	5,321	YES	YES	NO	NO	NO	NO	YES
El Cafetal	699,586	5,697	YES	YES	NO	NO	NO	NO	YES
Chua	859,467	5,788	NO	YES	NO	NO	NO	NO	YES
T. Club Hípico	693,680	6,021	YES	YES	NO	NO	NO	NO	YES
Macaracuay	737,926	6,036	YES	YES	NO	NO	NO	NO	YES
Santa Inés	691,286	6,169	YES	YES	NO	NO	NO	NO	NO
La Trinidad	670,129	6,201	YES	YES	NO	NO	NO	NO	NO
Las Esmeraldas	871,272	6,691	NO	NO	NO	NO	NO	NO	NO
Santa Rosa de Lima	884,755	6,830	NO	NO	NO	NO	NO	NO	NO
Bello Monte	724,021	7,264	YES	NO	NO	NO	NO	NO	NO
La Tahona	910,739	7,327	NO	NO	NO	NO	NO	NO	NO
Santa Fe	710,441	7,390	YES	NO	NO	NO	NO	NO	NO
Las Mercedes	899,522	7,464	NO	NO	NO	NO	NO	NO	NO
Vizcaya	740,630	7,818	YES	NO	NO	NO	NO	NO	NO
C. Bello Monte	606,531	7,875	YES	NO	NO	NO	NO	NO	NO
El Peñón	965,878	7,882	NO	NO	NO	NO	NO	NO	NO
Los Samanes	809,819	7,984	NO	NO	NO	NO	NO	NO	NO
San Román	1,292,581	9,021	NO	NO	NO	NO	NO	NO	NO
Chulavista	1,258,085	9,376	NO	NO	NO	NO	NO	NO	NO
Valle Arriba	1,170,113	9,963	NO	NO	NO	NO	NO	NO	NO
La Alameda	1,036,534	10,577	NO	NO	NO	NO	NO	NO	NO
MEDIAN	814,425	6,925	NO	NO	NO	NO	NO	NO	NO

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CMD Median Rent: 6,625 Bs/sq. m. (1 \$/sq. ft.) ~750Bs/\$

MUNICIPIO EL HATILLO

Neighborhood	PRICE		BELOW CMD MEDIAN PRICE		RENT AFFORDABILITY FOR AN APARTMENT OF 75 sq m. (750 sq. ft.)				
	SALE	RENT	SALE	RENT	22 U.T.	35 U.T.	55 U.T.	75 U.T.	110 U.T.
	Bs/ sq. m.	Bs/ sq. m.							
La Boyera	657,855	4,957	YES	YES	NO	NO	NO	NO	YES
El Hatillo	603,269	4,990	YES	YES	NO	NO	NO	NO	YES
El Cigarral	654,431	5,491	YES	YES	NO	NO	NO	NO	YES
Cerro Verde	883,343	6,784	NO	NO	NO	NO	NO	NO	NO
Los Naranjos	776,547	6,810	NO	NO	NO	NO	NO	NO	NO
La Lagunita	1,058,469	8,054	NO	NO	NO	NO	NO	NO	NO
Alto Hatillo	1,208,685	9,344	NO	NO	NO	NO	NO	NO	NO
Oripoto	751,826	NO	YES	NO	NO	NO	NO	NO	NO
MEDIAN	824,303	6,633	NO	YES	NO	NO	NO	NO	NO

MUNICIPIO CHACAO

Neighborhood	PRICE		BELOW CMD MEDIAN PRICE		RENT AFFORDABILITY FOR AN APARTMENT OF 75 sq m. (750 sq. ft.)				
	SALE	RENT	SALE	RENT	22 U.T.	35 U.T.	55 U.T.	75 U.T.	110 U.T.
	Bs/ sq. m.	Bs/ sq. m.							
Bello Campo	600,126	4,917	YES	YES	NO	NO	NO	NO	YES
Altamira	948,871	6,163	NO	YES	NO	NO	NO	NO	NO
Chacao	574,348	6,444	YES	YES	NO	NO	NO	NO	NO
Chacaíto	551,368	6,572	YES	YES	NO	NO	NO	NO	NO
El Bosque	697,137	7,103	YES	NO	NO	NO	NO	NO	NO
Los Palos Grandes	834,473	7,702	NO	NO	NO	NO	NO	NO	NO
La Floresta	1,007,190	10,624	NO	NO	NO	NO	NO	NO	NO
Country Club	1,072,970	10,979	NO	NO	NO	NO	NO	NO	NO
La Castellana	1,307,429	12,059	NO	NO	NO	NO	NO	NO	NO
El Rosal	1,265,967	12,218	NO	NO	NO	NO	NO	NO	NO
Campo Alegre	1,449,362	12,333	NO	NO	NO	NO	NO	NO	NO
MEDIAN	937,204	8,829	NO	NO	NO	NO	NO	NO	NO

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CMD Median Rent: 6,625 Bs/sq. m. (1 \$/sq. ft.) ~750Bs/\$

Source: Housing price Porlatpuerta.com; affordability own calculations at 30% of income.

MUNICIPIO SUCRE

Neighborhood	PRICE		BELOW CMD MEDIAN PRICE		RENT AFFORDABILITY FOR AN APARTMENT OF 75 sq m. (750 sq. ft.)				
	SALE	RENT	SALE	RENT	22 U.T.	35 U.T.	55 U.T.	75 U.T.	110 U.T.
	Bs/ sq. m.	Bs/ sq. m.							
El Llanito	462,840	4,070	YES	YES	NO	NO	NO	YES	YES
La Urbina	616,609	4,661	YES	YES	NO	NO	NO	NO	YES
El Marques	638,470	5,060	YES	YES	NO	NO	NO	NO	YES
Lomas del Ávila	589,840	5,070	YES	YES	NO	NO	NO	NO	YES
La California	503,629	5,277	YES	YES	NO	NO	NO	NO	YES
Los Ruices	511,228	5,496	YES	YES	NO	NO	NO	NO	YES
Los Cortijos	610,025	5,596	YES	YES	NO	NO	NO	NO	YES
La Carlota	610,833	5,682	YES	YES	NO	NO	NO	NO	YES
Urb. Miranda	721,534	6,085	YES	YES	NO	NO	NO	NO	YES
Terrazas del Ávila	700,367	6,424	YES	YES	NO	NO	NO	NO	NO
Los Dos Caminos	635,670	6,528	YES	YES	NO	NO	NO	NO	NO
Santa Eduvigis	986,599	8,458	NO	NO	NO	NO	NO	NO	NO
Sebucán	995,210	8,946	NO	NO	NO	NO	NO	NO	NO
Los Chorros	971,141	11,978	NO	NO	NO	NO	NO	NO	NO
MEDIAN	682,428	6,381	YES	YES	NO	NO	NO	NO	NO

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CMD Median Rent: 6,625 Bs/sq. m. (1 \$/sq. ft.) ~750Bs/\$

**APPENDIX C:
HOUSING IN THE CARACAS' URBAN CORE**

Housing Sale Price in the Study Area by Neighborhood, 2001 (1/2)

Parroquia (Tract) El Recreo			
Neighborhood	Sale Price (\$)	Size (sq. m.)	Units below \$54,100
Alta Florida	155,000	175	NO
Alta Florida	270,000	290	NO
Alta Florida	215,821	134	NO
Alta Florida	500,000	147	NO
Alta Florida	170,000	180	NO
El Bosque	135,000	87	NO
El Bosque	150,000	100	NO
El Bosque	288,000	240	NO
El Bosque	90,000	65	NO
El Bosque	155,000	100	NO
La Campiña	105,000	73	NO
La Campiña	110,300	157	NO
La Florida	155,000	162	NO
La Florida	325,000	300	NO
La Florida	263,000	293	NO
La Florida	50,000	70	YES
La Florida	290,000	424	NO
La Florida	430,000	550	NO
La Florida	186,666	182	NO
La Florida	106,000	110	NO
Las Palmas	145,000	180	NO
Las Palmas	70,000	75	NO
Los Caobos	118,000	95	NO
Los Caobos	140,000	73	NO
Median Size/ Price	192,616	178	NO

Source:
www.porlapuerta.com

Housing Sale Price in the Study Area by Neighborhood, 2001 (2/2)

Parroquia (Tract) San Bernardino			
Neighborhood	Sale Price (\$)	Size (sq. m.)	Units below \$54,100
San Bernardino	180,000	190	NO
San Bernardino	93,000	92	NO
San Bernardino	93,000	100	NO
San Bernardino	183,000	159	NO
San Bernardino	100,000	71	NO
San Bernardino	180,000	219	NO
Median Size/ Price	138,167	139	NO
Parroquia (Tract) La Candelaria			
Neighborhood	Sale Price (\$)	Size (sq. m.)	Units below \$54,100
La Candelaria	53,000	72	YES
La Candelaria	40,000	50	YES
La Candelaria	104,000	90	NO
La Candelaria	54,000	75	YES
La Candelaria	46,000	45	YES
Median Size/ Price	\$59,400	66	NO
Parroquia (Tract) Catedral/ Altagracia			
Neighborhood	Sale Price (\$)	Size (sq. m.)	Units below \$54,100
Miraflores	46,000	62	YES
Catedral	60,000	120	NO
Catedral	46,000	120	YES
Median Size/ Price	\$50,667	101	YES

Source:
www.porlapuerta.com

**APPENDIX D:
HUD's MIXED-INCOME HOUSING POLICIES AND PROGRAMS**

U.S. Department of Housing and Urban Development (HUD)

The mission of HUD, created in 1965, is to “promote adequate and affordable housing, economic opportunity, and suitable living environment free from discrimination”¹.

HUD pursues to achieve its mission by:

- Creating opportunities for homeownership
- Providing housing assistance for low-income persons
- Working to create, rehabilitate and maintain the nation's affordable housing
- Enforcing the nation's fair housing laws
- Helping the homeless
- Spurring economic growth in distressed neighborhoods
- Helping local communities meet their development needs

Quality Housing and Work Responsibility Act of 1998 (Public Housing Reform Act)

The Public Housing Reform Act is the result of the following findings of the U.S. Congress:

- 1) There is a need for affordable housing
- 2) The government has invested over \$90 billion in rental housing for low-income persons
- 3) Public housing is plagued with problems
- 4) The Federal method of oversight of public housing has aggravated the problems
- 5) Public housing reform is in the best interests of low-income persons.

The Quality Housing and Work Responsibility Act of 1998 (QHWRA) is a landmark legislation which will make public housing reform a reality by:

- Reducing the concentration of poverty in public housing and facilitate mixed income communities
- Protecting access to housing assistance for the poorest families
- Supporting families making the transition from welfare to work
- Raising performance standards for public housing agencies, and rewarding high performance
- Transforming the public housing stock through new policies and procedures for demolition and replacement and mixed-finance projects, and through authorizing the HOPE VI revitalization program
- Supporting HUD management reform efficiencies through deregulation and streamlining and program consolidation

The QHWRA is found in Title V of HUD's FY1999 appropriations act (P.L. 105-276)². For the purpose of this study only four of the thirteen elements in Title V have been extracted as follows:

Rent Policies. Public housing residents are afforded a choice, annually, whether to pay rent based on their income (generally up to 30% rule of the adjusted income), or to pay a flat rent, based on the rental value of the unit. Public Housing Authorities (PHA) may adopt and apply ceiling rents that reflect the reasonable market value of the housing but that are not less than

Community Service and Family Self Sufficiency. Every adult resident of public housing will be required to perform eight hours of community service each month, or participate in a self-sufficiency program for at least eight hours every month, unless certain age and disabilities limitations and working scheduled restrictions.

Income Targeting and Tenant Selection and Assignment. A PHA must submit with its annual PHA plan an admissions policy designed to provide for de-concentration of poverty and income-mixing by bringing higher income tenants into lower income projects and lower income tenants into higher income projects.

Overall Operations. Creates a PHA plan requirement that is intended to serve as an operation, planning, and management tool for PHAs. The plan must be developed in consultation with a resident advisory board composed of residents who will make recommendations regarding the development of the PHA plan.

Safety and Security in Public and Assisted Housing. PHAs may access criminal records for applicants and tenants of the PHA-administered certificate, voucher, and moderate rehabilitation for purposes of tenant screening and subsidy termination. The prohibition on admitting families for 3 years to public housing and Section 8³ units because of evictions from public housing or Section 8 units for drug-related criminal activity is extended to include admissions to and evictions from other federally subsidized projects. Prohibit admission of persons who are subject to a lifetime registration requirement under a State sex offender registration program.

Drug Elimination. Broadens eligible activities to include "drug-related or violent crime in and around" public or assisted low income housing developments and adds as an eligible activity, sports programs.

HOPE VI

The HOPE VI program serves a vital role in the Department of Housing and Urban Development's efforts to transform Public Housing (HUD)⁴.

HOPE VI was a direct result of the report of the National Commission on Severely Distressed Public Housing, submitted to Congress on August 10, 1992. In their "NATIONAL ACTION PLAN," the Commission determined that about 6 percent of the 1.4 million existing public housing dwellings (about 86,000 units) was in "severely distressed" condition, and recommended that this small portion of the total inventory be eradicated by the year 2000. The Commission estimated the cost of removing and replacing the 86,000 units at \$7.5 billion in 1992 dollars, and recommended that Congress fund a 10-year program at approximately \$750 million per year.

The Commission recommended revitalization in three general areas: physical improvements, management improvements, and social and community services to address resident needs.

There are four main elements of public housing transformation that HOPE VI addresses:

- Changing the physical shape of public housing
- Establishing positive incentives for resident self-sufficiency and comprehensive services that empower residents
- Lessening concentrations of poverty by placing public housing in non-poverty neighborhoods and promoting mixed-income communities
- Forging partnerships with other agencies, local governments, nonprofit organizations, and private businesses to leverage support and resources

There are two funding opportunities in the HOPE VI program.

HOPE VI Revitalization grants fund:

- Capital costs of major rehabilitation, new construction and other physical improvements
- Demolition of severely distressed public housing
- Acquisition of sites for off-site construction
- Community and supportive service programs for residents, including those relocated as a result of revitalization efforts

HOPE VI Demolition grants fund the demolition of severely distressed public housing, relocation, and supportive services for relocated residents.

From 1993 to the year 2000, HUD awarded \$4.055 billion for 149 HOPE VI Revitalization grants to 91 housing authorities around the U.S. Accordingly, from 1996 to 2001, through 90

housing authorities, HUD awarded \$293,309,086 for 177 HOPE VI Demolition grants that included a total of 44,089 units.

Mixed-Finance Public Housing Development⁵

The mixed-finance approach to replacement public housing development is the single most important development tool currently available to public housing authorities (PHAs) implementing HOPE VI revitalization projects. It emphasizes the formation of new public and private partnerships to ensure long-term sustainability of public housing developments and the leveraging of public and private resources to transform the isolated communities in which many public housing residents currently live into vibrant and sustainable "mixed-income" communities with a wide range of family incomes.

The mixed-finance approach involves financing from multiple sources. These may be both public and private sources. It also involves ownership of the public housing units by an entity other than the PHA. The following are only a few of the benefits that can accrue from the mixed-finance approach:

- Brings additional resources to the project
- Increases opportunities for the physical, social, and economic integration of public housing
- Stimulates neighborhood revitalization and economic development.
- Provides opportunities for partnering with not-for-profit and for-profit organizations

FHA's Mixed-Income Housing Underwriting Guidelines⁶

HUD believes that the intentional mixing of incomes and working status of residents, if done with care, can enhance the quality of life for residents while improving the economic viability of multifamily developments, particularly former public housing developments, and strengthen neighborhoods.

FHA mortgage insurance alone is typically not sufficient to accomplish that goal. Absent incentives, such as State or local zoning or density bonuses and other subsidy programs (e.g., Low Income Housing Tax Credits (LIHTC), HOME, etc.), mixed-income projects are not being built on any scale. From HUD's perspective, leveraging of public and private funds to finance mixed-income housing makes the best use of limited resources. Many lenders want additional forms of credit enhancement to finance this type of product.

The FHA Goals, through its Mixed-Income Housing Initiative, are to:

- Strengthen neighborhoods and projects by providing FHA mortgage insurance for the development of new mixed-income properties and conversion of existing housing to mixed-income.
- Demonstrate enhanced long-term viability of mixed-income properties over traditional fully subsidized properties.
- Develop and establish standards for underwriting of mixed-income properties by private sector lenders.

There are three major factors critical to the success or failure of mixed-income housing:

Income Mix. There is no standard ratio of market-rate units to rent and income restricted units (affordable or moderate rate units) in successful mixed-income housing that can be applied across the board. There is basic agreement, however, that a continuum of low/moderate/ market-rate units in a project is the most successful. The makeup of the mix will be influenced by the location and characteristics of the individual project and neighborhood.

Generally, the higher the average income in the neighborhood, or in some cases, the more diverse the ranges of income (mixing) already in the neighborhood, the easier it is to attract market-rate tenants to a mixed-income project. When the neighborhood is predominantly lower income, the proportion of market-rate units to restricted units in the mixed-income project must be higher to successfully attract the market-rate tenants.

Project Design and Amenities. When attempting to mix incomes of residents, adequate amenities must be available in the project and the surrounding neighborhood to appeal to market-rate tenants (e.g., tot lots, swimming pools, community buildings, tennis courts, etc.). The project must be designed to compete against conventional market-rate units in the locality, and the income level of an occupant must be indistinguishable by virtue of unit size and/or number of bedrooms, location in the project and amenities.

Market and Management. Mixed-income projects require strong even-handed management that provides a comprehensive set of resident services and high quality customer-driven attention to all tenants. Management must be sensitive to the special needs of the broad spectrum of tenants in the project. Additional social services may be needed on site. While the fee for services may vary by income level, access should not be restricted to a particular group based on income, as it becomes another means of labeling.

¹ The information for the HUD's programs and policies was taken from www.hud.gov. This web site provide a wide scope of information of easy access

² www.hud.gov/offices/pih/phr/about/

³ Section 8 provides with financial assistance, vouchers, to low-income households to rent affordable housing units

⁴ www.hud.gov/offices/pih/programs/ph/hope6/index.cfm

⁵ Extracted from www.hud.gov/offices/pih/programs/ph/hope6/mfph/

⁶ The elements of this guideline that are of the interest for this study have been extracted from www.hud.gov/offices/pih/programs/ph/hope6/mfph/index.cfm#5

**APPENDIX E:
CHAPTER 40B GENERAL LAW OF MASSACHUSETTS**

Inclusionary Zoning Ordinances (taken from Brown 2001)

Inclusionary zoning is an opportunity for low and moderate income families to live in healthy communities of their choices. Beneficiaries of these ordinances include not only minimum-wage workers, but also teachers, police officers, and service workers – productive citizens who form the foundation of any community. These ordinances work, essentially, as trade-offs between a local government and a developer. A developer sells or rents a percentage of units in a new development at prices that low to moderate-income families can afford, and, in return is usually given a “density bonus,” which gives permission to build more units than local zoning regulations typically allow. Additional units are created because of increased density and not through the purchase of additional land. This positively influences the cost of the unit, because there is not new land purchased. Developer participation may be voluntary or mandatory.

Inclusionary zoning ordinances apply for the development of determined number of units, and according to this a number of affordable units should be available to families making a certain percentage of area median income or less. The price and rent of the dwelling is updated periodically to accommodate changing production costs. Affordable units must stay affordable for a specified time period; it is important to consider that as long as developers are able to receive a good return on their investment, the program would maintain its appeal. However, some price-control period is necessary to keep units from disappearing from the affordable housing pool too quickly.

Many jurisdictions throughout the country have implemented inclusionary zoning ordinances, from Burlington, VT, to Santa Fe, NM, to dozens of communities in California. Nationwide, Montgomery County, MD, has been the most successful, with nearly 11,000 affordable housing units produced in the two and one-half decades since this ordinance was enacted.

Chapter 40B of the General Laws of Massachusetts⁷

The ‘anti-snob’ zoning law, also known as Chapter 40B, is the Massachusetts statute enacted in 1969 to address the statewide shortage of affordable housing by giving developers two mechanisms to overcome local government obstacles to affordable housing developments. Since 1970, more than 25,000 units of housing have been approved in 173 Massachusetts municipalities. The law requires local governments to allow developers of affordable housing to apply to the Zoning Board for a Comprehensive Permit, which includes all the required local approvals needed for development. It also created the State Housing Appeals Committee, which reviews developers’ appeals of local government outright denials—or approvals with conditions imposed that render the project unviable—of proposed affordable housing developments.

Chapter 40B expedites the local review and reduces many of the barriers inherent in the local approval process. If less than 10 percent of the local housing stock is affordable, developers may appeal to the state Housing Appeals Committee when their projects are denied or granted with conditions they deem unviable. Once a community has its 10 percent affordable housing, rejections of additional developments cannot be appealed. From 1970-1999, the Zoning Boards of Appeals granted 17 percent of the Comprehensive Permits applied for and granted an additional 54 percent with conditions attached.

During this period, the Housing Appeals Committee upheld the local Zoning Board decision in 18 cases, overruled the local decision and ordered the granting of a Comprehensive Permit in 94 cases, and approved a compromise reached by the developer and the zoning board in 83 cases. Additional appeals filed were either withdrawn, dismissed, or had some other resolution.

Typical developments built through Chapter 40B include:

- Housing for seniors
- Multi-family housing developments
- Single-family housing
- Mixed-income condo projects

To qualify for Chapter 40B, a development project must first be approved under a state or federal housing program, such as the Massachusetts Housing Finance Agency or U.S. Department of Housing and Urban Development. At least 25 percent of the housing must be affordable to households that earn no more than 80 percent of the area median income, and affordability restrictions must be maintained for at least 15 years. Private developers must agree to restrict their profit on the project.

Once a project is eligible, the developer submits an application for a comprehensive permit to the local Zoning Board of Appeals. The Board may grant all local approvals necessary for the project after consulting with other relevant agencies such as the Planning Board, Conservation Commission and Board of Health, resulting in a more streamlined review process.

The Zoning Board of Appeals is also authorized to apply flexible zoning standards. For example, local zoning codes may limit development to one house per acre. Under Chapter 40B the Zoning Board of Appeals can approve higher density development projects, making it financially feasible to develop affordable housing.

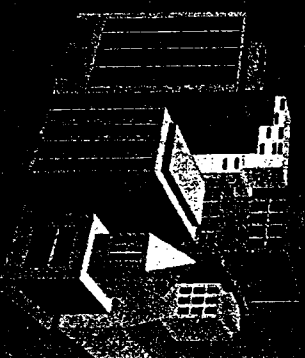
The combination of flexible rules and a right of appeal to the Housing Appeals Committee has meant that the majority of Chapter 40B proposals are negotiated at the local level and approved with conditions set by the local board of appeals. Issues such as density, buffer zones, conservation areas and infrastructure improvements are typical items for negotiation.

Financing a Chapter 40B Project

Ziner, Kennedy & Lehan LLP
November 13, 2001

40B Scenario II - 80/20 Program (Rental)

ABC Parcel Anytown, MA



Total Acreage:	10
Units Per Acre:	7.5
Total Units:	70
Total Land Cost:	500,000
Land Cost Per Unit:	6,667
Construction Cost Per Unit:	105,000
Total Development Cost:	8,375,000
Percent Of Units Affordable:	20%
Cap. Value Per Unit (Market):	135,789
Cap. Value Per Unit (Affordable):	52,042
Total Capitalized Value:	8,928,000
Plus: Tax Credit Equity(@4%: @.80/\$):	439,688
Total Profit:	992,688
Profit As Percentage of TDC:	12%

**Note: Assumes 1,000 sq unit @ \$105 sq ft. TDC less land for attached garden apartments. Assumes cost efficiencies due to reduced road and infrastructure costs.*



Rent Schedule

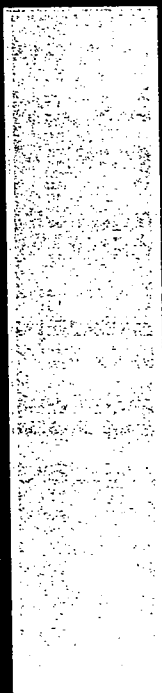
	Monthly Rent	Annual Operating Expense	Capitalized Value @ 9.5% Cap Rate
Market Boston Metro 2BR):	1,450	4,500	135,789
Low Income 50% Med Income Boston PMSA - 2BR):	787	4,500	52,042



Program Requirements

Minimum % of Affordable Units:	20%
Maximum % of Median Income for Affordable Tenants:	50%
Developer Fee Cap:	5% Acquisition (land) 15% on First \$3 Million of Replacement Cost 12.5% on \$3-5 million of Replacement Cost 10% on \$5+ Million of Replacement Cost
Annual Return on Equity Cap:	10% on Developer Cash and Contr. Devel. Fee

Note: Assumes 1,000 sf unit @ \$105/sq/ft. TDC less land for attached garden apartments. Assumes cost efficiencies due to reduced road and infrastructure costs.



**Comparative Investment Analysis
Market Rate vs. Affordable (80% / 20%)**

Assumptions:

Per Apartment Home

Market Rent per month	\$1,750
Affordable Rent per month	\$ 900
Operating Expenses per annum	\$5,000
Vacancy / Credit Loss	5%

Total	Development Cost, <i>Sans</i> Land	\$125,000
--------------	---	------------------

Per Apartment Operating Statement

	Market Rate	VS.	Affordable (80/20)
Annual Gross Rent	21,000		18,960
Less Vacancy at 5%	(1,050)		(948)
Collected Revenue	19,950		18,012
Less Operating Expenses	(5,000)		(5,000)
Net Operating Income (NOI)	14,950		13,012
Assumed Land Value	125,000		125,000
Plus Total Development Cost	150,000		150,000
TOTAL COST	145,000		145,000
Return on Investment	9.97%		8.67%
Residual Land Value Analysis			
Alternative Value Holding Return Constant At 9.50%	157,368		136,968
Less Other Development Costs	125,000		125,000
Residual Land Value	32,368		11,968

Brian C. Levey, Esq.
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Direct Fax: (508) 929-3023
blevey@bowditch.com

COMPREHENSIVE PERMITS

By Brian C. Levey, Esq.

The development of affordable housing involves a three-part process. First, the applicant obtains a written determination of Project Eligibility or Site Approval from a subsidizing agency. Second, the applicant applies to the local zoning board of appeals for a comprehensive permit. Third, the applicant secures project funding. The outline provided below focuses on the comprehensive permit process.

- I. General Laws Chapter 40B, §§ 20-23; Anti-Snob Zoning Act; Comprehensive Permit Statute; Chapter 774 (of the Acts of 1969).
 - A. Goal: Promote development of affordable housing by overriding municipal regulations (zoning and otherwise) and providing streamlined procedure.
 - B. Procedures.

Expedited Local Process

- I. Qualified applicants file an application for single comprehensive permit with local zoning board of appeals ("ZBA") which sits as comprehensive permit granting authority.
 - a. Applicant must have site control.
 - b. Applicant must be public agency, non-profit organization or limited dividend organization (private developer subject to profit cap).

- c. Project must be fundable by a subsidizing agency under a low or moderate income housing subsidy program.
2. ZBA has power to grant any permit that could be granted by a local board such as board of survey, board of health, planning board, city council, board of selectmen, and town meeting.
 - a. Applicants are still obliged to apply to local Conservation Commission under Wetlands Protection Act, G.L. c. 131, § 40. Local wetlands regulations do not, however, apply for reasons stated below.
3. Upon receipt of application, ZBA must notify and send a copy of application to other local boards.
4. Notice of public hearing given in accordance with G.L. c. 40A, § 11.
5. ZBA holds public hearing on the application within thirty (30) days of receipt of application.
 - a. Local Rules and Regulations for c. 40B Applications
 - b. Model Local Rules
6. ZBA must render a decision by majority vote within forty (40) days of the close of the public hearing unless extended by agreement.
7. If decision not rendered timely, application deemed constructively granted.
8. ZBA may either grant the permit unconditionally; grant the permit with conditions, or deny the permit.

Expedited Appellate Process

9. If permit granted, persons aggrieved (abutters) can appeal to court under G.L. c. 40A, § 17.

10. If permit granted with uneconomic conditions or denied, unsuccessful applicant can appeal to the Housing Appeals Committee (“HAC”), a state agency within the Department of Housing and Community Development (“DHCD”) under G.L. c. 40B, § 22 by filing a Statement within twenty (20) days of the date of notice of decision.
11. HAC holds de novo hearing within twenty (20) days of appeal.
 - a. Procedural Rules and Regulations of HAC, 760 CMR 30.00.
12. HAC must render decision within thirty (30) days of close of hearing unless extended by agreement.
13. HAC can vacate denials of Comprehensive Permits and can either issue the Comprehensive Permit itself or direct ZBA to issue the Comprehensive Permit.
14. HAC can modify or remove conditions on the Comprehensive Permit itself or order ZBA to modify or remove conditions.
15. HAC’s decisions may be appealed to court under G.L. c. 30A, § 14.

C. Substantive Matters.

1. Local restrictions applied to the application must be “consistent with local needs.” This means that the regulation is reasonable in view of the need for low and moderate income housing balanced against health, safety, environmental, design, open space, and other local concerns.
2. If fewer than ten (10) percent of the municipality’s total housing units are subsidized low and moderate income housing units, it is presumed that the housing need outweighs local concerns. In this case, the local regulation does not apply to the application.
3. State law and regulations apply. Check on the existence of state-imposed limitations that may effect the availability of infrastructure or utilities.

II. Friendly Comprehensive Permit: Local Initiative Program (“LIP”),
760 CMR 45.00.

- A. Goal: Program provides subsidy in the form of technical assistance rather than conventional state or federal housing subsidy and expands housing considered low or moderate income.
- B. Procedures:
 - 1. Secure written endorsement support of Mayor (city) or Board of Selectmen (town) for your Comprehensive Permit project.
 - 2. Mayor or Board of Selectmen applies to DHCD for project certification on behalf of developer.
 - 3. DHCD certifies that project is a valid Comprehensive Permit project within the LIP.
 - 4. Applicant applies to ZBA for Comprehensive Permit and follows procedures described above.
 - 5. Locality can withdraw its support for project.

Build Boston 2001
 How to Participate Successfully in the Chapter 40B Affordable Housing Process
 November 13, 2001

DO'S and DON'TS From a Local Official's Perspective

Lynn Goonin Duncan, AICP, Director of Planning & Conservation
 Town of Wilmington, 121 Glen Road, Wilmington Massachusetts 01887
 978-658-8238
lduncan@town.wilmington.Massachusetts.us

❖ Do have initial discussions with the appropriate municipal officials.

DON'TS	DO'S
<input type="checkbox"/> Do not present "THE FINAL PLAN" at your first meeting.	<ul style="list-style-type: none"> ➤ Work with the community to develop a plan that is palatable to the community and that you can live with. ➤ Discuss a concept plan. ➤ Bring in alternative plans. The alternatives will present options for the community while defining your limits. ➤ Be prepared to negotiate.
<input type="checkbox"/> Do not ride into town on a moral high horse. Do not talk about the Town's social obligation to build housing for low and moderate-income families.	<ul style="list-style-type: none"> ➤ Officials know that developers build affordable housing to make money. ➤ Do share basic economics of the development so that the Town understands that the proposal is not a get rich quick scheme.
<input type="checkbox"/> Do not be in a hurry. Do not bypass the Town's established procedure, even if it appears to take longer. In the long run, it will not.	<ul style="list-style-type: none"> ➤ Do cooperate. ➤ Recognize that there are costs associated with the permitting process. Provide information requested by the Town, such as a traffic study. Then, be prepared for the residents to doubt the results of the traffic study. Offering to fund a peer review of your consultant's traffic study is a good response and will be the best money that you ever expended.
<input type="checkbox"/> Do not debate density in the abstract.	<ul style="list-style-type: none"> ➤ Do recognize community concerns. For example, what problems does the number of units create – negative visual or noise impact on abutters? Lack of open space on site? Negative impact on character of the town? Traffic? Address the problems, real and perceived, through negotiation. ➤ The number of units may or may not be decreased upon resolution of these issues.

DO NEGOTIATE

<input type="checkbox"/> Housing design	<input type="checkbox"/> Rental program/income mix/percentage of affordable units
<input checked="" type="checkbox"/> style	<input type="checkbox"/> Length of affordability
<input checked="" type="checkbox"/> height	<input type="checkbox"/> Preferences for local residents
<input checked="" type="checkbox"/> number of units per building	<input type="checkbox"/> Reporting
<input checked="" type="checkbox"/> number of bedrooms	
<input type="checkbox"/> Building location/setbacks	<input type="checkbox"/> Traffic mitigation
<input type="checkbox"/> Buffer	<input type="checkbox"/> Other infrastructure improvements (sidewalks, sewer extension)
<input type="checkbox"/> Wetlands setbacks	
<input type="checkbox"/> Open space protection	

Wilmington's Success Story

Project	Type	# Units	Time to Permit	Built
Shawsheen Commons	Homeownership HOP	220	5 mos. (1988)	Completed 2001
Silverhurst Avenue	Homeownership LIP	2	1 year	✓
Avon/Denault	Homeownership Town	6	2 years	✓
Buckingham Estates	Homeownership LIP	26	1 year	✓
Saddle Oak Estates	Homeownership LIP	28	22 mos.	
Avalon Oaks	Rental MHFA 80/20	204	approx. 10 years	✓
Avalon Oaks West	Rental MHFA 80/20	120	19 mos.	Under construction

❖ Even a "friendly" Comprehensive Permit project is NOT EASY!

**APPENDIX F:
SECTION 4.40 ZONING BY-LAW BROOKLINE, MA**

Section 4.40 Zoning By-Law of the Town of Brookline, MA

The purpose of this Section is to promote the public welfare by:

- Encouraging housing opportunities for people of all income levels
- Increasing the supply of housing that is available to and affordable by low and moderate-income people, with emphasis on family housing
- Preventing the displacement of low-to-moderate income Brookline residents

The provisions of this section shall apply in all zoning districts to all residential developments of six units or more, whether new construction or adaptive reuse. The provisions shall apply to subdivisions of 10 lots or more seeking special permits or variances for increases in permissible density or intensity of use. Assisted units in a life care facility are also subject of the requirements

The following are some of the requirements, under the provisions of this Section, that developers shall follow to contribute to the Town's stock of housing affordable to low and moderate-income people:

- For residential developments of six to fifteen units, the developer may choose to make a cash payment based on certain guidelines.
- Units within the development for people in the following income groups: low income (up to 50% of Boston median income) moderate income (51-80% of Boston median income) upper-moderate income (81-100% of Boston median median)
- Affordable units may be made available either for sale or rent.
- Affordable units shall be permanently restricted, to the extent legally permissible, to ensure long-term affordability.
- Developers will be required or set aside 15% of the units in the development as affordable units, based on the following: a) Developers utilize available public subsidies and contribute from the sale of market-rate units, b) Of the affordable units, 25% serve low-income households, 50% serve moderate-income households, and 25% serve upper-moderate-income households, and c) the bedroom distribution in the affordable units is proportionate to the bedroom distribution in the development as a whole.
- If public subsidies are unavailable or inappropriate, the developers may be allowed to set aside a lower percentage of units, but less than 10%. On the other hand, if fewer multi-bedroom units are proposed and/or high levels of subsidy are available, the developers may be allowed to set aside a lower number of percentage of units, but less than 10%.
- Affordable units shall be dispersed throughout the building(s) and shall be compatible with and generally comparable to market-rate units in terms of location, quality and character, room size, and external appearance.
- The Town may further require, for itself or its designee, an option to purchase or lease affordable units for amounts consistent with this Section.

Alternative Requirements

Off-Site Location: Affordable units may be located on an alternative site or sites in Brookline suitable for housing use, preferably in the same neighborhood as the on-site development. Affordable off-site units may be located in an existing structure.

Cash Payment: Developers may make cash payment to the Town or its designee in an amount based on the guidelines adopted

Conveyance of Land and/or Buildings: Developers may donate to the Town of Brookline or its designee land and/or buildings suitable for housing use, preferably in the same neighborhood as

the on-site development. Cash contributions and donations of land and/or buildings shall be used only for purposes of providing affordable housing for low, moderate, and upper-moderate income persons as defined by this section.

Affordability Requirements for Developments with Affordable Units in Conformance with Sec. 4.40 of the Zoning By-Law

updated: 3/7/02

conclusions

A. BASIC ASSUMPTIONS

1 DEFINITION OF INCOMES LEVELS		persons / household	1	2	3	4	5	6	7	8
source of information: U.S. Dept. of Housing & Urban Development - 1/30/02 (actual published numbers; not always true ratios)										
50%	of SMSA median		\$25,950	\$29,700	\$33,400	\$37,100	\$40,050	\$43,050	\$46,000	\$48,950
80%	of SMSA median		\$40,800	\$46,650	\$52,500	\$58,300	\$63,000	\$67,650	\$72,300	\$77,000
100%	of SMSA median (based upon actual)		\$51,940	\$59,360	\$66,780	\$74,200	\$80,136	\$86,072	\$92,008	\$97,944
2 TARGET INCOMES FOR EACH INCOME RANGE, IN ORDER TO ESTABLISH A MARKETING WINDOW										
<50%	10% of SMSA median (80% of 50%)		\$20,780	\$23,760	\$26,720	\$29,680	\$32,040	\$34,440	\$36,800	\$39,160
50-80%	33% of SMSA median (mid-point between 50% & 80%)		\$33,375	\$38,175	\$42,950	\$47,700	\$51,525	\$55,350	\$59,150	\$62,975
80-100%	50% of SMSA median (mid-point between 80% & 100%)		\$46,370	\$53,005	\$59,640	\$66,250	\$71,568	\$76,861	\$82,154	\$87,472
3 AFFORDABILITY RATIO: percentage of income spent on housing costs										
(this may be modified, depending upon what is included in condo fee)		rental	30% of gross income							
		condominium	30% of gross income							
4 NUMBER OF PERSONS PER BEDROOM										
		bedrooms	0	1	2	3	4			
		persons/bedroom	1	1.5	3	4.5	6			

B. RENTAL UNITS

1 MONTHLY GROSS INCOME AVAILABLE FOR HOUSING COSTS, by no. of persons and target income level (formula: income x affordability ratio / 12)											
income group served	persons / household	1	2	3	4	5	6	7	8		
<50%	40% of SMSA median	\$519	\$594	\$668	\$742	\$801	\$861	\$920	\$979		
50-80%	65% of SMSA median	\$834	\$954	\$1,074	\$1,193	\$1,288	\$1,384	\$1,479	\$1,574		
80-100%	90% of SMSA median	\$1,159	\$1,325	\$1,491	\$1,656	\$1,789	\$1,922	\$2,054	\$2,187		
		bedrooms / unit	0	1	2	3	4				
2 UTILITY ALLOWANCE: a credit towards a tenant's housing contribution for utilities paid directly by the tenant, in accordance with a schedule developed and modified, from time to time, by the Brookline Housing Authority; this case shall be subject to the Annual Rent Adjustment (including electricity) for the applicable year.			\$ 84	\$ 112	\$ 150	\$ 185	\$ 228				
3 AFFORDABLE RENTS											
formula: gross income available for housing (B1) for no of persons per unit (A4) - utility allowance (B2)		bedrooms / unit	0	1	2	3	4				
		<50%	\$435	\$ 445	\$518	\$ 587	\$676				
		50-80%	\$750	\$ 782	\$924	\$ 1,056	\$1,199				
		80-100%	\$1,075	\$ 1,130	\$1,341	\$ 1,538	\$1,737				
4 SECTION 8 CERTIFICATES: issued by Brookline Housing Authority; FMR as of 1/11/02											
Fair Market Rent (FMR)			\$ 1,064	\$ 1,199	\$ 1,500	\$ 1,876	\$ 2,202				
utility allowance as of 6/01		FMR minus utility allowance	\$ 980	\$ 1,087	\$ 1,350	\$ 1,691	\$ 1,974				

C. CONDOMINIUM UNITS

1 MONTHLY GROSS INCOME AVAILABLE FOR HOUSING COSTS, by no. of persons and target income level (formula: income x affordability ratio / 12)										
income group served	persons / household	1	2	3	4	5	6	7	8	
<50%	40% of SMSA median	\$519	\$594	\$668	\$742	\$801	\$861	\$920	\$979	
50-80%	65% of SMSA median	\$834	\$954	\$1,074	\$1,193	\$1,288	\$1,384	\$1,479	\$1,574	
80-100%	90% of SMSA median	\$1,159	\$1,325	\$1,491	\$1,656	\$1,789	\$1,922	\$2,054	\$2,187	
2 OPERATING COST ASSUMPTIONS:										
condo fee (including water & sewer, utilities, bldg insurance, replacement reserve, repairs)		bedrooms / unit	0	1	2	3	4			
			\$150	\$240	\$300	\$372	\$453			
property tax : fy2002	per thousand	\$ 12.90								
(circular formula referring to final sales prices)	homeowner deduction	\$10,210								
		<50%	\$0	\$0	\$0	\$0	\$0			
		50-80%	\$0	\$0	\$5	\$16	\$33			
		80-100%	\$37	\$41	\$61	\$82	\$105			
3 CASH AVAILABLE FOR MONTHLY DEBT SERVICE										
formula: gross income available for housing (c1) for no of persons per unit (A4), minus condo fee and real estate tax.		<50%	\$369	\$357	\$368	\$397	\$461			
		50-80%	\$684	\$694	\$769	\$848	\$951			
		80-100%	\$972	\$1,001	\$1,130	\$1,266	\$1,417			
4 MORTGAGE AMOUNT WHICH CAN BE AMORTIZED										
ASSUMING interest @ 5.0%		<50%	\$50,289	\$48,653	\$50,152	\$54,105	\$62,827			
amortization / term @ 30		50-80%	\$93,218	\$94,581	\$104,802	\$115,568	\$129,806			
		80-100%	\$132,468	\$136,420	\$154,000	\$172,535	\$193,114			
5 SALES PRICE										
ASSUMING financing @ 95%		bedrooms / unit	0	1	2	3	4			
		<50%	\$52,936	\$51,214	\$52,792	\$56,953	\$66,134			
		50-80%	\$98,124	\$99,559	\$110,318	\$121,651	\$136,427			
		80-100%	\$139,440	\$143,600	\$162,105	\$181,816	\$203,278			

**APPENDIX G:
TENT CITY**



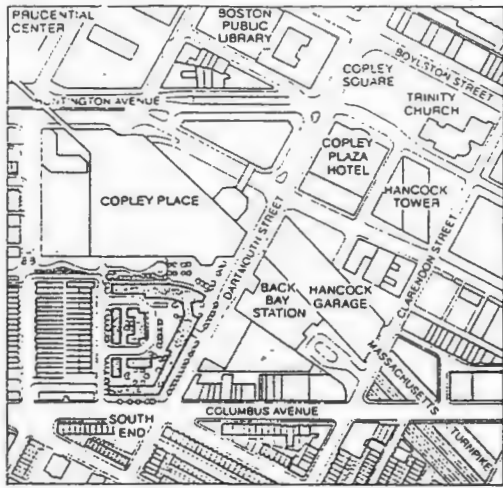
Retail stores facing the urban park between Tent City and Copley Place



Back Courtyard in Tent City. This Courtyard connects through the lobby to the MBTA located across the street

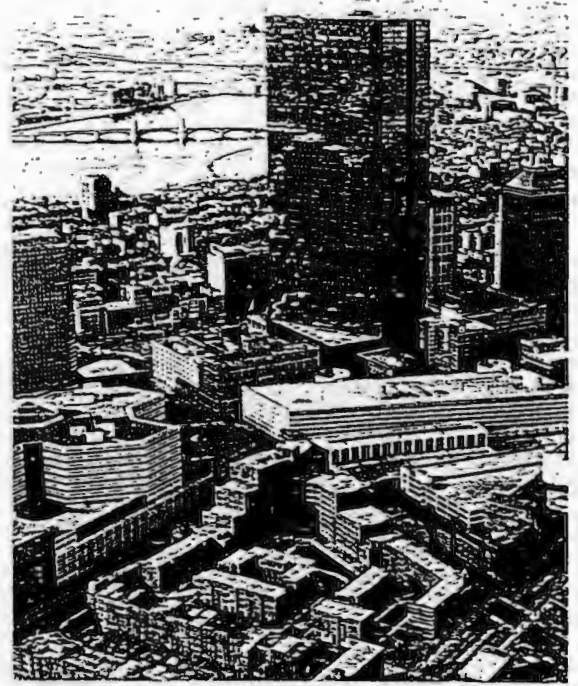


Tent City. Town Houses next to the back court yard



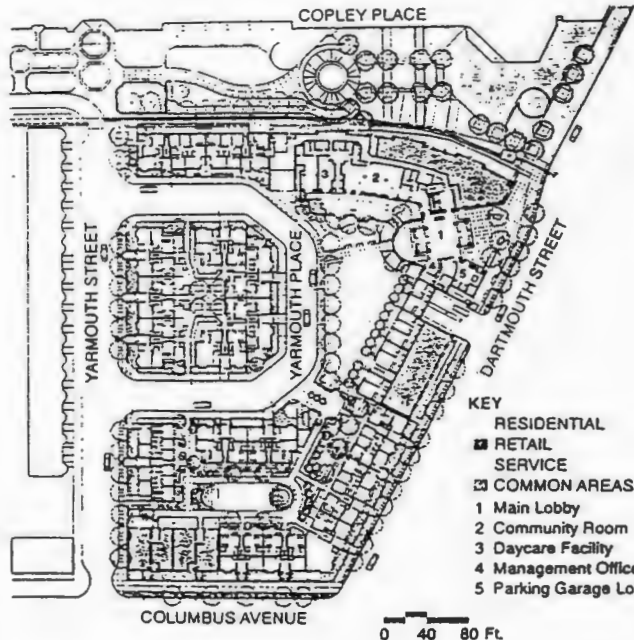
LOCATION MAP

0 100 200 Ft.



©1988 LANDSLIDES/Arv. S. MacLennan

Tent City, in the foreground, looking north.



GROUND-LEVEL PLAN

0 40 80 Ft.

DEVELOPMENT SCHEDULE

- Planning Started: 1968
- Site Leased: December 1985
- Construction Started: March 1986
- Garage Completed: December 1986
- Sales/Leasing Started: March 1988
- Phase I (259 Units) Completed: March-July 1988
- Phase II (10 Units) Completed: June 1990

DIRECTIONS

From airport: Take tunnel to downtown Boston. Follow signs to Storrow Drive. Exit at Copley Square. Follow Clarendon Street south to Columbus Avenue, turn right on Columbus Avenue, and travel one block to Dartmouth Street. Tent City is at the corner of Dartmouth and Columbus.
Approximate driving time: 20 minutes.

- KEY
- RESIDENTIAL
 - RETAIL
 - SERVICE
 - COMMON AREAS
 - 1 Main Lobby
 - 2 Community Room
 - 3 Daycare Facility
 - 4 Management Office
 - 5 Parking Garage Lobby

TENT CITY

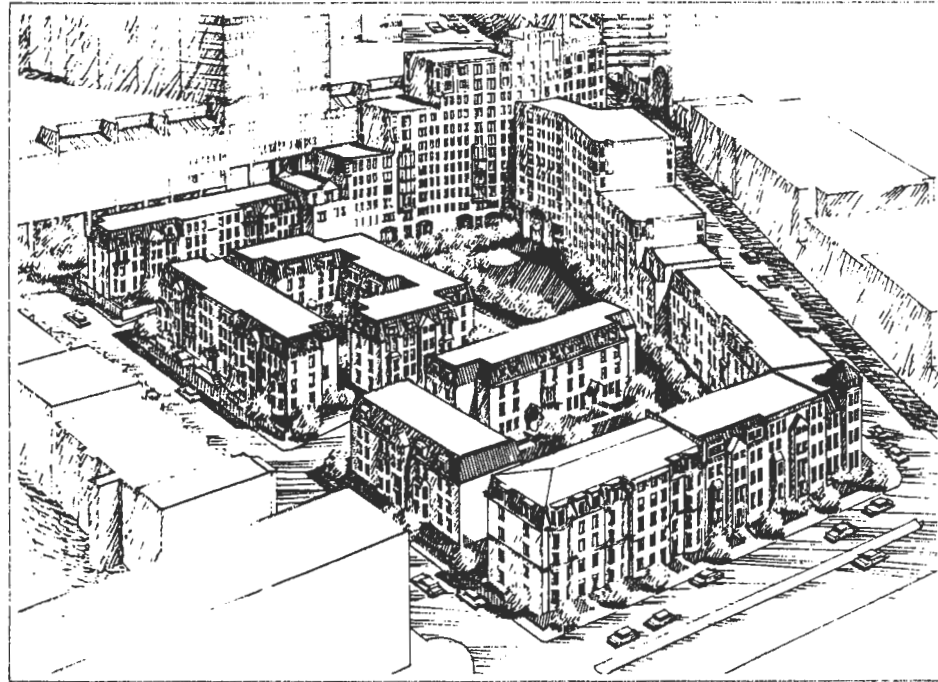
GATEWAY to BOSTON

In the early 1960's, a neighborhood serving people of all incomes and races in the heart of Boston was demolished and replaced by a parking lot.

In 1968, hundreds of people pitched tents on this site to protest the city's failure to replace the housing, both at this site and throughout the South End.

The following years of struggle have resulted in the Tent City Corporation, a non-profit neighborhood based corporation, finally building this critically needed housing for people of all incomes.

Opening in late fall/winter, 1987 the development will contain 274 apartments, a child care facility, retail/commercial space, and some underground parking.

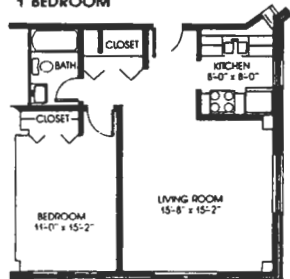


Amenities include:

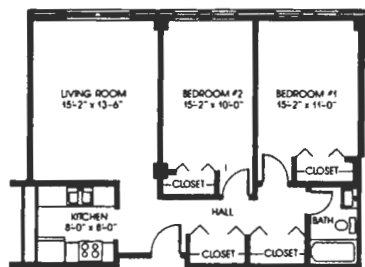
- concierge services
- resident supervised tent
- on site management
- laundry facility w/ washer/dryer hookups
- fully appliance kitchen
- on site child care facility and community room
- home duplex units

Underground and on street parking are available at additional charges.

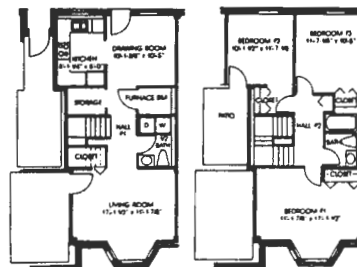
1 BEDROOM



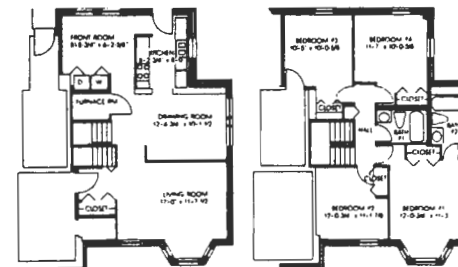
2 BEDROOM



3 BEDROOM DUPLEX /FIRST/SECOND FLR.



4 BEDROOM DUPLEX /FIRST/SECOND FLR.



You can choose from a variety of floor plans for studio, one, two, three or four bedroom apartments and townhouses. Select the style and type of unit which meets

your needs. Units available for low moderate and market income families and individuals. Wheelchair adapted units are available.



Units are available on an open occupancy basis. Financed by Massachusetts Housing Finance Agency. For more information, please call 267-8195.



**APPENDIX H:
PUBLIC HOUSING REDEVELOPMENT**

Mission Main

Mission Main was one of the most dilapidated public housing development ran by the Boston Housing Authority (BHA). As many of the public housing in the US, Mission Main lacked of maintenance and proper management for a long period of time, which resulted in a high rate of vacancy and social deterioration. Due to its physical conditions and unassisted residents, Mission Main became the perfect site for drug dealers and many of the crimes occurred around the city. "... In addition, federal regulations governing occupancy of public housing contributed to the concentration of the poorest members of society and the decline in occupancy of working families. The continuing decline in the income of the residents made normal operation of the development more difficult to perform, aggravating the deterioration of the development..."¹

The implementation of the HOPE VI program in accordance with the BHA goals included four major components, Physical Redevelopment, Financing, Management and Relocation²

Physical Redevelopment. *Demolish the existing and Relinking the neighborhood into the surrounding neighborhood and improving edge conditions that could compromise the long-term viability of the new community.*

Financing. *The program uses a combination of city capital funds for infrastructure; the HOPE VI grant of \$50 million and Comprehensive Grant Program funds of \$28 million; and private funds obtained by the use of 4% and 9% Low Income Tax Credits.*

Management. *The desire to attract a private developer/owner, market-rate residents and investors caused the BHA to transfer the Mission Main site to private management.*

Relocation. *Resident relocation was done in phases to meet the demolition/construction schedule under a HUD approved plan. All households were given the right to return to the new development as long as they remained tenants in good standing.*

Among other achievements, as a result of the implementation of the HOPE VI program in Mission Main, the crime rate has been enormously reduced as reported by the Boston Housing Authority Policy, a Special division of the Boston Police Department.

Camfield (taken from www.camfieldestates.net)

History

The Camfield Tenants Association (CTA) began when tenants of Camfield Gardens, a 136 unit residential development in the South End/Lower Roxbury section of Boston, MA. Learned in 1991 that the U.S. Dept of Housing and Urban Development (HUD), was going to foreclose its mortgage on the absentee owner of Camfield Gardens. HUD intended to auction off the property to the highest bidder. The residents, concerned that their homes would be sold to a speculator, successfully organized to convince HUD not to sell the property. CTA developed a Board of Directors. Staff and consultants were hired to help manage the redevelopment. It was awarded a Federal HOPE II mini-planning grant to study the feasibility of resident ownership, and to perform a capital needs assessment.

Upon completion of its studies, CTA won approval from MFHA, HUD and the BRA for the demolition, redesign, and complete reconstruction of a new Camfield Estates. The organization won a written agreement from HUD that guarantees that

Camfield residents would be able to return to the redeveloped Camfield Estates. They decided to form a formal institution, the Camfield Tenants Association. CTA became a state-chartered, nonprofit organization in the spring of 1992 with tax-exempt 501 (c) (3) status by the Internal Revenue Service. It is guided supported by the mandates of its residents.

Several years of negotiation followed with HUD and the Mass Housing Finance Agency³, (MFHA). The two entities had developed a partnership to manage the disposition and redevelopment of Camfield and other HUD owned properties in Boston. As a result of the "Demonstration Disposition Program," CTA managed to have HUD agree to consider designating CTA as the owner of the to be redeveloped Camfield Estates. CTA has also won a grant from the Community Training and Assistance Center (CTAC) to help in its organizational development.

During this period, 1991 to the present, CTA has also developed programs and services for its residents.

- Lunches and social gatherings for senior citizens
- An after school program for youth -- in collaboration with Northeastern University
- A theater program for youth -- in collaboration with the Huntington Theatre
- Summer jobs program -- In collaboration with the Boston Youth Fund -- for the past five years
- Training in community organization, non-profit board development, and housing management for Camfield Residents

Arranged vocational training for sixteen (16) residents that allowed them to find good paying jobs in the redevelopment of Camfield and other Boston developments; (This agreement with Cambridge College was to develop a computer-training program for residents, and also includes pre-college courses in writing and literacy development entrance requirements.)

CTA's goals remain to enhance the lives of its residents and maintain the economic diversity of Camfield, and to keep the housing affordable to allow community residents to stay in the neighborhood.

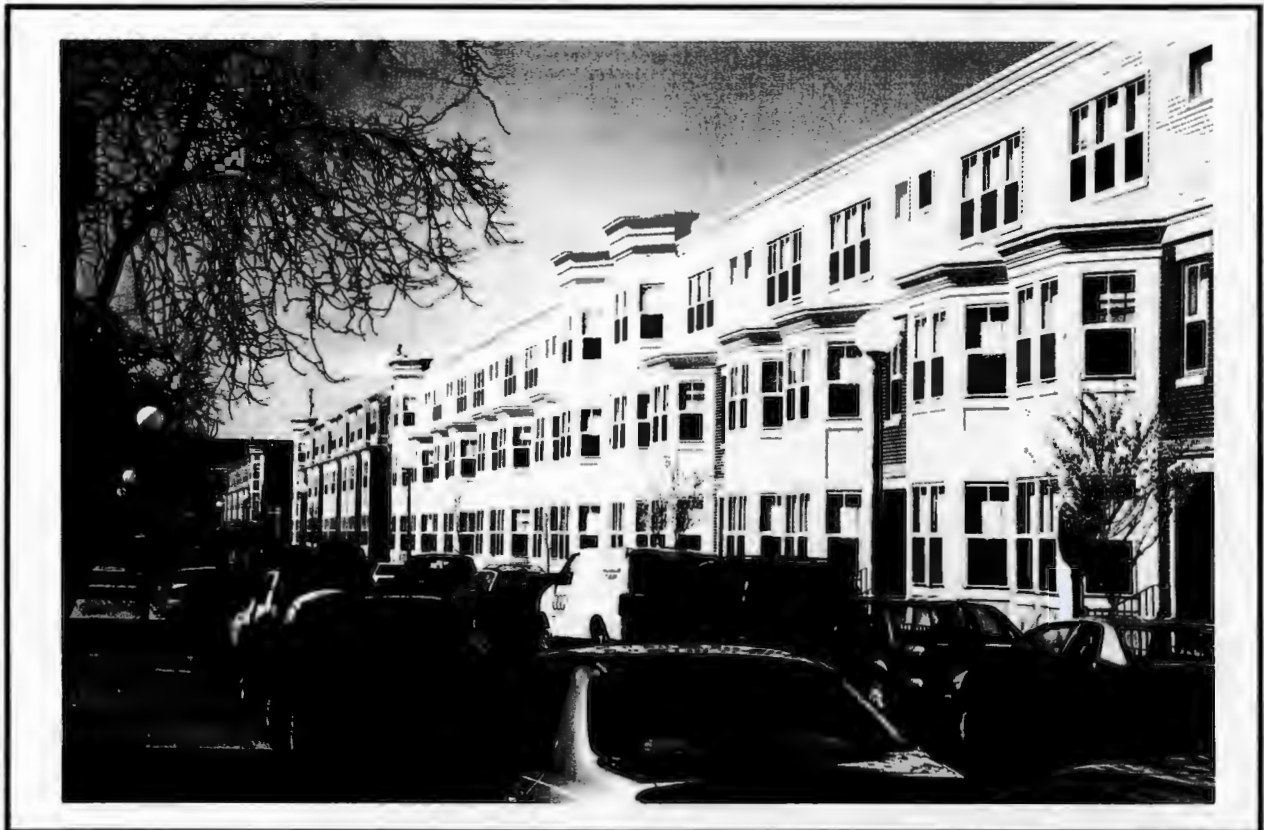
MAINTAINING A COMMUNITY

With the encroachments of "gentrification" in the South End, including the expansion of Northeastern University, CTA faces the problem of keeping low and moderate-income housing available. Federal housing assistance for very low-income people is limited, and those families whose incomes are above 80% of the median are not eligible for housing assistance. Keeping the community intact is an on-going problem. This requires the attention of a vigilant community organization. We want to keep decent affordable housing for people who have lived in this community for many years. We need to advocate for residents in the complex system of affordable housing. People often don't know their rights. CTA provides information to CTA residents and others about their rights to affordable housing.

During the demolition and reconstruction of Camfield, which took place over several years, CTA maintained the stability of the community. Camfield Estates was a stable community and during that critical time, a part of CTA's mission was to keep this once stable community connected.



Looking toward Boston Back Bay area from Mission Main



Camfield another mixed-income housing development involving the Boston Housing Authority



Camfield and the surrounding neighborhoods



Public Housing across the street to Camfield



Interior common court yard in Camfield



Interior common court yard in Camfield with the John Hancock Tower in the background

**APPENDIX I:
BROOKLINE VILLAGE LOFTS**

Brookline Village Lofts

The town of Brookline, once an elitist suburb outside the city of Boston, is a diverse community that offers a variety of neighborhoods and housing styles. “Brookline Village has a style all its own... this area has both the charm of a small town and the convenience of a city. [This neighborhood] is influenced by its proximity to the Longwood Medical Area and the D-Line of the T [MBTA¹ subway system].”² In addition to access to public transportation, Route 9 is right outside of Brookline Village. This road accesses to Boston and the western suburbs, and it connects to I-95, an eastern corridor of the U.S. national highway system.

Brookline Village has within its territory some of the basic community facilities, including those for governmental, safety and educational purpose. Many shops and restaurants as well as several recreational amenities, open playing fields and green spaces are also found around the area.

The new developer based upon community input, the recommendations made through a series of public meeting and private discussion with the residents of the Brookline Village neighborhood, produced a project that incorporated the desires, concerns and ideas of all the parties involved.

As described by the architect, “[this] twenty-one unit residential condominium project consists of lofts and townhouse style residences...[t]he units are contained in four buildings with a parking garage beneath the two central buildings... The massing and elevations [of the building] are in harmony with the character and scale of the... houses and commercial buildings... in the surrounding Brookline Village area. The building on the corner [is] clad in wood and has a pitched roof with dormers in keeping with buildings on Linden Street. The rest of the buildings [are] clad in brick and feature large scale windows as well as projecting wood bays and cantilevered wooden bays reminiscent of buildings on Station Street in Brookline Village.”³

This 21 units to the acre development consists of four buildings, which are identified as A, B, C, and D. Building A, located at the corner of Linden Street, is a shingled four-story structure that contains three units: one flat unit and two triplexes. Building B is a four-story brick building and has three units: one flat and two triplex units. Building C, the largest building of the project, is a brick courtyard style building that contains fourteen units; most of the apartments are lofts style and are arranged in a four stories structure with elevator. Building D, which has only one unit, is the result of the rehabilitation of the existing structure on the site.

Housing Affordability

Among the agreements that secure the affordability of the housing units is that the eligible household, meaning the one certified to occupy one of the affordable units, must be a Family; that is “...two or more persons who will regularly in the unit and are related by blood, marriage, current registration under the Town’s Domestic Partners By-Law.”⁴ Additionally, the eligible household should meet the *FHA’s Mixed-Income Housing Underwriting Guidelines*, and priority for Affordable Unit shall be given in the following order:

- Current residents of the Town who are at risk of displacement and previous residents of the Town who were displaced from Brookline within the 12 months prior to he projected occupancy of the Affordable Unit
- Current residents of the town

- Persons employed by the Town of Brookline of the Brookline Housing Authority
- All others

According to the number of persons that would occupy the unit and the maximum income established by HUD for 50% of median income in the Boston metro area, the rent charged to tenant will be 30% of their income minus the utilities. The maximum Brookline Housing Tenant Based Subsidy for rent is \$1,724 before utilities.

¹ The D-line, part of the Boston's subway system, runs from Kenmore to Newton, passing by the Brookline Village Station, in the style of an old electric trolley

² www.brooklinevillagelofts.com

³ Marketing portfolio of CYMA2, Inc, the architect on charge, courtesy of Mark Nielsen principal of the firm

⁴ Affordable Housing Agreement, Brookline Village Lofts – Unit 4, courtesy of the Brookline Planning Department



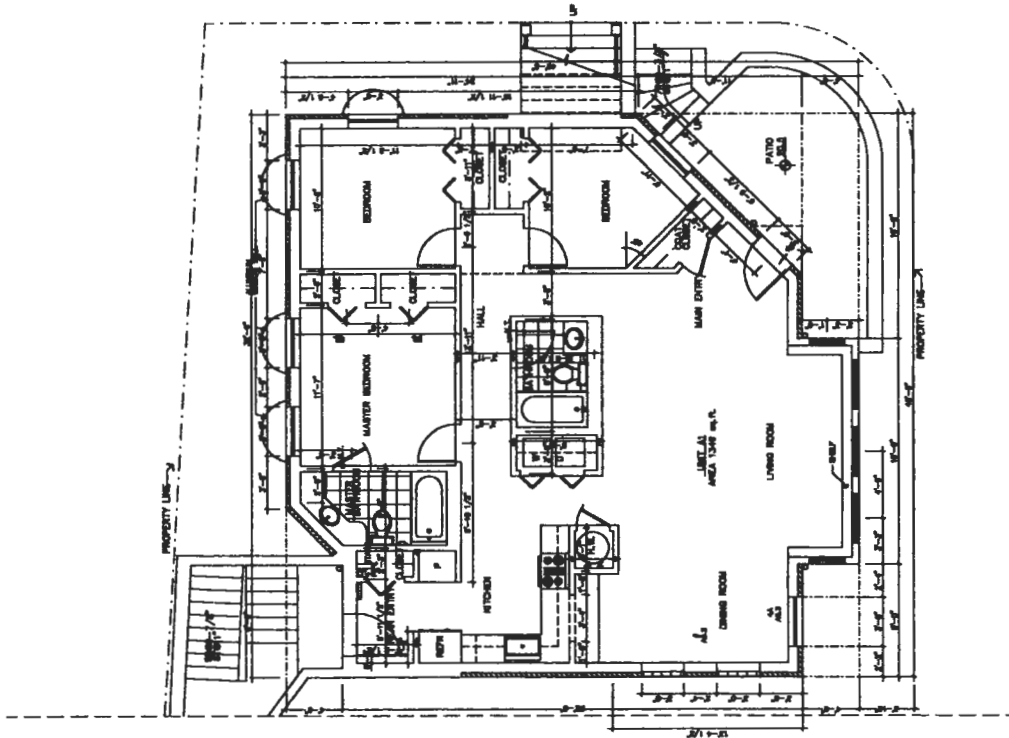
Brookline Village Lofts, elevator and entry at Building C



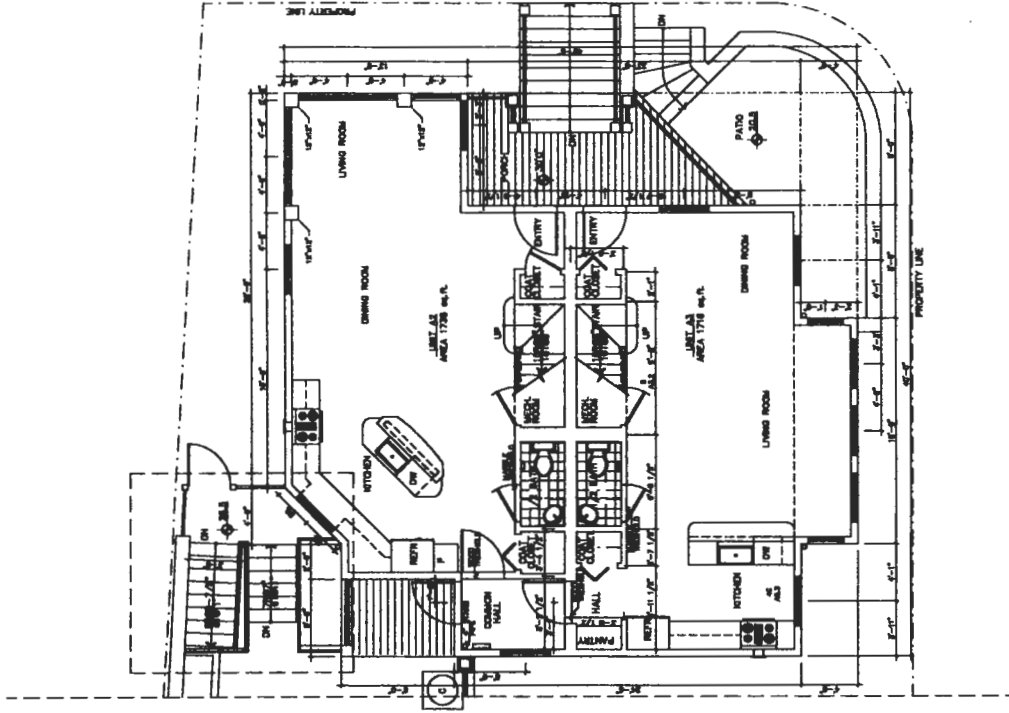
Looking toward Boston from Kent Street in the Brookline Village. Brookline Village Lofts on the left.



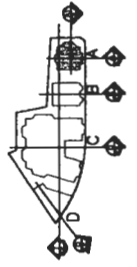
Kent Street at the Brookline Village Lofts.

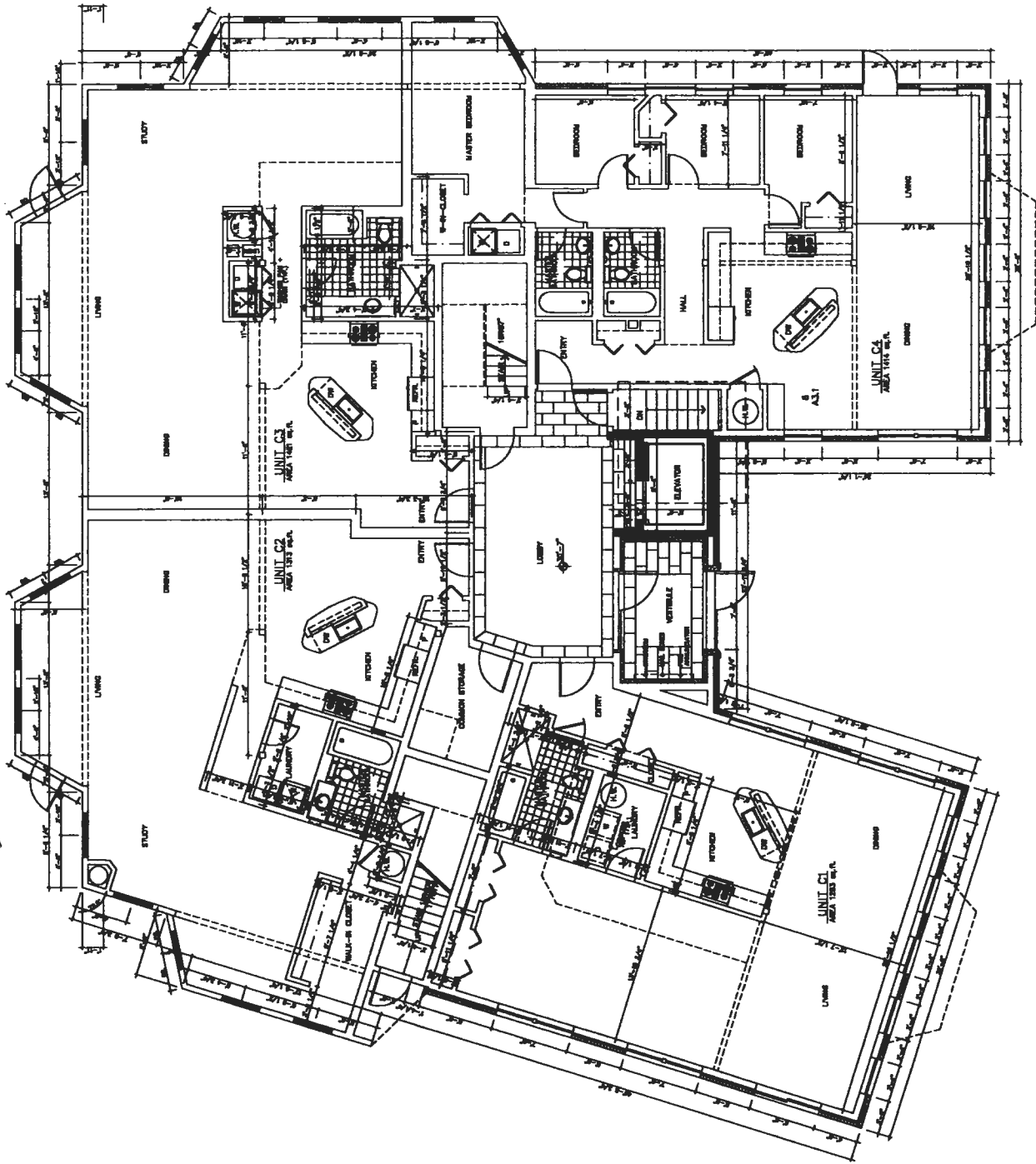
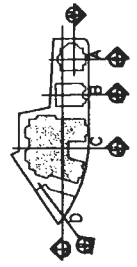


1 FLOOR PLAN UNIT A1
N.A.



2 FIRST FLOOR PLAN UNIT 2 AND UNIT 3
N.A.





① FLOOR PLAN UNIT C1, C2, C3 AND C4
N.A.

**NEW
AFFORDABLE
3 & 4 BEDROOM RENTALS**

at

the Brookline Village Lofts Condominium

for

**Two Income-Eligible Families
Who Have Section 8 Vouchers**

*provided by Resource Capital Group
under the requirements of the Town of Brookline's inclusionary zoning by-law*

one three-bedroom apartment : \$1,468 (including utilities)

one four-bedroom apartment: \$1,724 (including utilities)

(parking space included)

These units are available for households with the following maximum income:

<u>number of family members</u>	<u>maximum combined gross family income</u>
3 persons	\$ 31,500
4 persons	\$ 35,000
5 persons	\$ 37,800
6 persons	\$ 40,600
7 persons	\$ 43,400
8 persons	\$ 46,200

Applicants must have Section 8 vouchers.

highest priority to

- 1. Brookline residents at risk of displacement or former Brookline residents displaced during the past 12 months (including those currently paying more than 50% of their income on housing costs)*
- 2. other Brookline residents*
- 3. Town and Brookline Housing Authority employees*

**Qualified households must send a completed
Preliminary Application and Release Form to**

Housing Division, c/o Department of Planning and Community Development
333 Washington Street – 2nd Floor, Brookline, MA 02445 • (617) 730-2091

by October 5, 2001 for first consideration.

Eligible applicants will be referred to the owner, who will screen and select tenants.



**EXHIBIT C
INITIAL INCOME LIMITS AND RENT**

(74 Kent Street- Unit 4 - 4 Bedroom Unit)

Initial Income Limits:

Established by the U.S. Department of Housing and Urban Development on 3/29/01 for 50 % of median income in the Boston Standard Metropolitan Statistical Area.

Number of Persons	Maximum Income
4	\$ 35,000
5	\$ 37,800
6	\$ 40,600
7	\$ 43,400
8	\$ 46,200

Initial Rent Determination (assuming no Tenant Based Subsidy):

Hypothetical occupancy (assuming 1.5 persons per bedroom):	6 persons
Hypothetical income:	\$ 40,600
Targeted income at 40% of income ceiling (80% of the above):	\$ 32,480
Annual rent (multiplied by .3)	\$ 9,744
Monthly rent (divided by 12)	\$ 812

Minus tenant paid utilities (published by Brookline Housing Authority for a three family house as of 6/1/01)

natural gas heat	(\$ 120)
natural gas cooking fuel	(\$ 22)
electricity	(\$ 59)

Net rent charged to tenant \$ 611

Maximum Brookline Housing Authority Tenant Based Subsidy
(HUD-approved Fair Market Exception Rent, 6/28/01)
Net of tenant paid utilities

\$ 1,724
\$ 1,523

**APPENDIX J:
PROMOTORA CASARAPA**

Promotora Casarapa (Casarapa Real Estate)

Promotora Casarapa (PC) was formed by developers that have more than twenty-five years working in the real estate business in Venezuela and have built more than 6,000 housing units until 1999. Among others, PC has developed three distinct projects that provide affordable housing: Ciudad Casarapa, La Llanada and Parque Residencial Terrazas de la Vega.

The Town of Guarenas

The town of Guarenas, located 30 minutes¹ from the Caracas' urban core in the state of Miranda, is part of the area that has been dominated as Greatest Caracas. In this town, industries and small business dominate the area but, Guarenas, coupled with its abutting neighbor Guatire, has become an alternative for housing developments, because of the availability of land and proximity to the CMD. The United Nations estimated a population of 160,000 people for the year 1992, which has been increasing since then. The greener of the area, which is tremendously decreasing due to unplanned developments, low density neighborhoods and access to a mayor highway that connect to the east of the country as well as to the CMD, are motives for attracting people to live in this area. Additionally, the low housing cost, 500,000 Bs/sq. m, if compared to some of the areas in the CMD (Table 16, Chapter 2), has attracted many people and had fueled the development of new commercial activities, medical and educational services, and job opportunities². However, Guarenas is not better than the CMD in terms urban infrastructure and public services, and the town is neither exempt of crime rate nor social conflicts³.

Although the large housing production in the area, the new developments are aimed to satisfy the demand of housing for people with moderate income; so, low and very-low income as well as high income households are not the prospective buyers of this developments. According to the housing officials in the state of Miranda, the main cause that deprives housing opportunities to people with low and very low income is that the private sector and institutions had bought most of the public land in the area from previous administrations, so it is hard to find available land for alternative housing developments. Since the developers do not include this group of households in their new developments, people living in barrios, sometimes already upgraded and stabilized, face the frustration of the relocation alternative⁴.

Ciudad Casarapa

The project was scheduled to start in 1992 and to finish in 2002; so 1,000 units should be built every year in order to achieve the goal. According to one of the developers⁵, it was necessary to understand the incentives that the law provides and to know the profile of the potential buyers. It was also important to consider the social context and development of the low and moderate-income neighborhoods. Additionally, for this ambitious plan, it was strategically necessary to sell the project on paper, so the design of the proposal was an important step in order to attract prospective buyers.

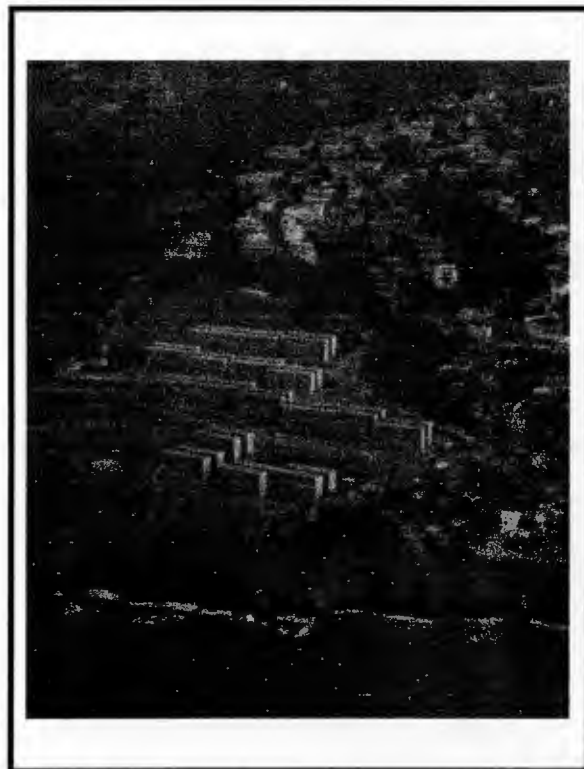
Although the developers had some financial support, they still needed to assure more funding in order to accomplish such a project. For this purpose, they had the opportunity to put "housing bonds" in the stock market, which allowed them to continue with the development

While the brief rebound of the economy during the first half of the 1990s, the construction of the project moved forward and 500 apartments were sold. But, in 1994,

during a banking crisis⁶, the owners of the bonds had the choice to cash it or take one of the apartments as it was established. Although the price of the apartments had augmented to \$20,202, the banks were forced to cash most of the bonds that they had bought. The original intention of the banks was to progressively offer the apartments to the affiliates of the LPH. However, at the time of the banking collapse, the banks, many of them broken, had to respond with money to people that were making their savings according to the LPH; so it was not in the bankers' hand the choice of taking all the apartments. Consequently, the developers had several apartments that they could sell for a better price, but they had to loan money to pay the value of the bonds.

Town of La Guaira

The largest and most important airport of the country, the International airport Simon Bolivar serving the CMD, and a major seaport for international and national commercial trade are located within this industrial town. Additionally, historical structures, beaches and restaurants make of La Guaira a place of relaxation for those living in the capital city. Prior to the 2000 legislation that created the CMD, La Guaira was part of the territory of the former Federal District (Distrito Federal) that also included the city of Caracas or Municipio Libertador.



Recent Public Housing developments in La Guaira

La Llanada: Creating Mixed-Income Neighborhoods as a financial strategy

The relevance of this project, located in La Guaira⁷, is the development of affordable housing in a high-income neighborhood. La Guaira, a town located 30 minutes from Caracas, is a tourist attraction to the residents of the capital city and an alternative for those who cannot afford to live in the CMD.

In 1987, the developer had bought a beautiful parcel of land in front of the sea within La Guaira in La Llanada neighborhood. This lot was well served by all utilities, including water, sewer, and storm, and it was surrounded by vacation and luxurious housing developments. As a result of the economic upheaval, there were not prospective buyers for making plans for a luxurious project, so Mr. Alamo decided to keep the land undeveloped. But, in 1999, he decided to build the same type of units that were been developed in Ciudad Casarapa. The goal of this strategy was to recover the money invested in the land.

The “controversy” of this alternative was that the parcel was located in an affluent neighborhood, so an affordable housing project would negatively impact the value of the surrounding properties, according to the developers in the area. However, Mr. Alamo was convinced that providing units for moderate-income households was a more profitable and safer deal than building the type of luxurious apartments commonly found in the area. Selling the land was not a choice either due to the economy circumstances in the country at that time.

“Be smart, live in front of the sea and work in Caracas, for only \$18,000⁸” (*Sea vivo, viva frente al mar y trabaje en Caracas, por tan solo tres millones de bolívares*), this was the slogan used to offer the two bedrooms with one bathroom apartments. The success of this 80 units project was such that encouraged the developer, in partnership with other businessmen, to buy other parcels, where they built more than 400 apartments with the same characteristics. This initiative fueled the local construction industry that generated employment opportunities, welfare and more than 2,000 apartments around the area.

Parque Residential Terrazas de La Vega

In accordance with Promotora Casarapa, one of the largest clients of Lafarge, the resulting strategy was to develop a housing project aimed to moderate-income households under the provisions of the LPH and with similar characteristics to the one in Guarenas.

The challenge for the developer was to continue with the production of housing for Ciudad Casarapa and providing the housing units and amenities for the new project. Among other difficulties, the developer had to clarify ownership and property boundaries, because it was an old piece of land that the municipality had not kept tract of its history.

¹ The average time with not traffic is from 25 to 45 minutes. During rush hour the trip could last up to 2 hours

² *Nuevas propuestas habitacionales /// En Guarenas-Guatire. Mas vivienda y servicios* at www.infocentro.com from El Universal 03/05/2001

³ Guarenas is considered for many as the epicenter of the *Caracazo* (See endnotes in Chapter 4)

⁴ *No hay terrenos para construir viviendas de interés social* at www.infocentro.com from El Universal

⁵ Juan Guillermo Alamo is the author of the second part of the book *De la Hacienda a la Ciudad, Casarapa* and the director of the Casarapa Real State. Some elements described in this case study are conclusions elaborated from a conversation with Mr. Alamo.

⁶ “The financial crisis which began in 1994 and continued into 1995 had a tremendous impact on the Venezuelan economy. By the end of 1994 the government had injected over USD \$1 billion into the commercial banking sector and intervened in 17 financial institutions, nationalizing nine commercial banks and closing seven others. The factors that contributed to the crisis had been building for years and culminated with the collapse of Banco Latino in January of 1994. Over the next three weeks, approximately 35% of the country's banking system virtually collapsed.” Taken from the Toronto Centre at www.torontocentre.org/nonflash/case_ban_vbc.htm

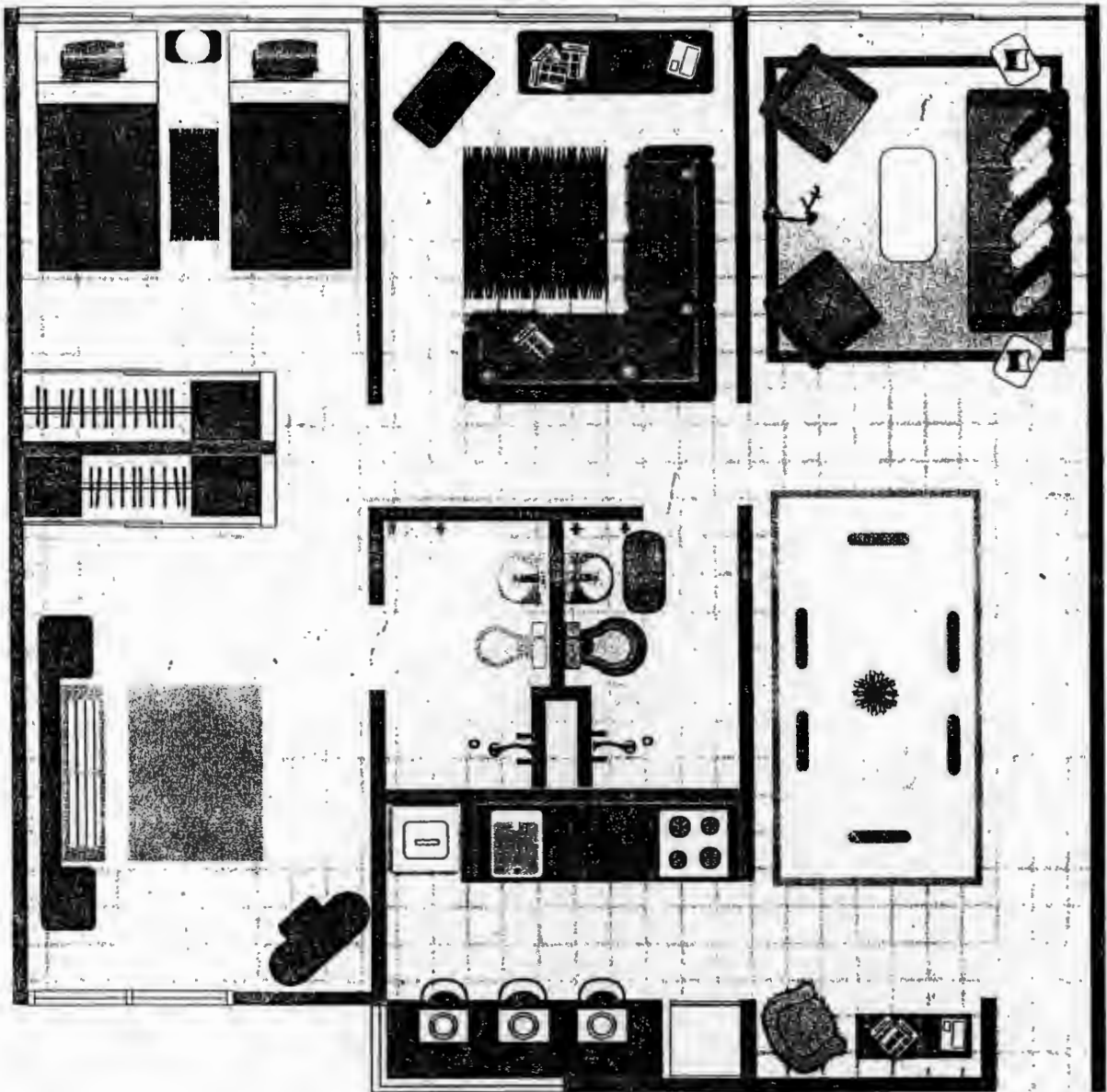
⁷ In December 1999, as reported by CNN (www.cnn.com), “...torrential rain causing floods and landslides that crashed down from Mount Avila... affected [Venezuela's] entire northern coast, stretching from [east to west]... The thin coastal industrial and tourist area [La Guaira] is home to about 350,000 people... [and it was covered by]... a tide of dirt, concrete, rocks and tree trunks... Some 150,000 people have been left homeless... [and] approximately 10,000 people killed.” See Appendix H for further information about la Guaira

⁸ The estimated value of the currency for 199-95 was 165 Bs/\$



La Llanada

Ciudad
Ciudad
Ciudad
Casatrapa
Guarenas



Terrazas de
La Vega

