

University of New Mexico

UNM Digital Repository

Architecture and Planning ETDs

Electronic Theses and Dissertations

Summer 7-12-2021

An Adverse Path to Home: Challenges for Low-Income Workers in Access Housing in Some Mexican Cities

Aurora Melisa Munoz Casarrubias
University of New Mexico - Main Campus

Follow this and additional works at: https://digitalrepository.unm.edu/arch_etds



Part of the [Architecture Commons](#)

Recommended Citation

Munoz Casarrubias, Aurora Melisa. "An Adverse Path to Home: Challenges for Low-Income Workers in Access Housing in Some Mexican Cities." (2021). https://digitalrepository.unm.edu/arch_etds/151

This Thesis is brought to you for free and open access by the Electronic Theses and Dissertations at UNM Digital Repository. It has been accepted for inclusion in Architecture and Planning ETDs by an authorized administrator of UNM Digital Repository. For more information, please contact disc@unm.edu.

Aurora Melisa Munoz Casarrubias

Candidate

Community and Regional Planning

Department

This thesis is approved, and it is acceptable in quality and form for publication:

Approved by the Thesis Committee:

Dr. Jennifer Tucker, Chairperson

Dr. Renia Ehrenfeucht

Dr. Claudia B. Isaac

**AN ADVERSE PATH TO HOME: CHALLENGES FOR
LOW-INCOME WORKERS IN ACCESS HOUSING IN
SOME MEXICAN CITIES**

by

AURORA MELISA MUNOZ CASARRUBIAS

**BS IN ARCHITECTURE, UNIVERSIDAD AUTONOMA
DEL ESTADO DE MORELOS, 2016**

THESIS

Submitted in Partial Fulfillment of the
Requirements for the Degree of

**Master of Community
and Regional Planning**

The University of New Mexico
Albuquerque, New Mexico

July, 2021

ACKNOWLEDGMENTS

I would first like to thank my committee members for their insightful comments and suggestions. I am very grateful to have had the opportunity to learn from them through different classes and projects we work on. They have been my source of motivation and curiosity during these years.

I would also like to express my deepest gratitude and appreciation to my supportive advisor Dr. Jennifer Tucker, whose continuous assistance, support, and encouragement at every stage of my research helped me improve my thinking and writing skills. The completion of this project could not have been possible without her unwavering guidance and feedback.

A special thanks to Aljaz and Oli. You two were happy distractions and my biggest motivation to complete my research.

Finally, I would like to express my gratitude to my mother, brother, and grandmother because, despite the distance, they support me with their prayers, advice, and encouragement. In one way or another, they accompany me in all my dreams and goals.

**AN ADVERSE PATH TO HOME: CHALLENGES FOR
LOW-INCOME WORKERS IN ACCESS HOUSING IN
SOME MEXICAN CITIES**

by

Aurora Melisa Munoz Casarrubias

BS in Architecture, Universidad Autonoma del Estado de Morelos 2016

MS Community and Regional Planning, University of New Mexico, 2021

ABSTRACT

This thesis studies the homeownership discourses that encouraged low-income Mexican workers to commit to paying home loans and the process of providing mortgages as a strategy to address housing needs in Mexico with a case study of Homex developments. Homex was a large-scale housing construction project, which enabled me to study housing supply through loans and mortgages.

Currently, the purchase of new housing in Mexico is only accessible to those who receive more than five minimum wages (CONEVAL, 2018). To extend homeownership to low-income workers, financial institutions and the Mexican government promoted mortgage securitization and large-scale construction projects like Homex. However, despite an investment of more than 100 billion dollars (Marosi, 2017c), I argue that the Homex project and the Mexican government policies did not help improve low-income Mexican workers' living conditions. Homex builds housing developments without minimum quality controls, with low-quality materials, and in marginal areas. At the same time, the state provided unpayable loans. The result was 5 million abandoned houses. The

most important cause of abandonment is that Mexican workers could not afford them (Altamirano, 2019).

Understanding the failure of policies that promote securitization of mortgages to achieve decent and affordable housing from the perspective of low-income workers can influence and improve the following policies around this issue. This thesis will provide recommendations for future proposals in this area.

TABLE OF CONTENTS

INTRODUCTION	1
CHAPTER 1 HISTORY OF HOUSING PRODUCTION IN MEXICO AND THE POLICY CHANGES THAT LED TO MORTGAGE-SECURITIZATION	5
Introduction	5
History of housing production in Latin America	6
The right to housing	9
Neoliberalism	13
The role of the World Bank in house purchases	19
Secondary mortgage markets and the 2008 financial crisis	24
Mortgage securitization in Mexico.....	28
Reflections.....	39
CHAPTER 2 DISCOURSES PROMOTING HOMEOWNERSHIP	40
Introduction	40
Homeownership.....	41
Housing discourses.....	47
Analysis of the homeownership discourses in the Homex Case	48
First stage data collection and content analysis.....	49
Second stage data collection and case analysis	49

Third stage data collection and thematic analysis	50
Coding process	50
Looking for a better life; homeownership discourses in the Homex case.....	52
Government discourses	52
Homeownership discourses; decent housing.....	54
Homeownership discourse; housing a family investment for the future	55
Homeownership discourse; claims against Homex	49
Reflections	58
CHAPTER 3 THE HOMEX CASE	60
Introduction	60
Housing in Mexico: the Homex case	60
The housing boom	62
Causes of abandonment.....	65
Housing Policy	69
Reflections	74
RECOMMENDATIONS.....	76
CONCLUSION	77
REFERENCES.....	79

INTRODUCTION

This research aims to investigate the process of obtaining a mortgage loan from the perspective of the working class, to paint a fuller picture of how mortgage securitization works in Mexico.

Unlike earlier work in mortgage securitization based on countries' geographies from the North, in this research, the focus is exclusively on the Mexican housing boom from the perspective of low-income workers taking as an example the case of Homex. Using qualitative methods, with primary and secondary data collection, I first explore the literature on mortgage securitization in the United States, describing the processes that led to the 2008 housing crisis. The goal was to identify practices and recurrent patterns related to homeownership and mortgage securitization in Mexico. Second, I examine the relationship between homeownership discourses and the housing purchasing decisions that workers made in the Homex case; third, I investigate the Homex case, causes, and consequences of the failure to provide access to decent housing that led to 5 million abandoned houses (Altamirano, 2019).

My interest in the Homex case started when I read Richard Marosi's (2017) work on the Homex case. He describes several elements that led to the failure of Homex in providing access to decent housing in Mexico. Knowing that there was already a considerable body of work on the Homex case, I wanted to explore these elements further, starting with mortgage securitization processes and homeownership discourses. I study other authors' work on these topics, such as Rolnik's work on *Late Neoliberalism: The Financialization of Homeownership and Housing Rights* and Ronald's work on *The Ideology of Home Ownership: Homeowner Societies and the Role of Housing*. I also look

at studies on mortgage securitization, especially the work of Soederberg on *Subprime Housing Goes South: Constructing Securitized Mortgages for the Poor in Mexico*.

Through this research, I became aware that there is a conflict of rationalities between the government's logic and the low-income population's logic of survival. The government seeks to control and develop based on modernization and the creation of the ideal city, while workers seek ways of survival through informal work and housing. Even though housing is a fundamental part of the family nucleus and the community's cohesion (Ronald 2008), it has also become an important part of economies as a commodity. Mexican developers, governments, and financial organizations failed to provide decent, affordable housing because they follow economic rationality based on private markets.

Despite the recognition of the importance of the housing role in society, a review of the relevant literature showed that there is a gap in research about mortgage securitization in Mexico. In this regard, Soederberg argues, we do not know enough about mortgage securitization in the global South because mortgage securitization has been based on the geographies of North: The United States and Europe (Soederberg, 2015).

Considering all these points, it seemed to me that raising awareness of how the failure of policies that promote securitization mortgages to achieve decent and affordable housing from the perspective of low-income workers can influence and improve the following policies around this issue.

With this frame of reference, I formulated the following research questions.

1. What are the impacts of mortgage-securitization on housing access and housing justice in Mexico, especially in the case of Homex?

2. What historical, political-economic processes in Mexico promoted mortgage-securitization?
3. What policy changes promoted mortgage-securitization?
4. How did competing discourses of homeownership and housing access play into these processes?
5. What are the social impacts of the Homex case?

The thesis chapters are structured to answer the research questions. Chapter 1 contextualizes the study in the relevant literature on historical, political-economic processes in Mexico that promoted mortgage-securitization. Mainly, I emphasized in the presidents of two six-year terms who focused on the number of loans as a symbol of success, not on the quality of the homes or the worker's ability to pay. Workers who acquired a home through loans ended up living in low-quality houses that they could not afford, losing the money invested for years and the property they hoped to acquire. In Chapter 2, there is an analysis of competing discourses of homeownership and housing access play into these processes. Chapter 3 reviews the impacts of mortgage-securitization on housing access and housing justice in Mexico, especially in the case of Homex.

This thesis studies how low-income workers in Mexico experience the mortgage process with a case study of Homex developments. Homex represents an excellent case study to exemplify these dynamics since, on the one hand, it allowed investors and construction executives to made huge economic gains and prestige by becoming known as the "builders of nations." Meanwhile, lower-income workers were trapped with complex mortgage loans and with payments that increase to become equivalent to their salary (Marosi, 2017c).

My research aims to understand more about how this process works from the perspective of low-income workers in Mexico. How do workers understand the process of acquiring a home and continue to deal with mortgage loans despite the marginal conditions they live in? Understanding the failure of policies that promote securitization of mortgages to achieve decent and affordable housing for the working class from their perspective can influence and improve the following policies around this issue.

CHAPTER 1 HISTORY OF HOUSING PRODUCTION IN MEXICO AND THE POLICYCHANGES THAT LED TO MORTGAGE SECURITIZATION

Introduction

The accelerated growth of the population in the cities during the 1950s raised the need for housing planning. This chapter studies the policies that the government promoted to access housing through mortgage securitization, as well as the incursion of neoliberal policies that favored this type of financing.

I focused on the effects of the neoliberal strategy of promoting homeownership and how these practices diminished the state's role in the production of housing, leading to a higher reliance on the private sector. Neoliberalism drives the economic rationale for expanding private markets, where international organizations benefit from money flow and counterflow on a global scale. However, according to Romero, the solutions proposed to control the planning and development by granting financing only manage to contribute to the divisions and social inequity that marginalize the poorest since loan options become the only option and make other options impossible, creating the deconstruction of the popular support housing system (Romero 1995).

I argue that although housing plays a fundamental role in people's lives, the role of housing as an object of commercialization is considered more important than the right to access decent and dignify housing stipulated by the Mexican constitution. Throughout this chapter, I will answer what historical, political-economic processes in Mexico promoted mortgage securitization? And what policy changes promoted mortgage-securitization?

History of housing production in Latin America

Since the 1950s, concern about rural migration to the cities has started to grow. In the sixties, the centers of the main cities in Latin America began to saturate (Romero 1995). The industrialization was not able to absorb the rural population of new workers. Since the urbanization rate had unprecedented growth in the last 25 years, causing that many cities doubled in size (Moser 1978). Consequently, the population began to create irregular settlements in a process based on peripheralization (Carrión et al. 2001). Urbanization on the periphery was characterized by the occupation of illegally purchased public land, real estate developments profited from the peripheries by expanding the supply of new products and services that governments could not satisfy (Bolán 2016). Governments were concerned about how to respond to this situation. Thus, they focused on the construction of modern architecture with criteria structured in the Athens Charter. The Charter of Athens was a document formulated in 1933 on urban planning published by the architect Le Corbusier. The Charter played a fundamental role in urban planning after World War II. The main objective of this document was to establish standards of beauty and functionality (Hisour 2018). The state aimed to incorporate apartment blocks and massive construction of minimal spaces, but with the required services. This housing model sought to eliminate precarious dwellings, which, under various names, some derogatory, refer to the poor. In the words of Romero, two issues are important to highlight; one is the misinterpretation of the phenomenon of irregular housing, and two, the rejection of the poor. The poor are considered responsible for making the city "ugly" (Romero 1995). Beauty was homogenized and standardized. However, Lefebvre relates the homogenization of lifestyles and the colonization of daily life with the crisis of modern cities created by state-

socialist and state-capitalist planning. According to Lefebvre, the financial crisis that cities face is related to the urban life characterized by exploitation, inequality, class domination, and oppression. In particular, he mentions the case of lower-class and working-class suburbs that architects designed around the daily labor process based on the functions and regulations of modern urban life (Brenner, Marcuse, and Mayer, 2012). The spatial characteristics of these suburbs consist of urban centers around a central business or commercial nucleus, widening of the streets to facilitate vehicular transport, vertical densification, and the separation and reorganization of the main activities carried out in the city through zoning (Piedrahita-Gutiérrez 2012).

In the 1960s, NGOs in Mexico followed a housing model based on the Athens Charter in the 1960s. A project started with a building in the Tepito neighborhood near the historic center of Mexico City. In this project, for the first time, an organized group participated in the cooperative property through which a loan was requested for the purchase of houses. In political matters, the proposals to improve the distribution of land or access to housing were diverse. For example, the Law on Human Settlements proposed greater access to urban land for the low-income population. However, there was resistance from the conservative sectors, who saw this as a socialist law. A year later, the government created the Secretariat for Human Settlements and Public Works in the area of housing. This section was characterized by inviting professionals to participate in the program. The guests included members of the habitat and different NGOs (Romero 1995).

In the 1970s, the term Social Production of Housing (SPH) emerged; however, scholars disagreed on a universal definition, so the authors interpreted it differently. According to Enrique Ortiz, **the social production of housing** is a system of social

production that acts without profit, at the initiative and under the control of a promoting social enterprise, which can be a population-based organization, for example, cooperatives, associations, unions, or a non-governmental professional organization such as some types of NGOs, technical assistance centers, popular housing institutes, civil pro-housing associations, among others, that produce housing where organized claimants participate actively from the early stages of the housing process" (Romero 1995). In other words, houses developed by self-producers can be individuals, groups, and even social agents, but not for profit. It is estimated that in Latin America, between 50% and 75% of homes are produced without any type of support from the private sector or the government (Ortiz Flores 2011).

According to Romero, an advantage of social housing production is its inclusivity or that the occupants participate in the production of their homes. This allows the houses to adjust to the social, economic, and cultural reality of the population (Romero 1995). The collective process also creates community cohesion. This counteracts domination exercised by large corporations and the state that lead to social exclusion. With the social production of housing, the control of decisions rests with different members of the population, which increases participatory democracy (Ortiz Flores 2011). However, policies must facilitate access to resources to achieve a system that allows communities to produce their homes (Romero 1995).

In 1979 the first National Housing Program was approved and supported by NGOs to create a financial institution that supported low-income inhabitants, especially the non-salaried. In the same decade, the state established an institutional housing system that gave the state the role of regulator and leading manager of housing provision. Later in the 1980s,

in article 4 of the Constitution of the United Mexican States, **the state recognized the right to decent housing (Zicardi and González, 2013)**. Subsequently, the National Fund for Popular Rooms (FONAHPO) was created, whose function was to grant credit support. This institution was **flexible in its rules and operating criteria**. In the period between 1982 and 1992, it granted around 2,000 loans that benefited about 150,000 people; however, despite the achievements of these institutions, the advances that these institutions represented in terms of housing were slowed down by neoliberal policies from 1992 in Mexico and the mid-1980s in different parts of Latin America. This process is known as "the deconstruction of the popular support housing system" (Romero 1995).

The right to housing

Housing is a fundamental part of the family nucleus and the cohesion of the community; it is a space that provides shelter (Ronald 2008), and according to some authors, housing is among the fundamental human needs because families create an affective relationship based on the different individual functions that they carry out every day. A home is also a space used individually and collectively to interact, create relationships with the occupants of other houses, and generate identity within the city (Ortiz Flores 2011). Housing that provides security, access to urban services, and stability positively affects health and psychological well-being (Baqtayan 2015). However, housing is also a material good that can be exchanged, which can accumulate wealth and is an investment that can last for generations. The multifunctionality of a house has an impact on the world's economies (Ronald 2008). With the shift towards a neoliberal economic system, the state followed a rapid transition towards prioritizing housing as a commodity. Developers, governments, and financial organizations handle all the terms

associated with housing with a quantitative approach, for example, the number of loans granted, the number of houses, square meters, number of rooms, and square meters per inhabitant. Under this logic, massive, depersonalized constructions are produced and, in most cases, far removed from the urban context (Ortiz Flores 2011).

Historically the commodification of housing has strengthened under neoliberalism due to discourses about the superiority of market processes. The commodification process and the increased use of housing as an investment asset placed in a globalized financial market had interfered negatively with the right to adequate housing (Rolnik 2013a). This follows a classic neoliberal strategy, where there is a decrease in the functions of the state to provide social services. Less public money is invested in housing, welfare systems, and rent subsidies, for example, and the economic and social risks of the state are transferred to individuals. The risk change corresponds to a globalized model that fosters a competitive market and is oriented towards a neoliberal state. Neoliberal theories are encouraged through state policies and speeches promoting that responsibility for a house purchase should be the individual's responsibility rather than the state (Ronald 2008).

However, considering the importance of housing for the well-being of groups and individuals, I argue that the role of housing as a right should be more important than its role as a commodity. The state should guarantee that everyone has access to decent housing. According to Ortiz, a house is necessary to have a decent life, and therefore, homelessness is a social injustice since it is linked to the inequitable distribution of income. Therefore, it is the responsibility of the state to provide the conditions so that the entire population has access to adequate housing. Under this logic, housing becomes a legally regulated social right, and to satisfy the right to housing, specific standards must be

guaranteed. According to the United Nations Committee on Economic, Social and Cultural Rights, among them are "legal security of tenure; availability of services, equipment, and infrastructure; affordability; accessibility; appropriate physical conditions for the development of daily life (sufficient space, security, privacy, adequate lighting, and ventilation); suitable place (safe, environmentally healthy, access to employment options), and cultural adaptation" (Ortiz Flores 2011).

Despite the importance of housing, not everyone has access to a house. According to Almazan, the housing lag in Mexico is 8.9 million houses, of which 57% of the deficit is concentrated in workers who earn less than four monthly minimum wages (Almazan, 2013). Given the low coverage of the formal housing market for low-income workers, the most viable option is the construction of informal housing, generally through an incremental building process better known as autoconstruction.

Autoconstruction represents 64.2% of the housing production in the country (CONEVAL 2018). This high percentage may be related to the fact that autoconstruction is generally a quick and easy way to build a home. Since the materials used are easily accessible, the construction techniques are techniques that homeowners know; it allows them to use the land to its full extent and leaves them the option of expanding their homes. In the process of constantly improving homes, it gives them a never-finished look. However, temporality is a vital piece in self-construction as it allows constructions to be elaborated upon. Although it can take years and even decades to finish a house, it allows homeowners to make quality and size improvements according to their priorities and financial capabilities (Walker 2001). However, architects prevent that autoconstruction

generates problems such as crowding, lack of ventilation, natural lighting, and a structural susceptibility to natural disasters, especially seismic tremors.

In comparison, Grubbauer argues that without housing finance, the urban poor households cannot afford quality materials. For these reasons, different NGOs have sought to provide micro-enterprise finance that allows low-income workers to purchase better quality materials (Grubbauer 2018). However, according to Roy, there is little empirical evidence to indicate that microfinance contributes to poverty alleviation. Quite the opposite, microfinance has been linked to predatory lending, markets that exploit the poor and expand debt. For example, Roy mentions that less than a quarter of the World Bank-funded projects using microlending were considered successful (Roy 2010).

Nonetheless, the Mexican government tried to create opportunities for low-income workers to acquire a home and thus fulfill the right to housing through the acquisition of loans. However, the housing financing represented an investment that attracted various sectors related to housing, from construction sector institutions, housing financial entities, the construction industry, foreign investment to financial intermediaries. The financial intermediaries served as mediators who offered financial products for access to housing loans, as I said before, mainly for the lower-income population (Almazan 2013). The justification for this strategy is that the housing provision is crucial in politics and the economy. In the case of politics, the promotion of homeownership creates a stronger foundation for neoliberal policies for future governments. Meanwhile, the economy leads to the creation of new financial products and speculation on mortgage-backed finance (Inch and Shepherd 2020). Therefore, there is a duality between market and state. The discourse

of "homeownership is the best option for all" reduces the reliance on government aid and transfers the responsibility for housing provision to the market (Rolnik 2013a).

The state promotes investment using the concept of working-class homeowners as victims who require homeownership by the political right (Ronald, 2008). According to this logic, low-income workers are considered victims because since they do not have access to formal housing, they are forced to live in informal settlements that are considered a precarious way of living surrounded by violence and dangers (Rolnik 2013a). Therefore, the state uses owning a home ideal as a tool for the household to conform to a part of the hegemonies of capital in power (Ronald, 2008).

Neoliberalism

Neoliberalism is a system of policies, ideologies, and rationalities that work together to achieve capital's hegemonic power. Legitimization is central to hegemonic power relations; therefore, the government will seek ways to legalize it (Miraftab 2009).

During the last two decades, neoliberalism has influenced the discourse, formulation, and implementation of policies. The two main characteristics of neoliberalism are the reduction of state intervention in social and economic affairs and the liberation of the market by believing that human well-being can best be advanced by liberating individual entrepreneurial freedoms and encouraging private property rights and free markets (Forrest and Hirayama 2009). The role of neoliberalism in housing can be better understood by knowing its history.

In the United States, there is a long history of housing deficits resulting from crises and depressions. For example, because of the Great Depression, many homeowners failed to make their monthly mortgage payments. As a consequence, the housing industry went

into crisis. The Roosevelt administration established programs and institutions that set a new housing finance system and increased homeownership to assist the housing industry. This system worked for some decades until the 1970s when with the slowdown of the economy, the state felt that the welfare was draining public finances. Thus, governments decrease the funding for public housing and subsidies. This decision affected the access to housing for the poor by cutting welfare and by shifting how people frame social housing. Public housing projects became stigmatized, being frequently associated with drug dealing and violence. People that needed social housing started to be seen as ‘dependent’ ‘losers’ because they were not part of a society of entrepreneurs and consumers. The discrimination against the people living in social houses increased for considering a home to non-whites, migrants, and poor people. Regarding spatiality, these neighborhoods became a part of a ‘redlining’ map, a part of imaginary cartography known as the ‘undesirable’ (Rolnik 2013b).

Rolnik argues that the reduction of funding, the stigmatization of public housing, and the legislation that deregulated rental markets created a material and symbolic demand for a new financing method that at the same time encourages homeownership for all. After the 1980s crisis, the United States and other members of the G7 countries seek to extend neoliberal restructuring programs globally. Under the logic of freeing the market to solve the population's housing needs, the World Bank, among other financial institutions, also encouraged dominance of the political and ideological form of capitalist globalization to the ‘third world’ mainly through austerity programs. However, Rolnik points out that there was an absence of urban and housing policies to meet the demand for housing for the poor. Some of the consequences of the lack of planning were precarious housing, lack of

infrastructure, and basic services. In addition, in most developing countries, including in Mexico, the cuts in state expenditure interrupted the attempts to establish welfare systems leading to an increase in the housing deficit. The consequences, in most cases, were an increase in poverty and informal settlements (Rolnik 2013b).

In Mexico, according to Guillermo Boils, the beginning of the transformations in Mexican housing policy began during the government of Carlos Salinas de Gortari (1988-1994), belonging to the Institutional Revolutionary Party (PRI) with the Program for the Promotion and Deregulation of the Housing, which he consolidated in October 1992 (Boils 2004). The similarity between both programs is that both were promoted by the guidelines of the World Bank, which established as a central objective the decrease in the regulatory and construction role of the Mexican State in housing activity (Mellado, 2013). The goal of the World Bank was to increase the reliance on the private market. To achieve this goal the World Bank, earn the power to influence public policies by providing loans dedicated to the construction of housing. Under this scheme, the only role of the state is to create conditions that facilitate the operation of the private sector. (Boils 2004).

Inadequate housing conditions are challenging for several governments in many countries. Therefore, housing supply has become a priority of policy debate, in which the private markets have been seen as an important piece in the development of housing. The main criticisms towards the over-concentration on the private market include adjustments to supply and demand through deregulation and exclusion of alternative or complementary modes of housing provision (Keivani and Werna 2001). The new housing model is based on the implementation of policies aimed to create stronger housing-based financial markets. Since 1990, countries considered developed, have had great success in increasing

their countries' gross domestic product (GDP) based on residential mortgage markets. This has been an incentive for countries known as developing countries like Mexico to increase their attention in the housing sector by financing programs (Rolnik 2013a).

Under the logic that markets could regulate housing allocation as the most rational means of resource distribution, state and public policymaking had overlooked the purpose of housing as a fundamental right. Even the World Bank published *Housing: Enabling Markets to Work*. This text summarized the new logic of the Housing model and its policies, where the most important argument is on the importance of the housing sector for the economy (Rolnik 2013a).

Romero criticizes the intervention of the World Bank who promoted progressive housing through loans that governments were forced to accept by the economic conditions of their countries. According to Romero (1995), the solutions proposed to control the planning and development by granting financing only manage to contribute to the divisions and social inequity that marginalize the poorest, since loan options become the only option and make other options impossible.

As I briefly mentioned before, an important change has been the introduction of policies reducing the role of the government to increased reliance on the private sector. This is a characteristic of the neoliberal system. It has become a dilemma of many Western countries that wonder how much is the state's responsibility to provide housing and how much should fall on individuals (Keivani and Werna 2001).

Organizations and individuals have criticized the state's role in the provision of housing for excessive red tape, flaws in maintenance, tedious planning, among other things.

This is one of the reasons why the provision of housing, unlike urban services such as health and garbage collection that are public provision, is mainly satisfied by the non-public sector. Therefore, there has been a decline in state participation in the direct public housing provision; instead, they support private housing provision and institutional development of formal private markets, particularly housing finance. These have meant greater private sector control in the provision of housing.

Another characteristic of neoliberalism aims to take advantage of the shortages of a commodity in the economy because the demand and prices for that commodity will rise to allow the entrepreneurs to produce more and create higher competition. The main objective is to promote competition between companies that seek to reduce their production costs and optimize their sales to the maximum. For example, in the case of Mexico, Homex took advantage of the considerable shortage in housing. Homex seeks to reduce costs to the maximum with low-quality materials and optimize its sales with false advertising, as I will discuss in the third chapter.

A last characteristic of the neoliberal system is that capital flows influence the way people live, even people who inhabit distant and different territories. Globalization facilitates processes that are repeated in different communities and countries regardless of geographic location (Chakravartty and da Silva 2012). Globalization does not mean homogenization but rather that different dimensions of a place generate relationships that are increasingly interconnected (Massey 2004). According to Sassen, globalization fades the boundary between distance and place. Local and regional practices are now also global (Sassen 2014). Massey agrees with Sassen and refers to the local and global as reciprocally constituted. However, she clarifies that this does not mean that local places are always the

victims of the global, rather than they are active contributors in globalization (Massey 2004). However, it is important to understand the scope of global connectivity. Each place has specific characteristics according to its history, geographical location, among other variables that give it unique features. Therefore, the different dimensions create a product of local relationships that connect them to the rest of the world uniquely. Thus, the effects of a theory applied in one place will have a different effect when it is applied in another place (Massey 1994).

The high levels of interactions between people and between producers and consumers that globalization enables have strengthened the global market relations between different countries. In the financial sphere, international organizations allocate millions to developing countries in the form of aid or lending. According to Harrigan and Chengang, developed countries have two reasons to provide economic assistance or loans. (1) It is based on the moral and humanitarian motivation to help reduce poverty and provide a better economic distribution to compensate for the historical exploitation of poor country resources. (2) The donor interest model states that donors seek to take advantage of the strategic and commercial gains from the receiver's countries. For example, donors can promote policies that spread their values, ideas and enhance their political power (Harrigan and Chengang 2011). Besides, it is important to recognize that there are also more subtle dynamics in addition to the obvious power dynamics that donor countries exercise. The countries to which it is loaned or donated play a crucial role in the donor country's economies. Since they provide products or cheap labor that facilitates the enrichment of these countries. (Tucker and Manisha 2020).

To sum up, housing and urban policies are a piece in a broader economy that, in general, has taken a global approach. The new paradigm comes from globalization and neoliberalism, and it is based on the commodification of housing through the implementation of policies designed to create more dependable and larger housing financing models based on the market. The reforms that have been made to improve housing policy are aimed at private property and ideologies that promote the domain of neoliberalism without really providing market mechanisms to offer adequate and affordable housing (Rolnik 2013). We would see an example of these dynamics in the following chapters.

The role of the World Bank in house purchases

The World Bank has been a catalyst for housing loans in Mexico. For this purpose, the World Bank has loaned the Mexican government 250 million dollars in the last three decades. However, this aid comes at a price; it diminishes the autonomy of the borrowing countries. International organizations influence decision-making regarding public policies focused on social development. The governments receiving the loans are committed to meeting specific criteria and procedures established in the loan contracts that dictate social spending policies. Through these contracts, the autonomy of countries that are pressured to adopt, in some cases, contrary policies that do not favor the interests of the population, especially the low-income population, is reduced, creating mechanisms of social exclusion (Boils 2004).

The restrictions or prohibitions have been established by financial organizations such as the World Bank; this one is mentioned in particular because although it is not the

only international financial institution that has granted housing loans to the Mexican government, it is the World Bank that has granted by far the most significant amount of loans. The volume of loans for different purposes equals more than 2 million dollars during the last three decades, in exchange for having the power to influence public policies (Boils 2004).

One of the most significant restrictions that have affected Mexicans is that the World Bank requires that borrowers do not have any other form of subsidy, leaving aside a large part of the population that requires assistance from the public sector for access to housing. The logic behind this measure is that the World Bank wants to guarantee profitability. According to the World Bank, it is a priority to maintain an adequate housing policy in which total investment in loans are recovered, and there is also a profit. This objective is only achieved if the government guarantees measures to recover loans and private construction companies make the construction process more efficient. Therefore, if people obtain subsidies from the government, they no longer need housing loans, and therefore they do not generate profit. The World Bank justifies this anti-subsidy logic by expressing that their housing policy provides access to housing through loans, so there is no need for subsidies. However, the critique against this logic is it is exclusionary. Among the requirements to get a housing loan is that the family income must be at least five minimum wages. According to the author Boils, this criterion of economic solvency is exclusive since few citizens earn more than five minimum wages (Boils 2004). According to the National Institute of Statistics and Geography (INEGI), only 3.7% of the 47 million workers earn more than five minimum wages (INEGI 2019). Thus, they were leaving out more than 75% of the country's families in 2002. Furthermore, this author argues that it is

precisely these three-quarters of the population that have the most significant homelessness (Boils 2004).

In addition to the loss of sovereignty, another disadvantage is the indebtedness of the country. Mexico is the Latin American country that has received the highest number of loans for the execution of housing. In 2002, the total debt contracted by the Mexican government with the World Bank amounted to just over **10 billion dollars**. This amount represents just over 9% of the total portfolio of loans granted by the World Bank. In this way, the Mexican government became the second debtor in the world of that institution. The country's debt inevitably tends to translate into greater dependency; the higher the indebtedness, the less control the government has. In addition, it becomes an endless cycle since, to obtain a new loan, the country must first comply with the previously acquired commitments; Otherwise, the country will not be able to acquire a new loan in the future (Boils 2004).

Another restriction imposed on the World Bank is that the borrowers cannot use the loans to acquire land or any other kind of housing plans that are not official. The justification for this measure is to prevent autoconstruction since the World Bank and other associations consider that self-construction can be dangerous due to the lack of technique and design. As a matter of legal order, given the regulatory complexity for developers, the World Bank recommended that bureaucratic processes become more efficient. With this, the World Bank sought to reduce public spending and that the procedures were faster, thus creating a better flow of capital. Better flows of capital benefit developers, lenders, and the state. The recovery of housing loans and the interest derived from them on time is vital to guarantee the financing of new loans (Boils 2004).

Before the World Bank, the Mexican State developed considerable low-cost housing financial programs. In 1972, with the creation of Infonavit and the Housing Fund of the Social Security Institute for State Workers (Fovisste), the state remained the main generator of housing construction for the neediest sectors of the population. Between 1980-1990 official housing programs produced almost 45% of the housing built in the country during that period. This was a great achievement for the state that became a housing regulator. During that period, the social imaginary of housing was that the lower and middle class could hardly have access to formal housing. However, the state promoted housing programs that fulfilled the social function of supporting a greater range of social groups. The beneficiaries of these homes were the low- and lower-middle-income population, that is, those who earned between one and a half and four minimum wages. Due to the low-interest rates, this housing policy through subsidies had a vital function to provide access to low-income housing, even to low-income non-wage earners. Informal jobs usually excluded workers from acquiring a loan and, therefore, a formal house. Non-wage earners represent more than half of the workers. Informal work rates in Mexico have remained between 56% to 60% of workers over 15 years of age from 2005 to 2020 (Geografía (INEGI) 2020). However, this loan model was questioned by various economic critics inside and outside the government, who described the model as "populist." Although the term populist lacks a definition with universal validity, in general, the term is associated with discourses and ideologies that are used to discredit an opposing school of thought. In this case, the political class is describing a government program that favors the workers as populist with a negative connotation, in such a way that the word diminished the program and whoever promotes it (Treviño and Bonfiglio 2018). For this reason, the

government sought to replace it with a model that would guarantee profitability and the recovery of what was lent through checking the solvency of those who received the loans. According to Boils, these criteria promote social and economic exclusion to guarantee financial efficiency (Boils 2004).

The influence of the World Bank on housing policy in Mexico began in 1992 when the Carlos Salinas de Gortari government created the Program for the Promotion and Deregulation of Housing. This program was designed to reduce the regulatory role of the Mexican State in the development of housing. Government intervention in the field of housing had only a financial role by granting loans and facilitating the operation of private companies. In other words, the privilege was given to the functions of the market and the neoliberal economic rationality. The World Bank contributed to the Mexican housing model generating profitability. Profit was generated through the recovery of loans and their interest. In this way, the state's housing agencies obtain profits by using terms like private companies (Boils 2004).

From 1928 to the beginning of 2000, the country was laxer with loan payments because the country was going through a difficult economic situation that generated low income and unemployment. This situation generated a trend of default that favored the culture of non-payment or late payment. However, unlike the state, the World Bank is rigid in terms of payment compliance, without distinguishing families that temporarily suffer insolvency in its economy, which encourages impoverishment (Boils 2004).

The priorities have changed with the new economic system; now, production became essential to promote the competitiveness of cities in the world market (Carrión et al. 2001). Therefore, housing and the needs associated with it have become part of the

market logic, affecting a large part of the population that cannot pay or access other financial support. The market offer is focused on economic rationality: how much a family can pay and not on qualitative issues such as family size, employment options in the area, accessibility to services, and local culture, among others (Ortiz Flores 2011).

Secondary mortgage markets and the 2008 financial crisis

Globally, mortgage lending has changed in scale from local to national to global. Before, lenders were local banks or loans through a regional institution based on the savings in that place. However, to provide access to loans in different places, lenders decided to connect local markets and spread the risk among the places; that's how a national market began. Some years later, lenders thought that lending could be even more efficient if loans were connected to financial systems and not only to savings. Then, it was easier to get money to lend through global financial institutions and more accessible for investors to invest in non-high-risk loans. At that time, investing in housing was not considered a high-risk investment (Aalbers 2009a).

The crisis of 2008 changed the perception of lenders on the security of home loans. The financial crisis had a global reach with consequences such as massive layoffs, company closures, and downturns in economic activity that affected individuals and groups in different countries. Various causes led to this situation; however, the main cause was the mortgage crisis (González, Pérez, and Montoya 2009).

In general, the United States was going through a time of large public expenditures. Various circumstances, such as the 2001 attack, caused the government to stimulate the economy by lowering interest rates. Taking this opportunity, many people acquired

properties above their ability to pay. Banks also wanted to take advantage of this opportunity to increase their profitability, relaxing the requirements when granting loans, especially mortgages. Mortgage loans were given without the appropriate backing, which were sold to intermediaries in the United States, Europe, and Asia. While foreign investors decided not to be left behind and invest large flows of financial resources in the United States market (González, Pérez, and Montoya 2009).

The combination of low-interest rates and high liquidity driven by banks and investors fueled the growth of the housing bubble. However, when house prices fell, and mortgage loans stopped being paid steadily, the financial bubble burst and affected the prices of the entire financial system, giving rise to the crisis (González, Pérez, and Montoya 2009). For Squires, the crisis originated from subprime lending, known as predatory lending. Predatory loans are designed to exploit vulnerable borrowers (Squires, 2004). Some of the features of predatory are a higher interest, that is required to cover the added risk of lending to borrowers with credit imperfections, abusive terms, and conditions that trap borrowers and lead to increased indebtedness, no consideration about the borrower's ability to repay the loan (Aalbers, 2009), extra charges for services that may or may not be granted and very high penalties in cases of arrears that end up trapping for long-time borrowers. Predatory lenders obtain the profits of these practices through the provision of high-cost refinancing loans to marginalized communities (Squires 2004).

Squires is right, although there were other circumstances related to the subprime loans that led to the crisis. There are three key points to understand the crisis (1) the market division and grouping of loans. (2) The risk involved in giving loans to low-income people

represented an increase in interest that also had to be divided among more investors. (3) The relaxation of the requirements to acquire a loan (González, Pérez, and Montoya 2009).

(1) The market is divided between the primary market, where mortgages originate, and the secondary market, where existing mortgages are bought and sold. Previously, the secondary mortgage market was small and slow. Until private companies and the government promoted the secondary market, arguing that it would benefit the population, who would have the possibility of buying a house. At least, that was the justification given to the risks of subprime loans. Subprime were the high-risk mortgages created for clients with little financial solvency. That is low-income people and members of minorities. However, as risk carries a higher price, the higher the risk, the higher the interest rate charged. Therefore, those who acquire subprime loans pay an interest rate higher than the market rate. Likewise, before subprime loans, the most common loans in the mortgage market were fixed-rate, but during the subprime era, loans were variable rates. This means that they offered low rates in the first two years of the life of the loan to later adjust them according to a reference rate (González, Pérez, and Montoya 2009).

(2) Before the development of the secondary market, banks and savings companies financed most of the real estate loans, taking care of the whole process. However, the growth of the secondary market changed the process. The banks intended to sell the loans as soon as possible. The loans could be sold individually or in groups with different loans. The process of bringing together the loans of several clients in one package is known as securitization. Investors who bought the loan packages, in turn, created larger packages to resell. The securities generated in this packaging process are known as MBS (mortgage-backed securities). MBS are mortgage-backed assets and are traded on the financial

markets. The banks argued that in this way, the risk was distributed throughout the financial system more widely. Yet, it is precisely this extension that exacerbated the problems, as more investors and financial sectors were involved. Another issue was that the loan packages contained overdue and unexpired loans, making it difficult to identify them and impossible to separate them from the packages (González, Pérez, and Montoya 2009).

(3) The seemingly better loan conditions and the easing of the applicants' income check attracted many buyers. An example of this is that during 2006 the down payment amount of a loan was 3% when prior it was 20%. At the same time, the review of the borrower's income became optional. So, while house prices rose and the financial assets generated in the mortgage market were attractive in the financial markets, the economy was in a good period, but when the Federal Reserve increased interest rates, the real estate market began to suffer losses. As many of the new loans had been structured at a variable rate and were granted to people with low credit ratings, the loans stopped being paid on time (González, Pérez, and Montoya 2009). In particular, the non-performing portfolio of subprime loans grew considerably, which contributed to the abandonment of houses, with direct and indirect effects on housing prices, crime, and loss of culture (Aalbers 2009b).

The mortgage crisis impacted countries around the world due to the significant interrelation of economies with global markets. When the United States banking system suddenly suspended credit flows, all economic activity that relies on credit to operate had to stop. This generated great volatility in the stock markets, in commodity prices, and in exchange rates. In Mexico, the same global impacts harmed the Mexican economy due to the commercial relationship of both countries that affected exports and imports and the reduction of remittances (González, Pérez, and Montoya 2009).

Mortgage securitization in Mexico

Although in Mexico, the housing financing mechanism is based on loans, Mexico does not have a financial market integrated into the global financial system. Those in favor of this mechanism argue that this will allow Mexico to have a competitive and efficient capital market. Accordingly, this could be achieved if the entry of new capital is facilitated through mortgages in securitized portfolios, which tend to reduce the risk of a particular commitment to the market and sell the resulting securities in world financial markets. As I explained, mortgage securitization consists of integrating mortgage markets with national and international capital markets through the sale of MBS. President Salinas was interested in Mexico being part of a mortgage-backed stock market. He wanted to increase the number of homes financed with mortgages from 14 percent of existing shares to 28 percent and reduce mortgage interest rates and other costs of buying a home. However, this required, among other things, a dramatic increase in the funds available for the housing sector (Barry et al., 1994).

The government plan included the establishment of a **secondary mortgage market based on mortgage securitization**. The sale of the securities generates cash flow back to the originator of the group, which can then use the funds to create additional loans. The objective was to attract capital that will seek to benefit from the high real mortgage rates in Mexico (Barry et al., 1994). Creating loan portfolios reduces various risks such as the risk of default, the risk of an appraisal value being erroneous, the risk of prepayment, among others. Besides, its social and economic policies focused on housing financing. Their strategies consisted of deregulating and privatizing the banks, modifying the national

pension funds involved in housing financing, reducing bureaucratic procedures and regulatory costs, and legislating agrarian reforms (Barry et al., 1994).

During the following years, the term securitization evolved to become securitization of residential mortgages (RMBS). It refers to the same thing only that it now makes specific reference to the creation of securities backed by residential mortgages. The literature on RMBS in Mexico is scarce. To fill the gap on this topic, I bring the points of view of different experts on the subject. Soederberg argues that mortgage securitization has been based on the geographies of the North: The United States and Europe, and that we do not know enough about mortgage securitization in the global South. However, for the state and investors, consider it a mutual benefit strategy that allows the debt seller to quickly recover working capital and then recycle it by issuing new loans to small borrowers. For it to take place, there must be a group that supports the issuance of one or more types of securities in secondary mortgage markets. One of the companies sponsored by the government is the Federal Mortgage Society (Federal Mortgage Society or SHF); it places the mortgages in a trust and then insures the fund against default. This guarantee makes securitization more attractive to potential investors, given that the state supports investors (Barry et al., 1994)

According to the promoters of this financing mechanism, both investors and the state benefit from mortgage securitization and their ability to make markets more efficient by allowing lenders to increase credit to more borrowers. However, as Soederberg points out, despite all the advantages exhibited, Mexico continues in the same situation, with a constant increase in the extreme shortage of affordable housing for the poor.

Soederberg considers a paradox that, despite the construction boom and the improvement of the housing market, an increasing number of Mexicans still do not have access to formal financing channels to obtain decent and affordable housing. On the one hand, the capitalist interests, in this case, those related to the construction of houses and the financial sectors, continue to prosper with state support of all kinds, from favorable policies, such as the New Housing Law in 2006, which is a housing law in the Mexican constitution that seeks to guarantee the right to decent housing. Although this law states that housing is a basic human right, it also mentioned that it is a crucial factor in creating the social order. This only reinforces the attempt of the state to stimulate greater capital accumulation. The goal is to create a cycle of investments and profits that strengthen the capitalist economy as well as to appease a large number of workers who cannot access housing, even with the support of private companies to build on speculation and financing through mortgages guaranteed by the same state. Besides, the state encourages the acquisition of new homes instead of repair of existing ones. On the other hand, according to UN-Habitat, in 2011, only 32% of Mexicans are eligible for mortgages. "More than 50 percent of the population still lacks the resources to access a home of the type currently offered by the formal market" (Soederberg, 2015).

Other authors, such as John Turner, put forward alternative proposals to loans for a home purchase. According to Turner, there is no coherence between government programs and people's demands, and this is the central conflict with the projects that come from above. Turner proposes that people have greater participation in more options for housing construction that consider the situations of commonplace people, the money, and the type

of infrastructure they have (Turner 2007). This is a good place to start; however, we have to be careful not to leave all the responsibility for housing on individuals.

The transition of power from a horizontal to a vertical approach was very characteristic during the 1990s when a neoliberal logic decreases state intervention. The financing granted by this international organization has granted Mexico conditional on a series of principles based on neoliberal ideology, such as, for example, the total recovery of loans, the suppression of subsidies, the restriction of the granting of credit for the acquisition of land and the simplification of bureaucratic procedures. To execute this sector program, three new instances were established (Mellado, 2013):

1. The National Commission for Housing Development (Conafovi), coordinator, and coordinator of government activities in the housing sector.
2. The Federal Mortgage Society, as a new instance of mortgage financing.
3. The National Housing Council, as a consulting body for the federal Executive, which incorporates the main actors of the sector in decision-making.

In 2005, there was a new record in mortgage loans, with approximately 376,444 loans granted. Never before have so many loans been granted to access housing, and this was considered a quantitative success, regardless of the quality of the loans or the houses. Despite the fact of 2006, the different housing organizations and institutions imposed themselves on different challenges, see chart 1. The most significant financing in 2006 was destined for the Federal District with 73,015 loans granted, the State of Mexico with 57,556, and Jalisco with 45 812.

Institutions	Loans	Percentage of all loans granted
Instituto del Fondo Nacional de Vivienda para los Trabajadores (Infonavit)	435,000	50%
Fondo Nacional de Habitaciones Populares (Fonhapo)	140,000	16%
La Sociedad Hipotecaria Federal (SHF)	115,000	13%
El Fondo de la Vivienda del Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado (Fovissste)	70,000	8%
Total	760,000	87%

Table 1: Number of loans and percentage of the total granted by the leading loan institutions in Mexico.

* Note, an unknown amount of loans was granted through La Banca, Sofoles18, state housing agencies, and other agencies.

As we can see, Infonavit is the institution that granted most loans. However, during their first years, they delivered loans above the payment capacity. This caused many past due portfolios putting the institution's survival at risk, with 40% of past-due loans in the year 2000. If a worker does not meet their payments for more than "90 calendar days", Infonavit can start a legal process that concludes with the seizure of the property (elEconomista.es 2018). During 2004, external collection offices began to be used, which helped the recovery of payments, but generated multiple complaints about the abrupt and incessant way of the collection (Valencia, 2013).

There are three ways to liquidate an Infonavit loan. (1) Completing the 30 years period payments. (2) Selling the property to obtain the money to pay off the debt. (3) Returning the property to cancel the debt. However, this last option is complicated because the cancellation process takes a long time. Therefore, many workers choose to flee, regardless of losing their jobs because their payments are linked to their payroll and despite losing their investment (elEconomista.es 2018).

The inability to pay loans and the recovery methods of Infonavit and other institutions have caused 5 million abandoned homes in residential areas to be integrated into what is currently known as block cities. According to data from the National Chamber of the Housing Development and Promotion Industry (CANADEVI) nationwide, every year, 650 thousand new families seek homes throughout the country, so there is currently a deficit of nine million houses in Mexico (Vivanuncios, 2018). On the other hand, an analysis of economic accessibility by the National Council for the Evaluation of Social Development Policy (Coneval) estimated a housing lag of 14 million, since, in 45% of Mexican homes, their occupants require full housing or substantial improvements in the

homes they currently inhabit (CONEVAL, 2018). Therefore, the population and the state have speculated about using the millions of uninhabited houses. However, these are not accessible to the population, either due to quality conditions in construction, lack of water, or mainly for economic reasons, such as individuals not being subjects of mortgage loans or not having income stability (Almazán, 2013).

During Fox's six-year term, the housing strategy favored financial criteria and highlighted the role of the market as the governing body. According to various authors, this situation has left the fundamental objective of providing decent housing for the bulk of the population in the background. Both Fox and Calderón appealed to the constitutional right "all families are granted the right to enjoy decent and worthy housing as an essential element to achieve their full development and well-being" to promote housing production. However, what does it mean to a "decent and worthy house?" According to Mellado, there has been no consensus or effort to define decent housing. The only consensus that has been reached is that a house is one that contains four walls and a roof. However, this concept does not include crucial components to guarantee decent housing. Mellado emphasizes that it is not only about satisfying a refuge function but about several other physical components such as the quality of construction materials, the area of the house, access to water and sanitation services, or contextual components such as the distance that must be traveled to reach employment, educational, health and recreational facilities and the quality of open spaces nearby (Mellado, 2013).

However, the state and construction companies neglected the physical components of housing. For example, Conafovi's projects **do not mention anything related to the design and quality of housing** during the first thousands of loans that were granted. In

2005, the need to monitor the quality of the homes being built began to arise. However, the response of President Felipe Calderón was (May 9, 2012) "Never before, and I assure you categorically, never before in the history of Mexico has there been such an effective, inclusive and successful housing policy like the one promoted in the last two administrations" (Mellado 2013).

With the discourse of providing affordable housing, the state promoted massive construction of housing and provided loans. Nevertheless, the state never achieved this goal, even though the promoters of housing policies and investors gained a lot of money (Marosi 2017a). Despite the result, advocates of the housing program say any shortfall was offset by the benefits of providing an affordable house to workers who would otherwise be living in poor neighborhoods (Marosi 2017b). For example, despite the various criticisms regarding financing or construction, Calderón defended his and Vicente Fox's housing policy. He said, "10.5 million homes in 11 years" "This number is greater than the 8 million loans granted in the previous 30 years". He also mentioned, "We all want Mexicans to live in very spacious, landscaped, and good location houses. But in truth, for many millions of Mexicans who in recent years have been able to acquire a home with all the services and who did not have it before, that is a fundamental difference that has changed their lives". "And the most important thing," he added, "that is the right to decent housing that has been asserted for workers, those who earn less and those who need it most." He pointed out that his government had already provided more than 6 million financings by then, and he anticipated that at his six-year term, he would end with 7 million loans granted (Mellado, 2013). President Vicente Fox boasted of having generated the most extensive housing program in the history of Mexico, arguing that these achievements represented the stability

of the country, the control of inflation, and stable and reliable options with the lowest interest rates and inflation for families who needed to buy a house (La Jornada 2005).

González argues that the PAN's housing policy is exclusive since it only considers those who can obtain a loan, excluding those who do not comply with what the market establishes to be a subject of credit. He calls it a universalist housing policy since the state limits itself to guiding one type of person; for example, a young person has to demonstrate the same solvency and reliability as someone older. In other words, not all of them have the same characteristics and needs; however, the loans are rigorous and oriented towards the same client model. Another issue to consider is the acquisition of housing as the only way to provide decent homes. Since the middle of the 20th century, the government has promoted debt as a scheme for the purchase of housing (González, 2013). However, domination through debt is what some authors call a "modern/colonial world system." Chakravartty and da Silva argue that subprime mortgages have become a form of enrichment for investors. The investors target marginalized communities to offer them to acquire a home that would otherwise be impossible for them to acquire. Then they grant them loans that most likely low-income workers will not be able to pay. As with high-risk mortgages, subprime loans, or whatever name they get, these are tools to exploit the most vulnerable communities that will end up losing the money they invested and the house they hoped to acquire. The interesting thing is that the state and investors use a contradictory discourse like "pro-market" or "pro-poor." This discourse seems to be designed to support the most vulnerable groups. However, the financing is not designed so that low-income workers can easily pay them, so they are trapped in debt. To try to fix the problem of

unequal neoliberal development, they use strategies that further widen the gap between the rich and the poor (Chakravartty and da Silva 2012).

One of the purposes behind the credit boom in Mexico was to make the country a land of owners. However, González points out that needing a home does not necessarily mean needing a property. There are other leasing options, especially beneficial for youth who would have a period before settling down and committing to a credit of approximately two decades. According to González (2013), the urgency to satisfy housing needs is oriented towards private property and, therefore, to contribute to the capitalist model. Almazan (2013) also mentions that, under this model of home acquisition, they do not consider aspects such as location, access to services, and the quality of the home itself. Current construction policies rather than benefiting families have benefited private housing developers who have monopolized affordable housing production (Mellado, 2013).

Such a phenomenon of constant deprivation of basic resources and protection generates in residents the need to create movements of insurgent citizenship (Holston 2009). Insurgent citizenship is a movement generated by the circumstances of degradation and exclusion in which the urban poor live. Stripped of rights living in illegal shelters without access to services and going through struggles that the citizens who live in the city usually do not experience. Insurgent citizenship confronts established national regimes that foster inequality and demand citizen rights to reside with dignity, security, and mobility. According to Holston, the peripheries are where this type of urban claim for the city and rights is most developed. For his part, Lefebvre described the right to the city as a claim by the working classes to legitimize their rights to urban spaces (Holston 2009). These facts remind us that the social production of housing in Mexico encompasses different methods

of home acquisition, including non-formal ones. Even in the Mexican Housing Law approved in 2006, the duty was established to consider the different types and modalities of housing production, from its inclusion in public policies and programs to instruments and supports. Therefore, the PSH, which is oriented primarily to meet the housing needs of the low-income population, is one of the types that the state must consider (Salinas, 2013).

To sum up, in recent decades, the federal public policy to facilitate the purchase of housing in Mexico has been associated with the logic of the real estate market through various mechanisms supported by subsidies and public and private co-financing. The figure below shows some of these main historical events.

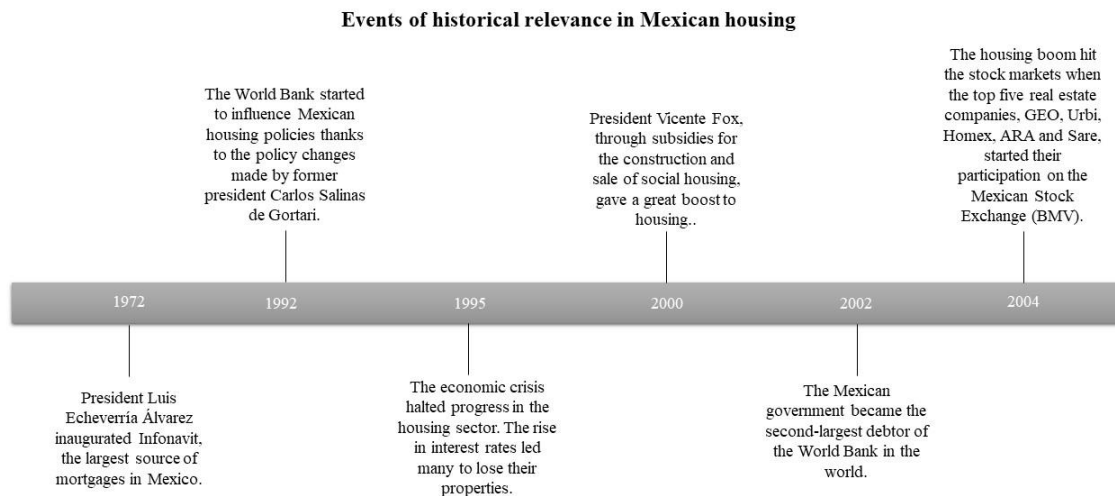


Figure 1: Timeline of housing most important historical events.

Reflections

Since the 1990s, the housing policies in Latin America transformed from state to market-based solutions. These new policies were characterized by promoting homeownership and expanding housing finance systems and were encouraged by different public and private organizations, among which the World Bank stands out.

There are two important criticisms of the housing model based on homeownership policies. (1) Homeownership is based in secondary mortgage markets encouraged by state institutions, which leads to increasing the vulnerability of low-income workers by pushing them to market pressures and speculation systems. (2) Scholars argue that formal ownership or access to formal housing markets is not necessarily the best or unique solution to the housing problem. There are other options that would be of great benefit, especially for low-income households that, however, have been ignored, for example, the social production of housing or rent. These options allow low-income workers to adapt houses to their own needs and reduce debt levels.

Particularly in Mexico, the reforms that have promoted the purchase of new housing through mortgage financing have led to a massive overbuilding of single-family housing in the urban peripheries. The consequences are a wide range of adverse environmental, social, and economic impacts. Some of which will be explained in the next chapter using the Homex case. (Peer 2006).

CHAPTER 2

DISCOURSES PROMOTING HOMEOWNERSHIP

Introduction

In this chapter, I study the discourses that the government or financial institutions have used to promote homeownership and how this construction affects the most vulnerable population with a special focus on the discourses that incentive Homex homeowners to purchase a house and acquire a loan. In this chapter, I ask the following question, how did competing discourses of homeownership and housing access play into these processes?

As I explained in chapter one, globalization makes it easier to transfer ideas, economic models, and plans from one place to another. In the case of Mexico (Global South), the influence comes mainly from the United States (Global North). In the particular case of Homex, we can observe that the same method of buying a home through securitization and the housing models based on ownership was transferred from the United States. One of the main critics of the global North models is that they are transferred to the global South, although they do not adapt to the landscape or the needs of population diversity (Chakravarty and da Silva 2012). I start this chapter by explaining the influence of the United States housing policies on Mexico through the language used to describe the undeveloped and the homeownership discourses. Then, I provided evidence to support the idea that the homeownership discourses are not natural. Instead, they are constructed to satisfy political and economic interests that facilitate the deconstruction of the popular support housing system. As I will explain in this chapter, there is a conflict of rationalities between government logic and the logic of survival. The government seeks to control and

develop based on modernization and the creation of the ideal city. While the excluded from the city seek ways of survival through informal work and housing. Watson describes it as "the rationality of governing and the rationality of survival shaped by the exercise of power." On the one hand, the poor and the informal seek to appropriate means of survival. On the other, the state tries to formalize policies and taxes through marketization. However, these measures impose living costs that many cannot afford, like in the case of home loans (Watson 2009).

Two points of these dynamics are important to highlight, (1) promoting housing in terms of quality and quantity, and (2) the reference to granting sufficient loans is an important part of reducing the housing gap. Regarding quality and quantity, various experts have conducted studies on housing in Mexico during this period. They conclude that the housing policy was quantitatively successful, but qualitatively it was a failure. ("01_eje_1_politica_nacional_vivienda. Pdf" n.d.).

Homeownership

There are two different rationalities of homeownership. On the one hand, developers, investors, and presidents promote a housing model that improves the quality of life of the poor. On the other hand, low-income workers who sought to improve their quality of life and live a heritage for their families. Although the quality goals were not met, Homex continued promoting its image as a benefactor, as we can appreciate in the following statement made by the company. "Homex continues to focus on building successful communities with a sustainable profile that contributes to improving the quality of life of the Mexican population." While Calderón boasted his success by saying that his government granted almost 6 million supports for housing, of which the majority were

loans, which he called "the six-year period for housing in the country" ("Calderón firma reforma al Infonavit" 2012).

For Watson, the dilemma between the government-driven market and the need for survival of the poor makes it difficult to find a solution to planning problems. Planning systems in many parts of the global South are seen as inadequate and even inappropriate because they are based on assumptions originating in the Global North. Indeed sometimes, the theories and plans might already be obsolete in the North (Watson 2009).

However, Homex promoted their homes to improve people's quality of life. The flyers promoting the houses had the slogan "Your dreams are about to come true" (Marosi 2018). From the government and market approach, the interest in promoting homeownership comes from the presumption that it stimulates the market, creates new sources of work, and strengthens the relationship between labor wages and private property. This means that an employee who has a wage is a better candidate to have a house. The reason is that the Banks and the state consider a worker who has a waged more reliable to pay a loan. This is especially true in Mexico, where employees need to have a formal job to acquire formal housing. When a worker acquires a house through a loan, it creates a link between the loan and its work since the loans are automatically deducted from the worker's payroll. Institutions such as Infonavit and Fovissste grant loans to workers according to their salary and establish what percentage they will deduct each month. So, with this, they ensure that the employee will have a formal job for 30 years, which is the average time in which a mortgage loan is paid. Former President Calderon pointed out this connection by saying that "The production of affordable housing is explained as a result of the fact that, in Mexico, the housing policy highlighted the

connection between waged employment and mortgage loans, which meant that industries and cities with a high proportion of waged workers could receive a higher proportion of the housing subsidy." However, in the case of Homex, workers were so desperate about housing conditions and high interest rates that many decided to leave their homes and jobs (elEconomista.es n.d.).

Regarding creating new sources of work, former President Calderon expressed in his speeches that the country had two powerful growth engines that would boost economic activity and employment in Mexico: housing and infrastructure ("Impulsará Calderón motor de crecimiento" 2008). On the other hand, in one of his speeches, he mentioned the following: "For next year we are going to increase support for housing in Mexico, they will have more resources, this is the proposal to the Chamber of Deputies so that precisely we not only continue promoting housing but also this industry continues to generate jobs through financing and construction. " In his belief, generating more housing would boost industry and the economy by generating more jobs.

Therefore, in most societies, ownership results from increased government subsidies or policies that stimulate home purchases. In other words, it is the result of changes in the system, accompanied by a discourse of freedom (Ronald 2008). The free market promotes freedom as the right to possess and purchase private property. The freedom to own a property and do whatever they want with it. However, as Harvey points out in his critique of the neoliberal system, the freedom discourse is a contradiction. In this case, because instead of the households having autonomy, they end up being tied to a house since it is not so easy to move once a loan is acquired, and worse still, they end up tied to debt, committing to pay mortgages for decades (Harvey 2007).

Therefore, homeownership is not natural but the construction of social relationships and legal norms. As can be seen, there is a great inclination towards homeownership, relating it to a path to "normal" family life. The discourses have the power to establish "correct ways" to acquire a home under the logic of homeownership and at the same time marginalize those who are outside this system. These practices benefit the neoliberal interests that the growth and perpetuation of the market requirements continue through individuals who become market subjects. Similarly, housing residents contribute to many of the discourses mentioned above and become subject and power objects (Ronald 2008).

While the state's role is central, normalizing, and perpetuating discourses because, in recent decades, the pressure has increased to reduce welfare spending and liberalize markets that maintain a competitive market, homeownership has become crucial not only on political issues but as part of the neoliberal restructuring. Globalization has transformed homeownership, transferring risk from institutions and government to individuals. Individuals become defenseless to economic fluctuations, calculating risks and overcoming them (Ronald 2008). While liberal governments seek to promote and regulate markets, neoliberal governments seek to promote individuals in charge of their own security and freedom through financial markets. One way to do this is through speeches that focus consumer choices on the market. This can be seen in the concept of choice based on changing from rent to owner. Once renters buy a house, they do not have options or support to re-rent or return the house to the government. Therefore, although it appears that there is more freedom of choice, there has actually been a decrease in options since the privatization of housing constitutes the reduction of other options to buy housing that is not based on the market (Ronald 2008).

In the American conscience, owning a home is crucial to a successful life. This is an indicator of how vital ownership has become. Homeownership is an important part of the housing system that has increased when driven by government incentives. The state's emphasis on property ownership has led low-income families to believe that increasing home debt is necessary to obtain greater security and build wealth in the housing market. But it is the poor and most marginalized homeowners who become the subprime borrowers and other low-income mortgages and face more risks and receive fewer benefits. Their vulnerability is accentuated because these buyers are more likely to find housing in poor neighborhoods, face more significant risks of expensive repairs, and have less or low-quality services. So they are more likely to have to sell their homes, have more significant economic losses, and be more susceptible to economic fluctuations and increased interest (Ronald 2008).

Social and power relations have a significant influence on tenure practices. In the last decades, homeownership has become a dominant condition among European countries. For example, the United States has been associated with predilections toward homeownership. According to Ronald, in societies where homeownership has increased, homeownership status has become a social ideal. This is important because the social ideal of becoming an owner is supported by discourses like autonomy and freedom to choose. The discourses promote the idea that individuals who buy a house automatically become better at everything; citizen, neighbor, and even father. While the opposite role is stigmatized as a lower category, there are even differences between the houses destined for rent or sale; they look different or are made of different materials (Ronald 2008).

In their cultural orientation towards housing acquisition, countries like the United States have influenced the forms of settlement towards individualism and land and property acquisition. This culture has been promoted by government policies, making a house purchase more attractive by offering more significant benefits like taxing cuts and better subsidies for owners than for renters. Thus, policies and discourses construct homeownership as the favored option. At the same time, rent is seen as a transition step for homeownership or treat as marginalized those who cannot afford to purchase a house (Ronald 2008).

The forms of access to housing and the type of housing to choose are of utmost importance. However, the choice as a concept has hidden the inequity between those who rent and those who own a home. Property owners benefit from the property market that supports homeownership as an essential part of the family structure. Legal and financial institutions use a conservative strategy to attract individuals to buy a house through an artificial system of inducements and subsidies. During the housing boom, the presidents' speeches emphasized the advantages of acquiring a home. Former president Vicente Fox mentioned the ease of acquiring subsidies for those who earned less than two minimum wages in most of his speeches. While Former President Calderon said, "Today there are economical and family conditions so that workers not only have access to the essentials, but can expand their family assets, and it is also the result of the soundness of our public finances, and in particular of the financial strength of Infonavit "(“Calderón firma reforma al Infonavit” 2012)

In the end, in a material, ethical and cultural way, it commits individuals to wage labor, private property, and a way of life. Although one of the benefits of acquiring a home

is the accumulation of capital, for some individuals, it has represented mechanisms in which what they accumulate are debts and economic risks (Ronald 2008). As mentioned in chapter one, once a worker acquires a house through Infonavit, the loans had an approximate duration of 30 years. During this period, the interests could increase, creating an infinite debt for the workers.

Ronald argues that preferences are created products. Some authors argue that people would naturally prefer a long-term affordability market that is more flexible and less competitive, in which individuals help each other without creating a profit. After discussing the arguments of different authors, I can conclude that the choice to purchase a home through the real estate market is not the result of a genuine choice but instead created by housing policies and driven by government and commercial interests (Ronald 2008).

Although housing has constantly been a fundamental part of family, community, labor market, and state relations, the increasing dependence on mortgage debt and housing markets as economic drivers and social stability has placed housing in a central position in social and power relations. Homeownership has become a fundamental business in the US economy. Mortgage debt has tripled in a decade, becoming equal to around one-third of EU GDP (Ronald 2008).

Housing discourses

It is important to understand the system of ideas that encourage homeownership (Ronald 2008) and the discourses behind home building since the discourses tangibly influence reality. Discourses through language represent the reality of those who express them. Being aware of the narratives that the leaders use allows us to understand better the

distribution of goods and power (Hall, 2006). For example, the new housing policy's discourses were crucial for attracting investments (Almazan, 2013). It is not that individuals follow all the ideas promoted by institutions or the government blindly; there is a relationship between power structures and the expressions they use on a day-to-day basis. Daily expressions through language, the creation of knowledge, and what people interpret as truth have the power to influence decision-making (Ronald 2008).

Foucault regards power as a subtle and discreet method. Power is everywhere within society, especially in the discourses of our daily routines, which, however, often go unnoticed. The discourses that normalize ideas are powerful because they establish different roles and imaginaries for individuals. “Discourses are practices that systematically form the objects of which they speak” (Ronald 2008). Therefore, if we understand discourses, we can understand the daily language that builds a social reality. In the case of housing, there are values and qualities built from meanings associated with it. For example, the center of family life, a safe place of relaxation, represents freedom, independence, social status, privacy, and financial asset. At the same time, associations with the act of owning a home include the above and a feeling of accomplishment and pride (Ronald 2008). According to Ronald, some of the most recurrent discourses are related to financial security, control, status, and consumerism. However, in my analysis of the Homex case, I found different discourse and motivations mainly related to the family and the future.

Analysis of the homeownership discourses in the Homex Case

To understand the externalities of the Homex case, I conducted qualitative research on the experiences that low-income Mexican workers had when they purchase a Homex

house. I collected and analyzed data from primary and secondary sources. The collection of information was divided into the following three stages.

First stage data collection and content analysis

I conducted a search for relevant scholarly articles and books. My first search criteria were based on the recommendation of knowledgeable scholars on loans and housing. Once I compiled a list of approximately ten authors, I used their bibliography to find more authors. Then, I created a list of brief annotated bibliographies with 25 articles. My first criterion was to separate the articles by the three following themes, housing, informality, and securitization. However, after reading the articles, I decided to create four themes: the abandonment of housing, discourses, mortgage, and the social production of housing, creating then a new database of 30 articles with which I built my literature review.

Second stage data collection and case analysis

To gain an in-depth understanding of the Homex case, I collected information from secondary sources like magazines, newspapers, and any information available on the Internet. My search criteria were based on the following points:

1. The housing policies that were modified to promote the acquisition of housing through loans
2. The discourses from the government and financial institutions that promoted the acquisition of houses through loans.
3. The perception of people who acquired a home through a loan.

4. The construction of houses, what failed according to the owner's and the developer's opinion in this matter.

From the information obtained, I interpreted patterns and narratives that led me to categorize the articles into the following key themes: construction failure, government-promoting homeownership, housing policies, and social movements.

Third stage data collection and thematic analysis

For this stage, I collected information from primary sources like blogs, Facebook and Twitter. I started by searching for housing groups in Mexico. These sources included community members who presented their complaints about the housing situation. The information obtained in this section was categorized in the key theme, Social Media Complaints. With the articles that I gathered in the previous section and with the ones I got in this stage, I collected a total of 54 articles. With these articles, I created a database in Atlas.ti to start the coding process.

Coding process

First, I read each article to make a selection of quotations. Later I analyzed the quotations to perform inductive coding. This type of coding was chosen to explore the data and create new key themes based on the information obtained. The codes that were created through this first interpretation were the following:

- Causes of abandonment
- Disappointment
- Factories of houses

- Fraud
- Illegality in construction
- Interest cycle
- Loans stimulation
- Overpriced houses
- Resignation
- Social claims
- Struggles to keep up the payments
- Unfair payments
- Urban disorder

As a second step, I did a second review of the articles and added new quotes. Based on the new quotations, I did a second inductive coding. As a result, I got the following codes:

- Construction companies convenience
- Construction hazard
- Lack of planning
- Multidimensional problem
- Promises of a better future
- Quantity over quality
- Reasons to purchase

I repeated the process of reviewing the articles a third time, but this time I did deductive coding. The codes that resulted from this process are the following:

- Future
- Family
- Decent housing

Looking for a better life; homeownership discourses in the Homex case

In the case of Homex, I found a contrast between the discourses promoted by the government and construction companies to acquire a house and the narratives of the owners looking for a better life. We have on the one side the discourses of markets and on the other the discourses of survival. In this section, I will provide examples of both discourses.

Government discourses

In the discourses of the two presidents who promoted this plan, the goal was complying with the Mexican constitution of providing decent and dignified houses, as we can see in the National Development Plan 2001-2006:

The right to decent housing is one of the highest priorities of the State. The quality and continuity of this effort can only be ensured through the commitment of the public, social and private sectors in order to reduce the housing gap that exists in the country in quality and quantity; The same national planning instrument determines the need to promote and coordinate public policies and housing programs; Increase efforts to grant sufficient credit, through public and private financing, improve the titling and registration

of homes and, in general, seek the consolidation of the housing market to turn the housing sector into an engine of development.

In the former presidents' speeches, we can also appreciate that they prioritize the market, the private sector, and the economy instead of the qualitative aspects of housing. President Vicente Fox, for example, said, "we had to stabilize the country's economy, control inflation and establish a responsible deficit," but thanks to this, "solid and reliable options were given to families when buying their home with the lowest prices, interest, and inflation rates" (La Jornada 2005), and former President Calderon assured that during his administration poor, low-income families had been allowed access to decent housing, "something that did not happen before" (Expansion 2012).

In these speeches, we can also appreciate the idea that decision-makers have about the housing situation in Mexico, is their belief that informal housing built with sheet and cardboard represent an urgent need in which almost any option is better. We can corroborate this statement by studying the housing provision process. While wholesale housing loans were granted, municipal governments facilitated the change of land use to enable massive developments. However, Homex built the houses so quickly that neither they nor the municipalities had enough time to put up urban services such as water supply, sewers, electricity, and streetlamps (Gonzalez Caraza 2018). In addition, the government allowed developers to build houses in areas far from the cities. This was beneficial for the construction companies since the cost of land was between 9 and 18% of the total cost of housing, and the further away from the land, the less money they had to invest ("El fin de un ciclo" 2013).

The development policy of the PAN presidents consisted of creating new urbanization poles with cities that would allow access to work centers, with business clusters near the new houses. However, this plan was not carried out. At least not the part of creating work centers (Staff 2019). In the words of Dovali, the Oxfam Mexico Research Coordinator, “They promised people that factories would arrive and there they would find jobs. That never happened, so the infrastructure never arrived, and they stayed in very insecure and underdeveloped areas, forcing many people to leave” (“Cinco millones de casas abandonadas muestran el fracaso de la estrategia para dar vivienda a los más pobres” 2019). Nevertheless, the developers kept building with the consent of the Government. The mini houses were justified as a way to provide housing for the working poor, who could pay cheaply (“Vivienda: El Gran Engaño de Fox” n.d.).

Homeownership discourses; decent housing

Homex, known as the nation-builders, sold the idea that they were helping the population. The then executive president of Homex, Gerardo De Nicolas, mentioned: “We believe that a house is very, very important and everyone needs one” (Marosi 2018). While Paul Wolfowitz, then director of the World Bank, mentioned, “I saw many convincing examples of the importance of the private sector offering opportunities for the poor to transform their lives and give their children a better future.” These narratives prompted investors to contribute to this housing model as they felt they could make big profits while helping to solve the global shortage of households (Marosi 2018).

Some of the loans were sold with the slogan “Reducing poverty. Improving Lives.” While the loan pamphlets had the following statement “The low-income loan is provided on very accessible terms.” “In the long run, it represents significant savings and a great

investment" (Marosi 2017c). This is how Banks and Homex obtained investors in the housing sector. However, their discourses of a better future remained unfulfilled promises. Maria De Jesus Silva, one of the Homex residents, mentioned, "The developers and the lenders tricked us into buying these houses, and they all left (the owners), or are waiting to be evicted at any moment" (Marosi 2017b).

The idea was to build fast and cheap. Homex houses were built to help address the country's affordable housing shortage and delivered on the Mexican Constitution's promise of "dignified and decent" housing for its citizens (Marosi 2017). In the government's discourse on providing housing, the phrase decent and dignified housing is constantly repeated in such a way that it is part of what the population expects. For example, one of Homex's owners said, "I believed that I was acquiring a decent home and for life" "All we wanted was for them to provide us what they promised " (Marosi 2017). While another former Homex house owner said, "the decent house for the workers that the constitution establishes was just a Barbie dollhouse (Sra.Lic.Doña 2021).

Homeownership discourse; housing a family investment for the future

The families that acquired Homex homes did so mainly to increase their wealth, improve their living conditions and leave a property for their children. For example, Sergio decided to buy a house in Querétaro for his family with the hope of building a heritage where he could also have a business. When he inquired about house deals, he chose Homex because they promised to their millions of clients "safety, well-being and quality of life" ("Homex, la quiebra que pegó a miles de mexicanos" 2018). While Francisco Tepec, a representative of the inhabitants of a Homex development, also expressed his desire for having a heritage for its children and a decent home. He said, "we, with all our needs, buy

a home, a heritage for our children so that it will last a lifetime, not so that before four years it presents serious damage to the structure. The houses are useless, and they are cracking, the floors are rising, there are leaking toilets, we cannot have water tanks because the ceilings are cracking, much less think about making a cistern because there is a risk that they will fall as well. "We made a contract for the sale of decent homes and not what we now have" (Martinez Guerra 2012).

Lucía López raised her children in a hut with dirt floors and a roof made of palm leaves. All her life, she sold flowers and cleaned floors for income. Having no savings, she saw in the housing program an opportunity to acquire a small house that she could inherit for her children. However, the house deteriorated due to water leaks and constant power outages (Marosi 2017b).

Through the discourses of the owners or former Homex homeowners, we can appreciate that these families wanted to invest in inheritance for their family and in planning a better future. However, the narratives show disappointment and resignation. Juan, a contractor, bought his house also as an investment. However, he has been robbed four times. Regarding the robs, he said. "There are more people who come here to see what they can steal than there are coming here to live." "The first time they took everything: the electric cables, the boiler, the toilet, the doors." "I'd sell it." But who would buy it?" (Burnett 2014). Adela, an activist who lives in one of the Homex neighborhoods, expressed, "We live like in a pigsty," "but we live worse than pigs because we also have to pay for this"(Marosi 2018).

When the workers realize the poor conditions of the houses, they began looking for answers. For example, an owner asked Infonavit to review the conditions of the houses "so

that Infonavit can see what they are authorizing; they are playing with the well-being of our families because we buy a heritage for life, not for a few years ” (Martinez Guerra 2012). In this last statement, we can also identify what homeowners value. In its claim, the owner mentions the well-being of families and heritage for life.

Homeownership discourse; claims against Homex

The discourses of the government and the developers constantly repeated what the new houses would be like and that they would give the workers the opportunity for a better life, but they failed. However, they created expectations that Homex homeowners uphold. When homeowners were asked what a home should be like or how they describe their homes, they commented the following:

“A house for a worker should have three bedrooms, dining room, study, kitchenette, laundry room, and double the garden. Not a fucking 400 square foot egg” (GP Hernando 2020).

“They highlighted their disappointment when they see how government institutions, both Fovissste and Infonavit, do nothing to investigate real estate companies that offer assets to their right holders since they allow companies to operate outside the law. Like Homex, who violates the assets of the workers” (Peñaloza Sánchez 2015). “Construction companies have taken advantage of people's housing needs, and they build houses that are not worthy and in inaccessible places (and the quality of materials, let's don't even talk about it). In this, I see fraud and damage to their collective rights as consumers” (Gutiérrez 2006).

Homex homeowners believe the government and developers misled them. Garcia, a Homex homeowner, mentioned, "It is very sad." "We worked very hard to buy what we had" (Marosi 2017). Ambrosio, another owner, said, "When I saw the model houses, I said 'Wow.'" But it was all smoke and mirrors. There were flaws everywhere, like a time bomb" (Marosi 2018). While Antonia, another owner, expressed, "We thought we would have to choose between the beds and ourselves" (referring to the tiny space in the houses), "Sad disappointment." "They painted it so beautiful ..." (Seco 2013). Through these quotes, we can appreciate the disappointment in Homex homeowners. The effort they put in buying their houses and the frustration of not seeing their housing expectations met. The unfulfilled expectations have provoked protests in which they claim Homex for the unfulfilled promises of decent housing, as we can see in the following quotes.

"We have gone to the Homex offices, and they practically wash their hands because they no longer want to be responsible for the poor quality of the homes they gave us. That is a constant struggle. The real estate agency stopped listening to our comments and disclaim all responsibility. It is not possible that being new homes they have debt for electricity, water and that the quality of housing is not what they promised". "Who can live without water? Without electricity?" - Maria Esther Cardenas" (Marosi 2017c).

Reflections

Housing theories are primarily based on the Global North and, therefore, do not include fundamental parts of the global South's culture. Understanding localities and a broader perspective of housing needs are essential. Nevertheless, research on housing has focused on quantifiable characteristics such as GDP, inflation, interest, and subsidies,

leaving aside qualitative characteristics such as environment, culture, or social aspects (Rigg 2007). Homeownership demand is not a natural phenomenon; it results from government intervention through different public policies, subsidies, and housing discourses (Ronald 2008). As a result, a form of tenure imperialism has emerged that dictates how and where individuals should live and which policies are best (Rigg 2007).

The mass production of housing, and Homex's case, in particular, shows the worst side of capitalism, where securitization mortgages promote profit-driven housing markets interest instead of low-income workers housing needs. Another way in which development discourses perpetuate the dynamics of oppression by justifying themselves as poverty solvers. These discourses are, in turn, perpetuated by corrupt governments and developers. For example, proponents of the Homex housing model argue that while imperfect, it was a justifiable effort to build homes for people in need.

CHAPTER 3

THE HOMEX CASE

Introduction

From 2000 to 2012, the presidents continue the deconstruction of the popular support housing system by modifying the housing policy to promote housing for low-income workers. The government partnered with private developers and various international institutions that invested millions into a housing project that produced 5 million houses. Homex was one of the leading construction companies during the housing boom. However, despite having large investments, Homex built housing developments without minimum quality controls, in marginal areas, and with low quality. However, the most important cause of abandonment is that workers could not afford them. Here I briefly outline the case of Homex, the investors who supported the company, the types of housing built, and the main causes of housing abandonment. In this chapter, I ask what are the social impacts of the Homex case? And what are the impacts of mortgage-securitization on housing access and housing justice in Mexico, especially in the case of Homex?

Housing in Mexico: the Homex case

Homex housing complexes are characterized by rows of tiny identical houses that were one day designed to meet the housing needs of more than 5 million Mexicans. Today twenty years after its construction, they are practically in total abandonment. The Homex sellers promoted their houses with models that showed small but charming houses surrounded by gardens, parks, and all the basic services; constant water supply, electrical network, drainage, a familiar and safe place, see figure 2.

House models shown by Homex



Actual Homex Houses



Figure 2: Homex houses photos by Brian van der Brug

Martha bought a house motivated by advertisements. She moved in 2011 with her son and her mother. However, today's outlook is bleak; broken windows and cables, abandoned furniture, the smell of urine, houses without doors, ransacked and littered with garbage. Homex never built the parks and schools. The few inhabitants who resist these neighborhoods' precarious conditions describe it as an area hit by some natural disaster. Pablo Rodríguez Méndez, an official of the city of Zumpango, mentioned "we have emergency plans for hurricanes, but we also need an emergency plan to deal with all the housing failures" (Marosi 2017c)

Ms. Serrano bought a house ten years ago in what she thought was a great opportunity through the loans that the government provided to low-income workers. However, Ms. Serrano has had to adapt the house to meet the needs of her family. The living room serves as a bedroom; she and her husband sleep in the laundry room, family members take turns eating, use the ceiling as a storage room for toys and tools that do not fit their 325 square feet house. The daily routine consists of moving furniture and tripping over objects and people (Burnett 2014).

One of the problems between buyers' ideas about the homes and what they actually got is related to the fact that many of the buyers did not see the houses before they bought them. Once they obtained the loan, they were assigned a house according to what they could afford. Giving up the house once the worker acquired the loan is very difficult because the loans are tied to their wages, as I explained before. Regarding this process, a representative of Homex homeowners expressed, "I have met people to whom they assigned their house, but when they went to see where it was, they absolutely regretted it. And giving up their loan is also very complex for them. So, they cannot cancel their loan, and Infonavit continues to charge them as long as they have a formal job" (elEconomista.es n.d.). For example, the case of Lyly and her husband is a little different but not more fortunate. They made the tough decision to leave their home despite having renovated it and having made higher monthly payments than those established in the credit to pay it off earlier, but the payments never went to the principal debt; they only covered interest. After years of bureaucratic red tape and not finding a solution to their problem, they decided to give up their house and investment. These stories are repeated in the multiple housing complexes built by Homex in 35 cities in Mexico (El informador 2019).

The housing boom

The Mexican housing boom started in 2000. During the first six years governed by the National Action Party (PAN), the president consolidated the housing policy (Zicardi and González, 2013). Notably, during the period from 2000 to 2006, President Vicente Fox started the national housing program focused on low-income families, intending to achieve 6 million loans (Almazan, 2013). This National Housing Program 2001-2006 became the most comprehensive housing policy in the history of Mexico, with a construction rate of

750,000 homes per year (Mellado, 2013). In 2001, President Vicente Fox set out to address the housing problem by constructing affordable large-scale housing. His strategy for this was to create a partnership between government and private initiatives. The government partnered with private developers. The Wall Street financial companies - invested billions of dollars. At the same time, the World Bank and the Inter-American Development Bank invested a total of **2.8 billion dollars**.

The government began by making the National Institute of the Workers' Housing Fund (Infonavit) increase its mortgage loans, as I explain before. During the years when the presidency was in charge of the National Action Party, the Infonavit loans increased from 205,000 issued in 2001 to 494,073 in 2008. The new loans were aimed at buyers who would acquire a home for the first time, whether or not they had any financial support. The objective was to remove millions of Mexicans from precarious and overpopulated homes and to comply with the guarantee of the Constitution of Mexico and the New Housing Law mentioned in the previous chapter (Marosi 2017a).

The economic opening attracted different developers to build houses as quickly as possible since Infonavit guaranteed the sale beforehand. For their part, foreign investors bought shares in several of these construction companies. Housing developments appeared throughout the country, but so did the problems that persist so far. The most involved construction company was Homex (Marosi 2017a).

When the Mexican government announced that it was about to build massive housing developments for the poor and working-class, Zell, a real estate billionaire from Chicago, decided to partner with the Homex construction company. Through its Equity International Investment Fund, Zell invested \$ 32 million in Homex. Homex, with the help

of Zell, went from building 5,000 houses a year to building 57,000. In addition to Zell's investment, Homex also received billions of dollars from the World Bank, Wall Street investment banks, university funds, foundations, and US pension funds. The value of Homex increased from 100 million dollars to 3 billion dollars (Marosi 2017a).

Since everything was so fast, the cities did not have the appropriate personnel to supervise the construction company. Therefore, Homex contractors skimmed on the asphalt, and civil engineers approved defective storm drain designs. The developers reduced the size of the houses, building about 1 million units of just 325 square feet (Altamirano 2019). The data that I gathered suggests that the idea was to build as quickly as possible with the least amount of material. For this, Homex proposed that the workers have one-room houses with the possibility of extending the house area up to 270 square feet (elEconomista.es n.d.). As a result, millions of people living in residential complexes without water, serious electricity problems, drainage, street collapse, leaking houses, cracks, electrical problems that cause fires, in dangerous locations, with flood risk, and countless social and environmental problems. So, despite having large investments, Homex build housing developments without minimum quality controls, in marginal areas, and with low quality. However, the most important cause of abandonment is that workers could not afford them. Of the five million loans granted, 3.9 million were linked to workers' wages, so that each time the worker's wages increased, the interest on the loan would also increase, but not in the same proportion. The interest increased more than the wages. Thus, the debts ended up being unpayable. (Altamirano 2019). In addition to these loans, subprime mortgages were granted to people who did not qualify for Infonavit loans. Unlike conventional loans, subprime loans were structured to increase at a higher rate. This

measure benefited investors who protected themselves through these growing payments that provided coverage against inflation and currency fluctuations. According to interviews conducted to homex owners by Richard Marosi the buyers were assured that mortgage payments would remain stable. The amortization tables given to the borrowers showed monthly payments and fixed interest rates for 25 or 30 years. However, the payments were linked to an index called Investment Units (UDI). Each monthly installment was determined by multiplying the "fixed" amount owed by the UDI rate, which grew each month. In ten years, the UDI rate rose 70%, and therefore the monthly payments and the total amount owed increased. The owners could not continue paying the loans, thus triggering a large-scale default. It was estimated that the owners would pay the amount of the original loan up to seven times over a period of 30 years (Marosi, 2017).

The program costs more than 100 billion dollars. On the one hand, investors and construction executives made substantial economic gains and prestige by becoming known as the "builders of nations." Meanwhile, lower-class workers were trapped with complex mortgage loans and with payments that increase to become equivalent to their salary. These residents have protested to various authorities without obtaining results (Marosi, 2017).

Causes of abandonment

The causes of the abandonment of millions of homes are diverse, but the following stand out:

Unpayable loans, the most important cause as mentioned in the previous paragraph, is that workers could not pay a loan that was only increasing. In this regard, Dovali, director of Oxfam Mexico, said, "There were workers who, after 15 years of paying, owed five

times more than what was originally agreed. And this is the main problem, that the housing credit policy has been a failure to serve the poorest people, those that supposedly were of social interest failed" ("Cinco millones de casas abandonadas muestran el fracaso de la estrategia para dar vivienda a los más pobres" 2019)

In the same sense, the economist Alejandro Castillo mentioned, "They pay on time, but their balance does not decrease." "The direct cost of housing is not so expensive as the cost of financing", **Infonavit charges the highest interest rates in America** ("Cinco millones de casas abandonadas muestran el fracaso de la estrategia para dar vivienda a los más pobres" 2019) and with interests calculated based on the minimum wage that makes them variable (elEconomista.es 2018). As I explained in the previous chapter, one of the characteristics of subprime loans is that interest rates are variable. In Mexico, the banks applied the same dynamic. The loans maintained a low-interest rate during the first years, but later they began to increase disproportionately. The inhabitants of these houses continually mention the dilemma "Either I feed my family, or I pay the mortgage." After 14 years of endless payments, Lily and her husband said, "We maxed out two credit cards to keep the house," but in the end, they had to abandon it (El informador 2019).

Another circumstance that led to the abandonment of the houses was the overvaluation of the properties. "Of these **10 million mortgage loans**, an erroneous analysis has been made, 5 million homes are empty, but it is not because they are far from population centers, but because the houses were also **overvalued**. The people couldn't pay their mortgages, and they were leaving them, that is one of the most fundamental circumstances "(Reforma 2014).

The location of the homes is another cause; with no government restrictions, Homex built where it was cheaper. The distance is the second most mentioned cause by experts on the subject and owners because the distance signifies several problems such as the time and money invested in getting to the work centers or schools. "We pay in transportation more than what we pay for the mortgage, and it is not enough." Carlos, one of the inhabitants of the Homex developments, who travels almost 4 hours to go and return to his activities in the Federal District, said, "We spend around 150 pesos a week on transportation. There are those of us who have up to four children, and we must sacrifice many things to eat" ("Entérese de la dura realidad del sector inmobiliario mexicano" n.d.).

The lack of basic services is another reason to abandon homes that do not have public lighting, drainage, water, and public spaces. For example, Ms. Serrano complains about the lack of gathering spaces, "there are no jobs, no cinema, no pubs," "we're in the middle of nowhere." Another inhabitant mentions the water shortage problem "We had water for a few months, but since the subdivision is not released and has a debt of thousands of pesos, the water is not supplied to us, even the water pumps were stolen." Another inhabitant refers to the cost of acquiring water "Filling a water tank with a pipe costs 100 pesos, and for a family of three or four, it only lasts a week and a half. The drainage is bad. If you look at the sewage, you can see it, previously the water did not come out through the drains, but now the drainage is clogged" While another inhabitant lives in a housing complex without basic services. "We have a month without water, we don't have public lighting, and there is nowhere to deposit the garbage." For children, walking home from school can be dangerous on days when water accumulates in the streets. An eight-year-old boy tried to avoid the electrical shocks generated by contact between the poor wiring and

the flooded water, but when he failed to do so, he expressed, "It hurt a lot when I felt the current" "I hate living here."(Marosi 2017c).

José Merin, the coordinator of the water system of a housing complex located in Huehuetoca, described it as living in a war zone (Gonzalez Caraza 2018). Firefighters have a lot of work to do in the area, between short circuits that cause fires, flooding from poorly made streets, and providing assistance due to the lack of electricity (Marosi 2017c).

The housing conditions are not the most adequate and are another cause of abandonment. According to an inhabitant of a Homex complex, "The houses do not comply with what they should. In less than a year, cracks appeared in walls and tiles. So the water is filtered. We repaired the cracks, but they reopen". Regarding the time it takes to pay for the houses versus the time they are habitable, one inhabitant mentions, "But the houses are not even going to last that long: you walk in the door, you kick it, and you throw it away" (Gonzalez Caraza 2018).

Finally, insecurity ironically is another cause of abandonment generated by the abandonment of houses. Homeowners who are still living in Homex houses because they have nowhere else to go report that their homes' remoteness and desolation attract thieves. For example, one inhabitant said, "The windows have already been broken in several houses to steal the sinks, the cable, the doors of the uninhabited houses." Sergio, a representative of the inhabitants of a group of Homex homes, said, "It is a characteristic of this type of problem: taking of houses by outsiders, thieves, looters and mafias"("Homex, la quiebra que pegó a miles de mexicanos" 2018).

The inhabitants that remain narrate the stories of those who leave. Silvia describes various events in her neighborhood "There was the middle-aged man, about four doors

away, who was strangled last year; the young man stabbed in the Saturday market; the friend whose house was burglarized when she was in the hospital; and the neighbor beaten by muggers as she walked home one night" (Burnett 2014). Experts on the subject describe it as a "geographic crime belt" that forces residents to migrate to cities.

In general, the case of these housing complexes is described as "A city model that we call DDD for distant, dispersed and disconnected," or they call it "anti-cities" (Seco 2013).

Housing Policy

Mellado critiques the housing policy administered by President Fox and by the PAN in general. Since according to this author, the housing policy can perhaps be considered quantitatively successful due to the number of homes that were built but qualitatively describes it as a failure due to the quality of the homes, as can be seen in the Homex case (Mellado, 2013). Romero (1995) agrees with this; it is not about hiring specialists and looking for forms of financing. Norms or solutions based on architecture contribute to a part of the housing problem. However, the author's criticism is that participation and organization are being neglected (Romero 1995). Adams (2012) argues that private investment is not always a good option to intervene in city planning because the private sector values making a profit over helping the population. In this case, construction companies Zell and Homex did not consider the location, even basic quality needs. The main objective of the private sector was to build as fast as they could and sell. Likewise, in the case of investments to finance housing, banks and investors benefited from the subprime loans with high interest, which also increased over time. The banks did not bother to think about whether the workers would be able to pay since high-interest rates protected

them and, and in the event of default, they recovered the houses (Marosi 2017a). However, the banks did not consider that most of the houses would be in uninhabitable condition, so they could not be recovered.

Mellado (2013) compiled the experiences of the people who live in these houses; many agreed on the lack of privacy due to the walls with inadequate acoustic insulation that also cause weather problems. There were repeated complaints about humidity and structural defects and, in some cases, shortages of water and electricity. The houses' aesthetics also leaves a lot to be desired as they are repetitive and monotonous landscapes. Regarding the location, he emphasizes that the new housing complexes are located very far from the country's large cities' centers, generating accessibility and circulation problems. Likewise, Almazan argues that the distribution of land use that does not offer enough residential area. According to this author, the lack of access to land induces the purchase or invasion of land in the peripheries, being an option for the lower-income population in need of a place to live (Almazan, 2013). In fact, inequality and poverty in the peripheries resulted from massive urbanization (Holston 2009). According to Lefevre, after urbanization, space and consumption became a good that altered the meaning of center and periphery between producible and non-producible. In other words, the land is categorized as to whether it can produce an economic good or not. Under the logic of the market, certain groups acquire control of the space and limit the access that others have to it. This is how the displacement and exclusion of centrality are generated. Centrality becomes valued not because of its geographical position but because that is where services and access to resources are concentrated. Therefore, peripheralization and dispersion mean the exclusion of urban life (Brenner, Marcuse, and Mayer 2012).

Traditional housing complexes or houses of social interest were already built before the housing boom. However, according to Mellado (2013), the new housing units include fewer elements of equipment, infrastructure services, open spaces, and green areas since real estate developers limit themselves to providing only the minimum elements essential to comply with established regulations. In addition to a new typology much smaller ranging from 45 to 70 m², and in some cases, it is worse because there are homes from 30 to 42 m². However, the way the tiny houses are designed gives the appearance of being larger. An important feature of these houses is that they are independent houses with a small parking lot that can be used as a garden despite their tiny size. According to the interviews that Mellado conducted, the people who acquired these homes did so under the promise of improving their living conditions and achieving the dream of owning a home and strengthening their wealth (Mellado, 2013).

Housing developers also benefit from building cheap land, usually on the periphery. The reality is that many of the new real estate developments were built on the outskirts and remote areas of cities (González, 2013). Besides, they seek to save as much as possible in construction, so they do not build road infrastructure, and they do not carry out environmental impact studies. On the other hand, they have the technology to manufacture monolithic houses in reduced times and costs, pre-built materials, and create a repetition of prototypes that involve less labor and supplies at wholesale prices. Meanwhile, housing continues to be marketed at market prices since it includes the cost of financing and the cost of the intermediaries that participate. For this reason, the houses are sold well above their production value, thereby limiting access to the population with the fewest resources for housing programs (Mellado, 2013).

Ziccardi and González note that local governments' participation in implementing the new housing policies is practically nil. This is why Homex was able to build in remote locations with no services. The lack of coordination between jurisdictions facilitated the rapid production of housing without services. Therefore, the social and economic consequences associated with urban sprawl are transferred to the municipalities without them having participated in decision-making. To solve these problems, local governments need to make higher infrastructure and equipment investments when they do not have the necessary capital or the support and connection with other government powers (Ziccardi and González 2013). A Homex homeowner stated, “They brought the people first, and then they built the infrastructure,” “It should have been the other way round.” (Burnett 2014). My argument is that each sector involved in the housing boom in Mexico had different objectives; none of them involved services and infrastructure as their priority. On the part of the government, they had planned to provide infrastructure and services, but when they noticed that people began to abandon the houses and that the loans were not paid, they left the project unfinished. The developers only wanted to meet the number of houses regardless of the services they provide; when people started making claims, it was too late as Homex had filed for bankruptcy. While institutions like the World Bank only focused on the number of houses and the type of financing.

In addition to planning, it is essential to attend to the NGOs and the restructuring of institutions like the World Trade Organization and the World Bank, since, for some authors, these have been altered to serve as facilitators of neoliberal institutions (Rigg 2007). We can appreciate this through the mass production of housing where investors from other parts of the world, foreign companies, national developers, and governments

created and implemented a national development plan that did not consider the communities' particularities like in the Homex case. Decision-makers believed that building houses would be enough regardless of the quality or location (Marosi 2017b).

In other words, the housing project was a master plan that failed its goal of providing decent housing to low-income workers. Master plans over the years have had a very particular vision of what a city should look like. Which, however, is the result of an early urban modernist way of thinking. In terms of housing, for example, housing was created by the need for industrialization, for workers to have a place to rest, and differentiation of work from other activities. However, needs have changed over the decades, and today these tools have rather been used to protect the property values of the rich and exclude the poor. Workers not only need a place to rest, but they also have families now that cannot carry out their activities in 325 square feet houses as proposed by Homex and Infonavit. When Eustaquio de Nicolás (former director of Homex) was questioned about one of the developments in the Zumpango, he replied, "I don't know it, but it must be really screwed." He also pointed out that "the housing development models should be different. However, we dance to the sound that the government plays. If Infonavit says, "I want houses for 140,000 pesos," then we build houses for 140,000 pesos. It's bullshit, but it's what Infonavit was asking for". Through this statement, we can see that the representative of the Homex company is blaming the government for the failure of the Homex homes. While Infonavit ensures that they are not responsible for the conditions of the houses since they are not in charge of carrying out any type of inspection (Gonzalez Caraza 2018).

Considering these factors, I argue that the housing project was a failure in qualitative terms since the physical conditions of housing and the loans to purchase a house did not satisfy the right to access decent housing. The goal of the different stakeholders did not focus on the low-income worker's needs. The goal of the presidents was to grant the modernization and development of the country through market stimulation. Infonavit's objective was to grant the largest number of loans regardless of the quality of the homes. And the goal of Homex was to build the largest number of homes regardless of the quality of materials or the quality of life that people would have when living in areas so far away from cities. As soon as Homex deeded the houses to their new owners, Infonavit paid Homex the contract amount, even if Homex did not finish the house or the project did not have basic services. This allowed Homex to disclaim any responsibility while Infonavit forced the new owners to pay the mortgage (Gonzalez Caraza 2018).

Reflections

A large part of housing policy is based on the idea of doing business, where the right to housing became de facto the right to a home loan. In other words, the housing market was privileged, taking advantage of the population's need for refuge (Almazán, 2013). Therefore, Mellado argues that housing developers and the current housing policy build small houses but do not build cities. This discourse is persuasive, as it includes the context of a home for community building. Mellado also links the right to housing to the right to the city itself (Mellado, 2013). After understanding the concept of decent housing, I argue that Homex did not build decent houses during the housing boom. Therefore, despite what President Calderón assured, many Mexicans' housing conditions are considered inadequate, whether due to the houses' size, construction quality, facilities,

network connections, environmental design, or location. Mellado associates it with the low participation of the Mexican State in housing policy, leaving the real estate sector in charge of housing production, which has focused on the construction of enormous housing complexes (Mellado 2013).

RECOMMENDATIONS

1. The government should open an investigation against Homex for housing fraud, and Homex should indemnify families who bought low-quality homes.
2. The government should coordinate with the municipalities to provide basic urban services such as water, electricity, and drainage for families who bought a Homex home. If families are at risk due to the location or poor quality of the houses, families must be relocated to safe areas and houses.
3. The government should review the conditions of the loans that Infonavit or other private institutions granted to low-income workers and cancel the debts of those who were victims of predatory lending clauses.

CONCLUSION

This research was intended to understand how low-income workers in Mexico experience the mortgage process with a case study of Homex developments. What I found was that the actors involved in the Homex project had objectives and visions focused on a neoliberal economic view that prioritizes the market and private sector over the individual's quality of life. For 12 years, the idea was to create greater access to mortgage loans. In turn, houses were built quickly and cheaply to meet the demand for credit. Quantity was sought over quality. Both the government and the developers prioritized economic interests over the quality of life of low-income workers. For this reason, the Homex project failed in its objective of providing decent housing for low-income workers. In the opinion of Professor Arturo Ortiz, "The country left planning in the hands of real estate developers who generated a disaster that we can hardly solve. They managed to make cities without citizen conditions" ("Entérese de la dura realidad del sector inmobiliario mexicano" n.d.).

My recommendations are focused on considering other forms of access to housing for those who cannot afford a loan. In other words, inclusive forms that guarantee access to decent housing. Through my thesis, I placed special emphasis on the Social Production of Housing because through my research, I found that it is a form of housing that offers inclusiveness and accessibility to quality housing. In general, I think that more housing options like this should be proposed, options that are focused on the right to quality housing and not on the logic of the market. Policies and future housing plans should be focused on the quality of the homes, not just the quantity. For this, the government has the power to regulate construction features. Policies should be focused on covering minimum quality controls, access to basic services such as water, electricity, and drainage. While in matters

of physical conditions, regulations on the minimum required spaces should also be considered and enforce by the state.

I think possible areas for further research could be focused on understanding the logic behind the triumph of quantity over quality. In the same way, there is room to explore more about homeownership discourses and, in general, about neoliberal economic rationality that favors elites over low-income workers.

REFERENCES

- "01_eje_1_politica_nacional_vivienda.Pdf." n.d. Accessed May 3, 2020.
https://www.puec.unam.mx/pdf/publicaciones_digitales/01_eje_1_politica_nacional_vivienda.pdf.
- Aalbers, Manuel. 2009a. "Geographies of the Financial Crisis." *Area* 41 (1): 34–42.
- . 2009b. "Geographies of the Financial Crisis." *Area* 41 (1): 34–42.
<https://doi.org/10.1111/j.1475-4762.2008.00877.x>.
- Almazán, Villalobos Cristina. 2013. "El posicionamiento de la producción social de vivienda en la política nacional de vivienda. Retos y perspectivas." *Congreso Nacional de Vivienda 2013*: 2-13.
- Altamirano, Claudia. 2019. "El fracaso de la vivienda de interés social en México." *Animal Politico*. March 14, 2019.
<https://www.animalpolitico.com/2019/03/vivienda-interes-social-fracaso-pobreza-desigualdad/>.
- Ananya, Roy. 2010. "Poverty Capital: Microfinance and the Making of Development." <https://doi.org/10.1111/j.1467-9493.2012.00462.x>.
- Barry, C. B., Castañeda, G., & Lipscomb, J. B. (1994). *The Structure of Mortgage Markets in Mexico and Prospects for Their Securitization*. 33.
- Boils, Guillermo. 2004. "EL Banco Mundial y la política de vivienda en México." *REVISTA MEXICANA DE SOCIOLOGÍA*, 23.

- Bolán, Eduardo Nivón. 2016. "La Ciudad de México vista desde la periferia o la ingobernabilidad de la megalópolis." *Ponto Urbe. Revista do núcleo de antropologia urbana da USP*, no. 18 (June). <https://doi.org/10.4000/pontourbe.3063>.
- Brenner, Neil, Peter Marcuse, and Margit Mayer. 2012. *Cities for People, Not for Profit: Critical Urban Theory and the Right to the City*. Routledge.
- Burnett, Victoria. 2014. "They Built It. People Came. Now They Go." *The New York Times*, September 8, 2014, sec. World.
<https://www.nytimes.com/2014/09/09/world/americas/they-built-it-people-came-now-they-go.html>.
- "Calderón firma reforma al Infonavit." 2012. *Expansión*. January 12, 2012.
<https://expansion.mx/economia/2012/01/11/calderon-firma-reforma-al-infonavit>.
- Carrión, Fernando, FLACSO (Organization), Andalusia (Spain), and Quito (Ecuador), eds. 2001. *La ciudad construida: urbanismo en América Latina*. Foro. Quito: FLACSO-Ecuador : Junta de Andalucía.
- Chakravartty, Paula, and Denise Ferreira da Silva. 2012. "Accumulation, Dispossession, and Debt: The Racial Logic of Global Capitalism—An Introduction." *American Quarterly* 64 (3): 361–85.
- "Cinco millones de casas abandonadas muestran el fracaso de la estrategia para dar vivienda a los más pobres." 2019. *Animal Político* (blog). March 14, 2019.
<https://www.animalpolitico.com/2019/03/vivienda-interes-social-fracaso-pobreza-desigualdad/>.

- CONEVAL. 2018. "Estudio Diagnostico Del Derecho a La Vivienda Digna y Decorosa."
https://www.coneval.org.mx/Evaluacion/IEPSM/Documents/Derechos_Sociales/Estudio_Diag_Vivienda_2018.pdf.
- Coronil, Fernando. 1996. "Beyond Occidentalism: Toward Nonimperial Geohistorical Categories," *Cultural Anthropology*, 11: 51–86.
- Dados, Nour, and Raewyn Connell. 2012. "The Global South." *Contexts* 11 (1): 12–13.
<https://doi.org/10.1177/1536504212436479>.
- "El fin de un ciclo." 2013. *Expansión*. April 12, 2013.
<https://expansion.mx/expansion/2013/11/21/el-fin-de-un-ciclo>.
- El informador. 2019. "Por impago, Infonavit recupera 72 casas al día." *El Informador* :: Noticias de Jalisco, México, Deportes & Entretenimiento. October 24, 2019.
<https://www.informador.mx/Por-impago-Infonavit-recupera-72-casas-al-dia-1201910240001.html>.
- elEconomista.es. 2018. "La era del Infonavit con Fox y Calderón dejó más de 250,000 casas 'chatarra' de interés social - economiahoy.mx." July 31, 2018.
<https://www.economiahoy.mx/nacional-eAm-mx/noticias/9307783/07/18/La-era-del-Infonavit-con-Fox-y-Calderon-dejo-mas-de-250000-casas-chatarra-de-interes-social.html>.
- "Entérese de la dura realidad del sector inmobiliario mexicano." n.d. Accessed May 4, 2020. <https://www.americaeconomia.com/negocios-industrias/conozca-la-dura-realidad-del-sector-inmobiliario-mexicano>.

Expansion. 2012. “Calderón Anuncia Más Ayuda a Vivienda,” 2012.

<https://expansion.mx/economia/2012/03/03/calderon-anuncia-mas-ayuda-a-vivienda>.

Forrest, Ray, and Yosuke Hirayama. 2009. “The Uneven Impact of Neoliberalism on Housing Opportunities.” *International Journal of Urban and Regional Research* 33 (4): 998–1013. <https://doi.org/10.1111/j.1468-2427.2009.00903.x>.

GP Hernando. 2020. “@ilpayino @Viri_Rios 5 millones de minicasitas han sido abandonadas al día de hoy . Minúsculos espacios y muy alejadas de escuelas , servicios médicos , etc . Es casi inhumano que una familia pueda vivir ahí y aún más pretender que así sea y haber hecho pingües negocios con ello.” Tweet. @HernandoGuerra8 (blog). May 22, 2020.

<https://twitter.com/HernandoGuerra8/status/1263909876612423681>.

Gonzalez Caraza, Claudio. 2018. “Homex y Eustaquio de Nicolás: el abuso y la impunidad como modelo de negocio.” 2018.

<https://contralacorrupcion.mx/homex/>.

Geografía (INEGI), Instituto Nacional de Estadística y. 2006. “Empleo y ocupación.” Encuestas

en hogares. Regulares. Encuesta Nacional de Ocupación y Empleo. ENOE, población de 15 años y más de edad. Instituto Nacional de Estadística y Geografía. INEGI. January 1, 2006. <https://www.inegi.org.mx/temas/empleo/>.

Gutiérrez, Roberto. 2006. “Casas Homex Mentirosos Estafadores, Guadalajara, Jalisco, MEXICO.” August 10, 2006. [//www.apestan.com/cases/casas-homex_748.html](http://www.apestan.com/cases/casas-homex_748.html).

Harvey, David. 2007. *A Brief History of Neoliberalism*. Oxford University Press.

- Harrigan, Jane, and Wang Chengang. 2011. "A New Approach to the Allocation of Aid Among
- Jha, A. (2007, January). *La Vivienda Popular en America Latina y el Caribe*. Retrieved from
- <http://documents.worldbank.org/curated/en/198521468091484324/pdf/387480Jan0711011LowIncomeHousing1SP.pdf>
- Developing Countries: Is the USA Different from the Rest?" *World Development* 39 (8): 1281–93. <https://doi.org/10.1016/j.worlddev.2010.12.011>.
- Hisour. 2018. "Carta de Atenas." *HiSoUR Arte Cultura Historia* (blog). April 16, 2018. <https://www.hisour.com/es/athens-charter-28182/>.
- Holston, James. 2009. "Insurgent Citizenship in an Era of Global Urban Peripheries." *City & Society* 21 (2): 245–67. <https://doi.org/10.1111/j.1548-744X.2009.01024.x>.
- "Homex, la quiebra que pegó a miles de mexicanos." 2018. *El Universal*. July 17, 2018. <https://www.eluniversal.com.mx/estados/homex-la-quiebra-que-pego-miles-de-mexicanos>.
- "Impulsará Calderón motor de crecimiento." 2008. *El Siglo*. January 22, 2008. <https://www.elsiglodetorreon.com.mx/noticia/326256.impulsara-calderon-motor-de-crecimiento.html>.
- INEGI. 2019. "Encuesta Nacional de Ocupación y Empleo (ENOE), Población de 15 Años y Más de Edad." 2019. <https://www.inegi.org.mx/programas/enoe/15ymas/default.html#Tabulados>.

- Keivani, Ramin, and Edmundo Werna. 2001. "Modes of Housing Provision in Developing Countries."
- La Jornada. 2005. "Logros Históricos En Vivienda: Fox - La Jornada." 2005.
<https://www.jornada.com.mx/2005/09/25/index.php?section=politica&article=011n2pol>.
- El informador. 2019. "Por impago, Infonavit recupera 72 casas al día." El Informador :: Noticias de Jalisco, México, Deportes & Entretenimiento. October 24, 2019.
<https://www.informador.mx/Por-impago-Infonavit-recupera-72-casas-al-dia-1201910240001.html>.
- elEconomista.es. 2018. "La era del Infonavit con Fox y Calderón dejó más de 250,000 casas 'chatarra' de interés social - economiahoy.mx." July 31, 2018.
<https://www.economiahoy.mx/nacional-eAm-mx/noticias/9307783/07/18/La-era-del-Infonavit-con-Fox-y-Calderon-dejo-mas-de-250000-casas-chatarra-de-interes-social.html>.
- "Entérese de la dura realidad del sector inmobiliario mexicano." n.d. Accessed May 4, 2020. <https://www.americaeconomia.com/negocios-industrias/conozca-la-dura-realidad-del-sector-inmobiliario-mexicano>.
- Gonzalez Caraza, Claudio. 2018. "Homex y Eustaquio de Nicolás: el abuso y la impunidad como modelo de negocio." 2018.
<https://contralacorrupcion.mx/homex/>.
- Harvey, David. 2007. *A Brief History of Neoliberalism*. Oxford University Press.

Holston, James. 2009. "Insurgent Citizenship in an Era of Global Urban Peripheries."

City & Society 21 (2): 245–67. <https://doi.org/10.1111/j.1548->

744X.2009.01024.x.

"Homex, la quiebra que pegó a miles de mexicanos." 2018. El Universal. July 17, 2018.

<https://www.eluniversal.com.mx/estados/homex-la-quiebra-que-pegó-miles-de-mexicanos>.

"Impulsará Calderón motor de crecimiento." 2008. El Siglo. January 22, 2008.

<https://www.elsiglodetorreon.com.mx/noticia/326256.impulsara-calderon-motor-de-crecimiento.html>.

La Jornada. 2005. "Logros Históricos En Vivienda: Fox - La Jornada." 2005.

<https://www.jornada.com.mx/2005/09/25/index.php?section=politica&article=011n2pol>.

Marosi, Richard. 2017a. "El Desarrollador Respalado Por Wall Street Cosechó Miles de Millones de Dólares, y Después Se Declaró En Quiebra y Dejó Barrios

Marginales Por Todo México." *Www.Latimes.Com*. 2017.

<http://www.latimes.com/projects/la-me-mexico-housing-es-chapter-2/>.

———. 2017b. "Imágínesse Un Préstamo Hipotecario Que Siempre Aumenta, Aun

Cuando Haga Sus Pagos a Tiempo." *Www.Latimes.Com*. 2017.

<http://www.latimes.com/projects/la-me-mexico-housing-es-chapter-4/>.

———. 2018. "Homex, una empresa constructora de México es acusada de fraude masivo de la SEC, pero el caso se ha estancado." *Los Angeles Times en Español*.

March 2, 2018. <https://www.latimes.com/espanol/mexico/la-es-homex-una->

empresa-constructora-de-mexico-es-acusada-de-fraude-masivo-de-la-sec-pero-el-caso-se-ha-es-20180302-story.html.

Marosi, Richard |. 2017c. "La Vivienda Económica Para Las Masas En México, Se Convirtió En Un Fiasco En Cámara Lenta." *Www.Latimes.Com*. 2017.

<http://www.latimes.com/projects/la-me-mexico-housing-es/>.

Martinez Guerra, Hilda. 2012. "De mal en peor la calidad de los desarrollos habitacionales." *Peninsular Digital* (blog). September 18, 2012.

<https://peninsulardigital.com/municipios/de-mal-en-peor-la-calidad-de-los-desarrollos-habitacionales/87672>.

Massey, Doreen. 1994. "A Global Sense of Place," In *space, place and gender*, , 146–56.

———. 2004. "Geographies of Responsibility," *Series B Human Geography*, 86 (May): 5–18.

Miraftab, F. (1997). *Revisiting Informal-Sector Home Ownership: The Relevance of Household*

Composition for Housing Options of the Poor. International Journal of Urban and Regional Research, 21(2), 303–322. <https://doi.org/10.1111/1468-2427.00074>

Miraftab, Faranak. 2009. "Insurgent Planning: Situating Radical Planning in the Global South," *Planning Theory*, 8: 32–50.

Moser, Caroline O. N. 1978. "Informal Sector or Petty Commodity Production: Dualism or Dependence in Urban Development?" *World Development* 6 (9): 1041–64.

[https://doi.org/10.1016/0305-750X\(78\)90062-1](https://doi.org/10.1016/0305-750X(78)90062-1).

Ortiz Flores, Enrique. 2011. *El Camino Posible Produccion Social Del Habitat En*

America Latina. <https://autogestao.unmp.org.br/wp-content/uploads/2016/02/LIV->

03_-EI-CAMINO-POSIBLE-PRODUCCION-SOCIAL-DEL-
HABITAT.pdf#page=14.

Peer, Smets. 2006. "Small Is Beautiful, but Big Is Often the Practice: Housing
Microfinance in Discussion." *Habitat International* 30 (3): 595–613.

<https://doi.org/10.1016/j.habitatint.2005.02.003>.

Peñaloza Sánchez, Héctor. 2015. "No Aparecen Las Fianzas de Homex," March 9, 2015.

[http://www.frentemex.org.mx/documentos/cat_view/10-articulos-de-
prensa?start=95](http://www.frentemex.org.mx/documentos/cat_view/10-articulos-de-prensa?start=95).

Piedrahita-Gutiérrez, Olga Lucía. 2012. "Influence of the Twentieth Century City in the
Squares

of the Historic Center of Bogotá" 21.

Porter, L. 2010. "Introduction: Culture, Colonialism and Planning," 151–58.

Reforma. 2014. "Exigen Castigar a Los Responsables." Exigen castigar a los
responsables.

Rigg, Jonathan. 2007. *An Everyday Geography of the Global South*. Routledge.

Rolnik, Raquel. 2013. "Late Neoliberalism: The Financialization of Homeownership and
Housing Rights." *International Journal of Urban and Regional Research* 37 (3):

1058–66. <https://doi.org/10.1111/1468-2427.12062>.

Romero, Gustavo. 1995. "HIC - La Producción Social Del Hábitat: Reflexiones Sobre Su

Historia, Concepciones y Propuestas." June 24, 1995. [http://www.hic-
gs.org/document.php?pid=2522](http://www.hic-gs.org/document.php?pid=2522).

Ronald, R. 2008. *The Ideology of Home Ownership: Homeowner Societies and the Role
of Housing*. Springer.

Sassen, Saskia. 2014. "Global Cities and Survival Circuits," *The Globalization and Development Reader: Perspectives on Development and Global Change*, , 373–90.

Seco, Raquel. 2013. "El drama de las microviviendas agrieta el sector inmobiliario mexicano." *El País*, October 5, 2013, sec. Internacional.
https://elpais.com/internacional/2013/10/05/actualidad/1381009211_829350.html.

Squires, Professor of Sociology Public Policy and Public Administration Gregory D. 2004. *Why*

the Poor Pay More: How to Stop Predatory Lending. Greenwood Publishing Group.

Soederberg, S. (2015). Subprime Housing Goes South: Constructing Securitized Mortgages for

the Poor in Mexico. *Antipode*, 47(2), 481–499. <https://doi.org/10.1111/anti.12110>

Souphala Chomsisengphet, & Anthony Pennington-Cross. (2006, January). *The Evolution of the*

Subprime Mortgage Market. Retrieved from

https://publications.marquette.edu/cgi/viewcontent.cgi?article=1052&context=fin_fac

Sra.Lic.Doña. 2021. "@baijorge @kalycho @sof_j Las constructoras se han aprovechado de las necesidades de vivienda de las personas, construyen viviendas que no son dignas y en lugares inaccesibles (y de la calidad de materiales, ni hablamos). En ello veo fraude y afectacion a sus derechos colectivos como consumidores."

Tweet. @ChidaAndi (blog). January 27, 2021.

<https://twitter.com/ChidaAndi/status/1354554510375407619>.

Staff, Forbes. 2019. "Infonavit, dispuesto a demoler viviendas abandonadas • Forbes México." Forbes México. March 21, 2019. <https://www.forbes.com.mx/infonavit-dispuesto-a-demoler-viviendas-abandonadas/>.

The Ideology of Home Ownership: Homeowner Societies and the Role of Housing.

Springer.

Tucker, Jennifer, and Anantharaman Manisha. 2020. "Informal Work and Sustainable Cities:

From Formalization to Reparation."

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7500398/>.

Turner, John C. 2007. "Housing Priorities, Settlement Patterns, and Urban Development." 2007.

<http://web.mit.edu/urbanupgrading/upgrading/resources/bibliography/Abstracts/Housing-Priorities.html>.

"Vivienda: El Gran Engaño de Fox." n.d. Accessed May 3, 2020.

https://www.zocalo.com.mx/new_site/articulo/vivienda-el-gran-engano-de-fox.

Walker, Alex. 2001. "THE SOCIAL CONTEXT OF BUILT FORM: THE CASE OF INFORMAL HOUSING PRODUCTION IN MEXICO CITY."

https://www.ucl.ac.uk/bartlett/development/sites/bartlett/files/migrated-files/wp114_0.pdf.

Watson, Vanessa. 2009. "Seeing from the South: Refocusing Urban Planning on the
Globe's Central Urban Issues," *Urban Studies*, 46 (11).

<https://doi.org/10.1177/0042098009342598>.

Yiftachel, Oren. 1998. "Planning and Social Control: Exploring the Dark Side," *Journal
of planning literature*, 395–406.