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Cuba Strips Half-Century-Old Prohibition to Relieve Housing Crisis

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Cuba’s severe housing crisis, a shortfall of some 600,000 homes with many buildings in poor condition, may ease after President Raúl Castro’s government recently overturned bans on the sale of houses, bans which have generated discontent, stagnation, and corruption for half a century.

The authorization for Cuba’s residents to be able to buy, sell, exchange, donate, or award their homes because of divorce, death, or a permanent exit from the country was one of the most popular measures announced by the president in 2011, as part of the internal reforms aimed at "updating" the socialist model and stimulating the economy.

"Perhaps no other country can understand the psychological impact of these changes. After 50 years, Cubans feel that for the first time they have been provided the flexibility to manage their own assets," said one foreign journalist in Cuba, witness to the adjustments made by Castro, who assumed leadership of the country in 2006 because of his brother Fidel’s health crisis.

Until October 2011, Cubans were allowed to swap their house for another in comparable condition and without monetary compensation, and the swap was supervised by state agencies. The rigidity of the prohibitions created setbacks for families and corrupted lawyers, inspectors, and officials responsible for the controls.

The program with which the state claimed to curb real estate speculation led to disaster. Elderly, widowed, and divorced Cubans with poor pensions but spacious homes could not sell them for fear the government would accuse them of speculation and seize the property, as had happened to many at risk.

"I know old people who witnessed the deterioration of their homes and died without being able to make a deal to sell them to allow them some money to feed themselves better. Meanwhile, in neighborhoods like Cayo Hueso in the heart of Havana, families of five live crammed into one room and have to sleep in rotation," said a former official with the housing agency (Instituto Nacional de la Vivienda).

Some of the dramatic situations that caused these bans have been addressed in tragicomic films and plays. In Cuba, stories proliferate of young people who get married but must remain in their parents’ homes because of the unavailability of a space of their own to make a new home.

With 11.2 million people, Cuba has about 3.7 million homes. Half are in poor condition, and 8.5 out of every 10 buildings are in need of repair. The state has admitted that each year it falls short of its goals for constructing and maintaining buildings.

Hurricanes also aggravate the situation. Since 2002, the date of the previous national population census, more than 1 million of the 3.9 million households on the island have been affected by these weather events, floods, or high waves. In 2008, three hurricanes (Gustav, Ike, and Paloma) damaged half a million homes and caused losses of US$10 billion.
Rearrangements and taxes

Officials quoted by Granma, the official newspaper of the Partido Comunista de Cuba (PCC), explained that the new decree seeks to facilitate "the spontaneous rearrangement of citizens," "eliminate the causes and conditions conducive to illegal [activities]," "strengthen the role of tax and regulatory mechanisms," and "lighten the administrative responsibilities" of institutions.

In a country where the average monthly wage remains below US$20, many believe that the main beneficiaries of the measure will be those who have relatives abroad who will wire funds to purchase homes, with prices hovering between US$30,000 and US$250,000 in the capital, according to online advertisements.

The government would benefit from these transactions because the new law stipulates that the purchase must be made through state-run banks and has established a 4% tax on property values. The population has reacted cautiously, fearing that the government will seize the bank funds under the pretext that money was obtained illegally.

These reforms could trigger the flow of remittances sent by emigrants living in the US so that their family can own a better home in Cuba or contribute to the purchase of property (placing the name of a relative living on the island as owner) for a hypothetical return in the future. Only residents on the island have been allowed to buy houses in the country.

The situation is very different for those whose home is their only source of capital. "I was anxious, waiting for permission to sell my house and have money to go to Spain," said Carlos, owner of a very old apartment centrally located near Havana’s hotels and embassies, which is in need of repairs but worth US$45,000.

Noelia, a 65-year-old widow living in the elegant Miramar neighborhood of Havana, has two children who live in the US. She has refused their pleas to leave for Tampa for 10 years, because emigration would mean the government confiscation of the family home with all its furniture. The government expropriated all of her property, which convinced her to permanently leave the country.

Nowadays, those who leave the island may transfer their home to relatives within the fourth degree of consanguinity. "Selling the house and moving has become a viable option for those of us who would prefer to remain in Cuba before turning over our inheritance to the government," said Noelia.

Internal migration and stratification

This recent government approval is headed in the same direction as other Castro measures to reduce excess restrictions, such as allowing the sale of motor vehicles, which was also forbidden, and easing restrictions on internal migration. A 1997 decree prohibited internal migration of Cubans from other provinces to Havana without official permission, but such restrictions were partially lifted in November 2011 and will benefit spouses, children, parents, grandparents, and grandchildren of homeowners in the nation’s capital, as well as minors and the disabled.

The island suffered extreme hardships after it lost the subsidies from communist countries in the 1990s. The 1997 legislation was meant to prevent overcrowding and decrease crime and unemployment in the capital. The government tried to stem the tide of migration from the provinces to Havana, where there were better sources of employment.
The crisis brought a proliferation of slums on the outskirts of Havana and more overcrowding in the large old houses divided into rooms. Between 2006 and 2008, 20,000 people residing "illegally" in the capital were forced to return to their places of origin. According to the 2002 census, of the 2 million residents in Havana, 32% were born in other provinces.

From now on, the green light for authorized housing sales could change the social stratification of Cuba’s barrios. Those who are more able to generate money and receive more remittances will ostensibly be able to secure a more comfortable life without dissimulation or subterfuge that until now has imposed vigilance and communist egalitarianism.

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