

**Urban Land as a Factor in Economic and Social Inclusion:
The Experience of Havana**

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Abstract

This paper explores the topic of planning under a centrally planned socialist economy, as exemplified by the case of Havana, Cuba. The specific features of urban land management in Cuba are explored, including planning policies and methods of implementation, the degree to which land acts as a factor for social inclusion under this model, and access to government-managed land.

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Urban Land as a Factor in Economic and Social Inclusion: The Experience of Havana

I. Introduction

Centrally Planned Economies and Social and Economic Development

In a socialist economy, centralized planning is the backbone of the economic process.¹ The State is the main promoter and producer, even for the development of cities.

What usually happens under these circumstances is that the city planners decide on the development of urban areas, perhaps, at times, too far in advance. These decisions, made “from above” and “by a group of efficient technocrats,” are based on the consensus that the economic efficiency of the usage function that was established in the plan is the optimal one and, therefore, the city comes to have a more manageable, productive, and comprehensible urban structure. The planners also try to guarantee certain elements:

- Providing an adequate amount of land, over both the medium and the long term, for the various services and activities in the metropolitan area;
- Focusing their objectives on balancing the relationship between population, areas, and distances;
- Making sure development of basic services and public and semi-public functions take priority over private ones;
- Minimizing the emergence of conflicts between land uses, and of negative external factors;²
- Increasing economic efficiency and productivity, and eliminating the speculation and corruption related to urban land;
- In short, offering enough land to meet the demands of society.

Just how realistic and viable the centrally planned Socialist model is at meeting the growing, disconnected, and changing demands of society has come into question. The real possibility of ecological and economic limits in the development of urban enclaves using central planning has also been questioned. Nevertheless, such an endeavor can be undertaken to a certain extent provided that the State has considerable amounts of land and is firmly committed to the goal of encouraging equitable redistribution, as occurred in Cuba from the mid-1970s onward in a centralized system. We should point out that this goal can also be promoted in decentralized forms, using municipalization of land as the method. However, this method was not used in Cuba.

¹Central planning is as marked today as it was in the 1970s and 1980s.

²On the topic of avoiding negative external environmental factors, the record of ex-socialist countries is considered quite poor. On urban external factors, see Sabatini (1997).

Centralization of actions to promote economic and urban development, which also occurs in other, non-Socialist forms of administration,³ reveals the existence of an extensive time lag between the planning stage and the actual presence of the developer or investor interested in the specific site. Even though the experience of planning in Socialist countries (most of them ex-Socialist) established time frames in which investments or growth were to occur (usually as part of five-year plans), many of the goals, because they were too ambitious, were postponed or not implemented based on the specifications established in the economic and urban plans.

Past experience shows a similar set of traits, all of which at their core reveal obvious conflicts and contradictions. The three main sets of contradictions are those:

1. between sectorial and territorial criteria;
2. between the downtown perspective and the local perspectives; and
3. between social and productive interests.

We should also mention that economic efficiency was favored over financial, meaning that aspects with a socioeconomic impact such as jobs, minimizing costs and distances, protecting water resources, densities, etc., took precedence over monetary-financial aspects such as whether or not profits are earned, recovery of investment, amortization, and the repeatability of the process.

These specific features shape very concrete ways of producing and operating a city. Studies undertaken in cities where central planning occurred expose many problems: a lack of cohesion in development zones, where bedroom communities are favored over producing dynamic, integrated urban spaces; flaws in completed urban projects, characterized by a weak relationship between function and architecture; and the excessive growth of temporary structures,⁴ such as offices, storage areas, and sheds to control access to the construction work, which are of very poor quality design and construction and whose presence detracts from the functional and environmental quality of the surrounding area.

In summary, then, centrally planned projects have: generated alterations and distortions in the uses of downtown areas; introduced peculiar methods of encouraging growth in new areas or of expanding and completing existing areas; promoted the tendency toward low densities; limited access between zones of the same city; and favored extensive urban sprawl. Many of these aspects are relatively similar to the situations in urban growth in Latin America in the 1960s, which presents us with a question often overlooked by urban experts in the area: Why are urban results so similar when the policies that are defined and the instruments used so very dissimilar? (central planning vs. market economy).

³Latin America is experiencing centralization as developed by the military dictatorships established in previous decades.

⁴Temporary structures: Refers to substandard uses and buildings that facilitate subsequent development of an area or project and that must be removed once the construction process is completed.

Favoring Inclusion: Urban Land in Havana, Policies, Methods of Implementation, and Results

It is abundantly clear that the specific features of urban land management in Cuba began in 1959 with the profound and complex changes introduced by the Revolution. Within a short time period, the Revolution altered the way in which the country's society and economy were organized, administrated, and managed. The process had very broad-based and legitimate popular support.⁵ Its actions were geared toward attaining the overall well-being of society, by favoring means of economic reproduction where money and financial criteria were not the driving force behind the projects.

Actions were based on a central planning framework whereby the Cuban State established a common format for determining priorities, establishing the direction of development and the scope of goals, and allocating budgets and technical resources.

The following objectives were laid out for urban land management:

- Foster development of socio-economic strategies designed by the political system.
- Promote state interests and uses, as well as the interests of social and public services.
- Guarantee the process of granting land to the industrial and production sector⁶ (large manufacturing infrastructure and facilities).
- Support development of new communities (mostly on the outskirts) to provide low-income housing.

In short, the goal of the Cuban state planning strategy was to make urban land a dynamic element for economic and social development, which led the State to give priority to public uses and basic services, especially public health, education, culture, the industrial sector, harbor and road infrastructure, and, to a certain extent, housing.

The Cuban State emphatically incorporated a social service perspective in its development programs. It established a means of granting and providing land so that the development of services, housing, and community facilities was guaranteed, and any effects of segregation or speculation in urban development were minimized, as we shall see below.

The prevalence of this focus meant that, for a long time, the cost of land was not added to production costs for housing. The homes built had a (subsidized) social price, determined by the State as a function of the wages and expenses planned in the construction budgets. However, these prices had very little relation to actual production costs and to the expenses incurred in developing infrastructure or to the services that were incorporated,

⁵As distinguished from that of most ex-socialist countries, where the social model was established more as a function of the socialist wave imposed from Moscow than as a product of a legitimate, majority-supported domestic process.

⁶This is directly related to the central importance that the socialist paradigm assigns to the productive sector of the economy and the urgent need for industrial diversification.

and they obviously bore no connection to income from the land. The State's situation for other urban components (social services, basically) was perhaps clearer, for no price, rate, tax, or surcharge was set; the State paid these expenses.

In order for this policy, and the social focus driving it, to be developed, it became obvious that the State would need to own a considerable portion of the land. From the beginning, expropriation and nationalization processes⁷ were instituted that allowed the State to control approximately 90 percent of land in the nation and 70 percent of the land available in Havana.⁸

Since the state owned such a large amount of land, the projects that it proposed or supported received the required land without any kind of limitations on them; likewise, regulations that it approved were introduced and preservation areas stipulated in its plans were guaranteed. In general, criteria established in zoning and other city regulations or plans determined the specific use. The result of this approach, particularly in urban areas under development, was the concentration of similar functions in certain axes or zones of the city. In most cases, one specific economic sector or service would predominate.

One example that illustrates the results of this method can be seen in the so-called scientific pole in Havana, where almost all research and biotechnology and pharmacology institutions are concentrated. A second example, from the city of Las Tunas,⁹ shows the location of health care services and activities along an access road to the city: first is the general hospital, then the provincial hospital, and finally the college of medicine—with all these services detached from the city that uses them.

This system meant that land concentrated in private hands was undervalued, and the situation was made worse by the excessive fragmentation which characterized private property in Cuba, particularly in urban zones. Ultimately, privately owned land remained outside the reach of strategies and actions undertaken on an urban scale. The distinction between state land and private land has not disappeared. Regarding private property, the authorities recognize the existence of independent, and at times distorted, behaviors that have not yet been adequately studied by Cuban experts.

Thus, the situation has been characterized by limited use of the monetary value of the land, a lack of fiscal elements, and termination of market mechanisms. In this way, the land became undercapitalized in financial terms and the income it generated was “canceled.” This system first appeared in Law 691 “on vacant lots,” published in 1959. This law established one price for land at four pesos per square meter, regardless of whether it was urban or rural land.

⁷Nationalization and expropriation were established mainly via the First and Second Agrarian Reform Laws and the Urban Reform Law, promulgated in the first years of the Revolution.

⁸Percentages match estimates from urban specialists in Havana.

⁹Las Tunas: Main urban nucleus of the province of Las Tunas, located 657 km from the capital, covering more than 6,589 km² with a population of 520,000.

In 1986, in an attempt to overcome the obvious limitations of the previously established criterion, it was decided to broaden price differentials for urban zones, creating seven price categories (8.00 to 33.00 pesos per square meter) in Havana; four in Santiago—the country’s second capital—and up to three categories in the remaining urban settlements.¹⁰ In any case, the measure did little to increase efficiency in urban land management. These “differentiated prices” were used solely as an element to alter the price of low-income housing according to its location in the city.

Table 1. Price categories created in 1986 for urban settlement systems
(*price differentials for urban zones / price categories for urban settlement systems*)

| Settlement System | I | II | III | IV | V | VI | VII |
|----------------------------------|----|----|-----|----|----|----|-----|
| Havana | 13 | 17 | 21 | 24 | 27 | 30 | 33 |
| Santiago de Cuba | 13 | 17 | 21 | 24 | | | |
| Other Provincial Capitals | 13 | 17 | 21 | | | | |
| Cities > 20 thousand inhabitants | 10 | | | | | | |
| Other Urban Settlements | 8 | | | | | | |
| Rural Settlements | 6 | | | | | | |

At the same time, a very particular means of allocating financial resources was applied. It consisted of transferring resources from productive sectors to those considered nonproductive by means of the National State Budget. Operation of the cities and their development were considered to be passive activities, and, as previously stated, were to be subsidized by the central government.

Modifications to investment and regulatory instruments for development that were introduced with the Revolution led to very specific ways of creating and changing uses within the urban framework of the capital. The structure of these modifications implied a basic connection between similar urban uses, a disproportionate increase in demand for land for projects under development, poor use of existing urban infrastructure in certain zones of the city,¹¹ little stimulus for recycling or reinvesting in unused state land, a slow process of urban land production, and exclusion of this land from the book assets of corporations.

Other, more specific policies were also developed in an effort to alter the country’s economic and operational vista in order to erect a more suitable structure for the national system of urban settlements. These policies had a certain degree of success.

¹⁰In all settlements, the minimum price was set at 8.00 Cuban pesos per square meter in an urban zone. The regulation took effect on July 1, 1985.

¹¹Forty years later, there are still areas of Havana that were developed in the late fifties but never built on; these are areas that have infrastructure in place but had no recorded plans for residential construction or other urban functions.

Both the economic and the urban policies had a strong impact on Havana. The intention to accelerate development in the rest of the country became a program that slowed the rate of growth in the capital. This, together with the absence of maintenance and conservation activities, contributed to its deterioration. Growth in Havana, considered disproportionately high in the fifties, was paralyzed; we can still see how this process was cut short by the various urban structures that were not built, and in the allocation of inappropriate land uses and functions in other zones of the city.

So, Havana grew from approximately 1.5 million inhabitants in 1959 to 2.2 million in 1995,¹² while in cities such as Lima and Bogotá, which had populations similar to Havana's in 1959, there are now over 7 million and 6 million inhabitants, respectively. Yet the urban growth process in Cuba is similar to that in other Latin American countries. Today, roughly 80 percent of Cubans live in urban settlements, but these are very evenly distributed throughout the country.

Table 2. Aggregate Distribution of Settlement System/Populations in Cuba

| Settlement Areas | Population |
|-------------------------|-------------------|
| Capital (Havana) | 2.2 million |
| 12 Provincial Capitals | 2.3 million |
| 28 Medium-sized Cities | 1.2 million |
| 500 Urban-based Towns | 2.7 million |

Source: Mario Coyula, *Investigación en desarrollo sobre estudio comparativo urbano para ciudades seleccionadas en la región caribeña*, (Developing research on comparative urban study for select cities in the Caribbean region) 1996–1997.

Authorities in the capital paid great attention to the process of industrialization, to consolidating educational and healthcare services, to reactivating economic and productive activities that could create jobs, to developing specific infrastructure elements, and to promoting special programs. Unfortunately, what was lacking in these sectorial initiatives were activities aimed at maintaining urban networks and construction, slowing the spread of facile construction,¹³ and eliminating operational inefficiency, all of which created a city with obvious urban problems.

Havana: Land Access as Managed by the State

Over a period of three decades, the State developed a system for administrative management of land in the city of Havana that consisted of defining distinct components of access to urban land: access to land by right of possession; access to the right to develop land; access to development assistance; and access to land associated with the protection of development.

¹²Demographic estimates from 1998 indicate that approximately 21% of the population lives in Havana.

¹³Facile construction refers to the inclusion of unimaginative, simplistic, and repetitive elements into design and construction, which facilitates the process of building, but produces monotony and a loss of identity in urban spaces.

First there is the legal notion of “access to land by right of possession.” Legal access to land, including low-income housing,¹⁴ has been guaranteed by effective supply, backed by State ownership of the vast majority of land.

In cases where certain infrastructure or construction projects with great economic and social impact were blocked by ownership by private parties, the State developed a negotiation process and offered the owners the alternative of other land or monetary compensation¹⁵ in exchange for the land intended for the project.

This type of access to land facilitated inclusion of both urban and undeveloped land, substantially reducing attempts at speculation. The new lands were defined according to studies presented by the agency in charge of physical planning for the city, which planned the means of geographic expansion for the city, the type of development and direction of growth, desirable densities, and land subdivision. The idea was to increase efficiency in development and in the provision of urban infrastructure. Although there were vacant lots, they were not preserved for later investment.

In terms of “access to the right to develop land,” the state monopoly imposed the new functions or changes to the existing functions in order to favor the uses with greatest social influence, including ensuring execution of other functions considered to be less attractive from an economic-financial standpoint, but that were urgently needed. The State wanted to strike a balance between functions and even out the discrepancy between incomes, breaking up the concentration of specific functions traditionally located in the city center.

Private owners, except for those who tried to build their homes, did not develop their lands for any purpose other than residential. This was because bureaucratic procedures and the criteria of the state policy introduced in the Master Plan and in the Economic Organization System discouraged any other type of development.

“Access to development assistance” consisted of providing a fair, and, at times, equal share of basic services, mainly for education and health, which were given priority. A systemic structure was promoted and consolidated for both activities,¹⁶ and the required area was granted for them.

In order to promote access to development assistance, the State led creation of a cartographic and planimetric base in Havana in a relatively short period of time. It also expanded the institutional structure associated with urban development, as seen in the

¹⁴ From 1961—starting with the housing project Unidad N°1 Habana del Este—until 1994, all housing projects, both urban and rural, were meant for low-income housing. Nearly 570,000 homes were built in the country.

¹⁵ The monetary compensation was reached by using a fixed land price, in Law N° 691 of 1959, which was very low, and disregarded location and environmental and infrastructure features of the site.

¹⁶ This means that each of these services was designed and expanded according to “systemic” criteria, taking into account well-defined structural elements whose harmony, dimensions, specialization, and place and time of service were key aspects for the efficiency and effectiveness that the State set out to achieve.

municipal offices of architecture and urban planning, and the Office of Housing, both of which were in charge of controlling and monitoring these aspects and advising citizens. Technicians involved in this endeavor were able to increase their qualifications and specializations with postgraduate programs developed by the Universidad Politécnica de la Habana (ISJAE, Polytechnic University of Havana) and by the Instituto Nacional de Planificación Física (IPF, National Physical Planning Institute).

The final component was “access to land associated with the protection of development.” In this instance, State management involved preserving enough land to ensure future growth in the city. Green spaces and parks were defined, and in particular, land was set aside for residential projects.

The Master Plan for Havana, approved by the Council of Ministers in 1984,¹⁷ guaranteed and preserved the land for a diversity of uses, and aimed to:

- ensure that the heart of the city’s heritage, Old Havana, would continue to be the geographic center of Havana;
- favor the development of two urban subcenters, one to the east and one to the west, close to the Havana coastline;
- favor the populating of urban areas and increase densities where urban facilities would permit;
- increase availability of areas for public use, both for services and for green spaces, parks, and other areas for recreational and environmental enjoyment;
- protect zones of high environmental and cultural heritage value, and the watersheds of the city; and
- guarantee supply of future areas to assimilate urban residential development.

Note that despite the lapses observed in keeping to the proposals of the Master Plan, many of the proposals or guidelines it established were achieved, as a result of the sectorial activities undertaken. Havana’s historic and cultural center did not disappear. The same cannot be said of Latin American urban centers, where in many cities all that is left is a scenic representation of a few city blocks from the past.

What also stands out is the increase and enjoyment of public spaces, unlike the trend observed in other cities of the region. The latter have favored creation of enclosed enclaves, controlled zones, or functions in certain urban areas where the prices and standards would seem to rule out their use by the public, since only a limited segment of the population has access to them.

¹⁷ The Technical and Economic Bases of the Master Plan of 1984 were revised in 1990. In 1999 the Land Use Plan was drafted. In early 2000 it will be presented for approval to the Council of Provincial Administration, the Provincial Assembly of the City of Havana, and the Council of Ministers.

Social Impact Arguments in the Case of Havana: Features of the Inclusion Process

As stated previously, the goal of urban development in Havana was to strengthen specific basic and public services, particularly those able to encourage better social reproduction and to create jobs, and, at the same time, to develop some of the city's infrastructure services. Interest in favoring economic fairness and efficiency predominated, with a view to multiplying the positive effects over the long term.

Education was a priority from the beginning, although the State was unable to solve the unsuitable distribution of facilities that it had inherited. Concerns focused on the rate of reproduction of the population, the growing adult population that lacked a basic education, and the population concentration. In a second stage, essentially in the second half of the 1970s, the educational focus was on the levels proposed by development plans, which raised the quality of the plans significantly.

In both stages the education sector was faced with a specific need for land.¹⁸ The sector based its operations on the concept of a completely free education. Consolidation and the results of these efforts have been noticeable over the past 20 years.

The public health system was based on a strategy that was very similar to the one developed in the education sector. Determination of spatial requirements was made based on population growth and minimizing distances, and with the necessary goal of ensuring that the various regional services comprising the sector would complement each other. Likewise, specific indices, such as number of areas assigned, type of facility, and number of inhabitants served, were established to guide the healthcare activities undertaken.

Although we are describing the most successful cases, other basic public services were managed and supported simultaneously. To a greater or lesser extent, this made it possible for territorial distribution and the quality levels attained by the services to be considered acceptable. However, there was a difference in the scope, availability of resources, level of state engagement, and support for the policies in the education and health sectors as compared to those for the other urban public services. The situation was not comparable in the areas of water supply, telephony, solid waste collection, and even low-income housing. Results here were quite minimal or even inadequate.

Perhaps a strategy similar to the one in the areas of health and education would have generated more integral and consistent effects in the development of the capital and other urban areas, but there was no assurance that the financial ability would have existed to develop one, or that expanding it would not have affected other state programs.

Some of the main criteria guiding land management in the capital are discussed below.

¹⁸Explicit demand for urban land decreased due to the Program for Secondary and Preuniversity Schools in rural areas, which drew students from the city of Havana. Thus, the amount of metropolitan land required for these educational levels dropped.

Avoid spatial segregation by social sector

The policy and how it was managed favored assigning and providing land for basic public services, family housing projects, and the economic-productive system of the city. Simultaneously, speculative and sumptuary development of land was stopped, as was the emergence of enclaves or exclusive neighborhoods and controlled zones.

Land that was provided remained in state hands. Right of use was the only element transferred. In housing, urban land was granted in perpetuity, regardless of whether the building on the property was privately owned.

Stop speculation

The socio-political context and the legal, institutional, and financial framework in which the process of urban growth developed allowed the state to control land uses and densities. The aim was to slow negotiation and mediation processes, whose goals were to obtain benefits or other monetary or material dividends for the middle men, developers, or owners.

Establishing one single price for land, or very similar prices, discouraged these transactions, as well as the emergence of profit-seeking intermediaries keen on speculation. These conditions also helped to reduce administrative corruption.

Favor free and low-priced services

In urban affairs, the influence of the Cuban perspective on social services meant that there was a policy of providing most basic services at no cost, or establishing prices or rates that were affordable for minimum-wage earners. The almost complete absence of a tax system for over 35 years is another unique feature of Cuban practice.

In low-income housing, the established model was based mainly on the role of the State. The State was responsible for the policies, production, and even distribution of the new stock of houses, in addition to providing land. The price of these homes was heavily subsidized and for over two decades, no consideration was made for geo-spatial or location differences in establishing prices.

This practice was altered with application of the Housing Law, promulgated in 1986. The law stated that the price of housing was to be adjusted by a coefficient or surcharge determined by the zoning of the urban facilities in the area where the house was located.¹⁹ Note that this differentiating factor did not compromise the objective of favoring affordable prices for the vast majority of Havana residents acquiring new homes.

The Cuban State faced some problems in its management of land in Havana:

- a) Delay regarding metropolitan functional dynamics and inappropriate uses

¹⁹This formula was not applied to existing housing stock in Havana, only to new homes built by State support.

Because handling of the functional dynamics of the city was determined basically by indices and these dynamics were set to correlate with the goals of the five-year plans for each sector, there was a relative disparity between the functional growth needs of the city and the actions undertaken by officials. The situation caused a disconnect between the demands and the logical changes in the urban environment and enabled a set of hurdles to arise. Some of these hindered the effectiveness of urban operations, and even made it harder to realign and reshape them.

As a result, a series of allowable uses—and even unallowable uses—was created that affected the vitality and effectiveness of the key areas of the city.

b) Reduced financial capacity

The fact that the money for operating expenses and development came exclusively from the central government was a limiting factor. The traditional tension of the government apparatus in this realm, the definition of priorities that did not match metropolitan needs, the predominant focus on the center, and the lack of other needed elements, all affected adequate development of the city.

Added to these limitations was the special nature of the financial budgets granted to the provinces and municipalities. Having an assigned investment fund or expense budget for a construction project did not mean that they could acquire the material and technical resources as the money became available from the state agents investing in the project. The Technical Material Supply Plan²⁰ and the ministries were in charge of distributing or assigning resources. So financial resources and material/technical resources did not arrive at the same time.

c) Complications and delays in urban infrastructure

Infrastructure and other urban outfittings were not adequately maintained and, at the same time, they were subject to intensive use. Downtown areas show signs of worn out or overburdened plumbing, sewer, and water systems, as well as deteriorating communications and electrical systems. In addition, there was a reduced capacity to create new urban developments.

d) Lack of markets or minimal markets

Urban land management in Cuba avoided the use of market instruments. Actions were analyzed and decided on as a function of observed needs, desirable structural outcomes, or predetermined standards. Issues such as supply, demand, deficits, differentiating among standards and prices, mortgages, profitability, credits and interest payments were disregarded. However, there was a set of transactions, mainly occurring through redistribution of the housing stock, which produced commercial mechanisms and barter,

²⁰The Technical Material Supply Plan was written and controlled by the State Technical Material Supply Committee (CEATM), a national group that weighed and awarded resource priorities to companies and territories.

the so-called *swaps*.²¹ These operations, which were legally accepted, were complemented by illegal transactions or “underground markets” that were based mainly on the physical/construction conditions of the asset exchanged and on the difference in the “land income.”

The circumstances described indicate that a form of land management evolved that promoted access to almost all goods and services, regardless of an individual’s earning power, social status, or aspirations. The criteria of equality and the intent to encourage balanced development among the city’s various urban functions were the main management goals outlined.

Wasted Opportunities and Eliminated Options

Land management by means of administration, as developed in Havana, concentrated its efforts on certain objectives and operated within a very concrete political, legal, financial, and economic context. Given these circumstances, it was almost a foregone conclusion that management techniques would exclude a certain set of elements, directions, and instruments, such as mortgages, promotional prices, profit margins, etc. Because these instruments were associated with market mechanisms, they could hardly have been incorporated into the Cuban paradigm of state management without contradicting it.²²

As we stated earlier, this type of management meant that a system of subsidies was initiated for most activities. Financial resources earmarked for subsidizing these activities meant that development of other activities and services had to be postponed or slowed. Although the responsibility was evenly spread socially, its effects had a direct impact on some areas of the city and its populace.

One of the elements eliminated from urban land management was the monetary value of the land. Therefore, there were no differentiated prices, no “culture” of property appreciation, no financial transactions, nor any mortgage mechanisms, to name a few. The criterion of a need for land for various uses as set forth in the plan was the sole aspect considered in state operations, which distorted the way in which development agents requested land within the urban context.

Given the situation, the various state agencies showed a lack of financial responsibility regarding the resource of land. It was considered only as a raw and basic input within the urban development and socio-economic reproduction process.

²¹Swap: Mechanism that allows families to exchange residences when they are looking to improve or meet the specific conditions they require.

²²In the late 1960s, Cuban authorities attempted to run the economy without the operation of monetary-commercial relationships within the business system. This style soon expired. During this time, services were rendered and relations between companies took place based on countertrade or applications to provide a good or service. Only the physical aspects were recorded, in other words, the number of services, materials, or equipment produced and delivered to third parties. Cuban economists recognize that this was the period when the most serious errors were made from an economic standpoint, and when state officials had the most idealistic notions and conviction.

For private owners, having a lot in the urban network meant only that they owned an area which, without any stimulus from state policies, would allow for the construction of a house or a chance to carry out nonprofit domestic activities. The property was not seen or used as an investment alternative or as a family or personal savings vehicle. This situation differs from the practice in Latin America, where land has been used as a capitalization mechanism.

Thus, the form of land management adopted caused an increase in surface area requested for each of the allowable land uses, without stimulating efforts to increase densities or promote more efficient urban development.

Of note is the fact that the use of industrial land grew at a greater rate than other uses, especially commercial, recreational, and administrative. The way it expanded affected infrastructure and the urban environment. The high percentage of industrial land was due, on the one hand, to the stimulus and attention the state gave to industrial development and, on the other, to the excessive demand for area, since there were no price restrictions or other, mainly financial, restrictions that would have encouraged greater densities and efficiency.

The “costs” of assigning land for industrial use can be seen, in some areas, in the inadequate internal provision of industrial development in the areas set aside for this use. One of the main causes of this irrational behavior was the lack of an agency to develop basic infrastructure in these zones. Therefore each investor, individually and according to the availability of resources allotted by the State, would develop his own facilities and infrastructure. This practice shows the disappearance of the concept of differential rents as a means of rationalizing land.

At the same time, old industries and warehouses were being expanded and rebuilt as part of the industrialization project. Much of this investment occurred in industries that should have been relocated to other provinces in the country because they did not meet the requirements defined for Havana, most notably:

- Show high correlation between surface area requested, amount of capital (investment), and the structure of the workforce to employ
- Develop an industrial system that requires low water consumption and offers energy-saving technologies
- Guarantee adequate solutions for waste water treatment and disposal and for other environmental contaminants

A 1990 analysis by the Instituto Nacional de Planificación Física (IPF)²³ stated that 70 percent of the area in the city intended for industrial purposes was occupied. The figure

²³National Physical Planning Institute. See IPF, *Perfeccionamiento del Sistema de Asentamientos Poblacionales. Informe Sintético*, Havana, 1990.

was considered to be very high at the time the analysis was performed; the city was “close” to using up its reserve of land for industrial use.

Despite the positive economic, functional, and social impacts, the quality of the city from an infrastructure standpoint was inadequate to sustain its own operations and development. In addition, limitations in housing caused tension among families whose living areas were inadequate and of low quality. For these reasons, new illegal and unsanitary settlements tended to spring up or preexisting ones to spread. So negative socio-psychological impacts also increased, such as divorce, promiscuity, and the lack of space for young families.

Another specific feature caused by the type of land management practiced was that it did not manage to stop impoverishment in traditional urban centers, a process which began in the late 1940s. It is interesting to note that this situation echoed the behavior of many urban centers in Latin American cities.

These downtown areas, particularly in Havana, are currently showing signs of recovery due to the development of tourism and foreign real estate investment, as well as international donations and state funds. However, it is obvious that the magnitude of the decline cannot be stopped and reversed in the medium term with the current flow of financial resources, and that the evidence of recovery, especially of function, is concentrated in the most attractive and highly accessible zones.

The urban context of Havana is characterized by a considerable number of vacant lots spread out across the most centralized areas, numerous empty shops, and others with changed functions. One example is the prime commercial center in the city: It is nearly abandoned, and many of its businesses are either closed down, in deplorable sanitary condition, or converted into warehouses and unsafe housing. There are thousands of square meters of the most valuable urban land in the city in this condition today.

A similar trend is occurring with other land uses. In all of them we see major physical deterioration of buildings and infrastructure. The situation obviously represents a cost and a loss of benefits, since the functional value and the jobs and income that they could produce if they were adequately developed, particularly in commercial terms, are considerably reduced.

Likewise, we see changes in other social elements of the area. Many of its inhabitants act in a way that shows loss of identity, poor social behavior, and other behaviors that do not favor proper development of the central area.

One of the alternatives not taken advantage of was the ability to promote new development in specific areas of the city. Even when a change in the use of an area is studied and can be carried out, the limitations of financial and legal mechanisms on the one hand, and the difficulty in relocating functions and inhabitants on the other, cause Havana to concentrate its development activities in the few open spaces it owns, or in fringe areas. Its best locations, now becoming impoverished, have no effective means of bringing about renovation.

Lastly, there is an obvious tension between this reality and recently drafted plans, some of which aim to position the city as a major business and services center, hoping to set it up as a dynamic, regional tourist hub. These proposals are not in keeping with the infrastructure capacity or the capacity of other urban services. Several proposals to build hotels, business centers, and other large-scale real estate projects have been brought down by these limitations. Undeniably, they affect the urban renewal process in Havana.

II. Commercialization of the Land: Background, Elements of the New Context, Strategies, and Possible Impacts

Background: Structurally Imperfect Urban Markets and Land Value

The topics we will explore in this section are based on facts observed in the city of Havana. They are not from a systematic and analytical study, but they do reflect, to a large degree, careful observation of a phenomenon that was mentioned in part in the sections above.

The limitations that existed in the urban context prevented the emergence of market mechanisms and considerably stunted speculation. These shortcomings left a vacuum that was filled by the so-called black market, or underground market.

This market created its own mechanisms and instruments, many of which were illegal. At its core, various methods for managing the urban space were defined at different times. Its main manifestation was in the process of redistributing housing stock and self-construction of homes. The latter included both new construction and renovation or expansion of existing homes. As was to be expected, these aspects were often combined.

The first aspect we noted, redistribution of housing stock, was encouraged by these elements:

Serious housing shortage

The shortfall was estimated at 200,000 housing units for the capital, a considerable amount given the fact that existing built stock was at 560,000 houses. The situation was worsened by the condition of existing stock: approximately 50 percent was in poor or fair condition. Recent analyses indicate that between 80,000 and 100,000 homes are likely to disappear in the next 10 years due to their extremely poor condition.²⁴

Limits on construction of homes by state agencies

Production of low-cost housing in Havana is mainly the responsibility of state agencies, which provided approximately 4000 homes annually. This figure represents about 30 percent of demand over the same period. We should also mention that the construction process for housing projects far exceeded planned schedules and expense budgets.²⁵

²⁴Maida Pérez, *Autoconstrucción con participación popular. Una alternativa válida*, GDIC, 1995–97.

²⁵See Ricardo Núñez, “Sobre los costos de construcción de Vivienda. Sus principales problemas y efectos,” 1991, article, GDIC, La Habana.

Family hopes of owning a home

With promulgation of the Urban Reform Law in the early years of the Revolution, the government promoted ownership of the home by those who lived there, thereby substantially reducing the landlord-tenant relationship. In addition, the State's firmly held belief that housing was a fundamental and essential component for the development of the basic building block of society,²⁶ the family, and its paternalistic attitude toward most basic urban services, were some of the elements that reinforced families' aspirations of owning their own home.

Dismantled state mechanisms for redistribution of housing stock

The shortage of housing, together with the lack of stimuli or mechanisms that would favor redistribution of housing, either according to the financial ability of individuals or the "transitory" needs of families and individuals, had two outcomes. On the one hand, overcrowding levels were considered high, and on the other, the idea gained hold that large homes were more suitable for ensuring future space to assimilate the addition of new family members,²⁷ regardless of the intensity of use by the family.

Specific features of the tenancy or property regime

The existing tenancy system essentially favors the right of use, the right of transfer through inheritance, and swapping or exchanging homes. In any legal purchase and sale transaction, the State has the right of first refusal, setting prices that are far below those on the black market. The goal of this means of intervention by the State is to control speculation. However, the usual response is an exchange, a housing transaction that incorporates elements and forms of agreement that are not considered legal.

The second aspect listed at the beginning of this section deals with the impact of self-construction of homes. Urban researchers in Cuba have been looking at this topic for the past 10 years. What truly stands out in this matter is the black market aimed at "guaranteeing" the supply of materials needed for the construction of these properties.

As stated previously, the State was focusing its attention both on policy aspects and on the production of low-income housing. As a result, self-construction was not noticed for a time, nor had the full financial and productive capacity of families and individuals been unleashed. However, some studies show that over the past 30 years, 211,000 housing units have been built by individuals themselves in the city of Havana to achieve growth and progressive improvement. This is more than the 99,000 units built by state authorities.²⁸ Yet, and without meaning to detract from these self-help efforts, the standards, quality, and type of homes recorded in this way are so variable that we

²⁶This element is still present in the Cuban project. Cuban president Fidel Castro made reference to it in the Habitat II Conference held in 1996 in Istanbul, Turkey.

²⁷In the urban areas of Cuba and particularly in Havana, the extended family, meaning the coexistence of various nuclear families in the same space, is a common occurrence.

²⁸Maida Pérez, *Autoconstrucción con participación popular. Una alternativa válida*, GDIC, 1995-97.

wonder, especially in the context of the capital, whether some of these homes can be considered adequate or even livable.

These underground markets operated by rerouting construction materials away from state projects toward private, self-construction projects. Prices and transactions were based on the law of supply and demand, with the financial capacity of families used as the main way of solving housing problems.

However, the commercial operations associated with housing self-construction required the existence of a physical space for this purpose. So an unknown number of vacant lots, flat rooftops, patios, etc. were also commercialized.

We do know that a considerable number of arrangements and transactions occur in this pseudo market for redistribution of stock, as well as in self-construction. To date, the amount of the monetary transactions is not known. Although we do not have serialized data (remember that the country's economic circumstances have varied on different occasions), in general, houses are paid for in various ways: in cash, exchange of several buildings and money, or countertrade using items that have a cash value.

Note that acquiring livable space using these mechanisms of stock redistribution involves a close relationship among three elements: first, the ability to pay of the interested parties; second, the construction quality of the buildings; and third, urban factors such as accessibility, the attractive features of the area, and the presence of urban infrastructure and transportation systems serving the area. Clearly, some of the conditions that normally determine the various land prices have been considered in this market.

We can assume that the prices that are established are not explicitly defined, but are shaped by a discussion among the interested parties of the specifics of each case. This type of behavior permits us to affirm that they are applying, albeit in a distorted manner, several market mechanisms. In particular, the parties are making the "social" acknowledgement that they are prepared to pay or accept the established values, and that the buyers and sellers freely agree to carry out a transaction where the seller wishes to convey the property and the buyer wishes to obtain it, and neither party is under any pressure to do so.

This stock redistribution market is characterized by a lack of suitable information mechanisms and limited transparency, which means that the parties involved are not well informed or duly advised. However, we should point out that temporary and mostly informal information exchange "centers" have existed in the city; the Bolsa de la Permuta ("Swap Market") on the Paseo del Prado is well known in Havana. "Professionals" in the matter, called swap agents, work there taking in the offers and requests of those who wish to transfer or acquire a home, thus supplying this "market."

Yet we can be sure that, due to the lack of records and to the vast array of exchange and compensation mechanisms used, and the fact that the settlements reached in these markets are uncertain and inefficient, the "price" established is not the real one. So these markets are very imperfect. But other arguments can be made that despite their imperfect

nature we cannot always be sure that they are not effective, or that in some cases they do not achieve a certain efficiency.

Despite the inaccuracies and broad range of opinions regarding this market, there is a consensus that, although its size has decreased, the black market has an effect on the urban and social structure of the city. For example, there is a tendency for the housing stock to be redistributed according to changes in income distribution.²⁹ Likewise, privately owned vacant lots, i.e., those that fall within a legal framework allowing them to be sold, also change hands in this market.

One limitation placed on this pseudo market for housing stock redistribution is its inability to make substantive changes in land uses. An explanation can be found in the existence of legal, economic, and financial restrictions and impositions. Responsibility for the creation and operation of various services and activities requiring land was granted exclusively to state-affiliated institutions, as a means of guaranteeing the processes of equity and redistribution.

The new context: Changes in the legal framework and in economic-financial management

Once the Soviet Bloc disappeared, the Cuban State undertook a series of changes in its legal, economic, and institutional structures in order to redirect development of the economy. With these adjustments, it aimed to underscore the gains that the revolution had achieved in equality and social justice.³⁰ Essentially, the state tried to make these changes while avoiding the typical neoliberal policies whereby privatization, a reduction in social programs, and increases in inequalities become predominant.

The process itself was relatively brief. We will now sketch the evolution of the changes so that their scope can be understood, as well as their repercussions on the way that Cuban society, particularly its cities, was organized and operated (See Table 3, page 19).

A host of aspects greatly altered the way in which urban land had been managed up to that point, in particular: the presence of foreign investors interested in real estate projects; authorization to operate one's own business (small private businesses) strongly favoring restaurants and services for the repair of homes and household appliances, which altered the use of properties and zones; decriminalization of convertible currency (foreign exchange), which fueled the opening of commercial operations (both mixed state operations and private ones) outside the traditional areas for such operations, and spurred informal or underground housing markets and the market for private vacant lots; and the

²⁹The period from 1992 to 1998 saw an unprecedented widening of the gap between both personal and family incomes, due both to remittances from family members that live abroad and to the advantages of those who work in sectors where foreign capital is available or entrepreneurs developing activities that, whether they are legal or not, provide them with large dividends. Data from the National Bank of Cuba shows that 6% of savings account holders "control" 70% of deposits, and estimates that 40% of Cubans receive varying amounts of remittances from abroad.

³⁰The changes were not considered exactly a process of transformation or change of a paradigm, although opinions vary widely on the matter.

impact that is expected from the gradual introduction of the Tax System. Taxes are becoming a source of income for the state, but are not seen as a financial resource locally, as there are implementation difficulties due to the lack of institutional culture and citizen familiarity.³¹

Table 3: Major Changes in Model, promoted in Cuba from 1990 to 1997

| | |
|-------|--|
| 1990: | –Opening to foreign capital |
| 1991: | –Start of reorientation of Cuban international trade in global economy. Not geared toward any one country or region; greatest possible diversification desired. |
| 1992: | –Introduction of modifications to Constitution approved in 1976 Role of planning reduced, no longer has force of law, introduction of more flexible criteria –Introduction of new forms of nonstate ownership –Elimination of state monopoly on foreign trade –Creation of new financial systems for state enterprises to operate without branch office from center or ministries –Start of expansion of foreign private commercial companies |
| 1993: | –Former state agricultural enterprises on rural lands previously owned by state given to workers –Citizens authorized to own dollars and other hard currencies –Extension of owner-operated business, ³² or private operations by individuals |
| 1994: | –Restructuring of agencies of the State’s central administration –Reduction of central apparatus designed to control state enterprises –Introduction of program to clean up internal finances –Opening and boost to domestic market for industrial goods and crafts –Opening of agriculture market based on supply and demand |
| 1995: | –Role of planning reestablished, but with different focal points and goals, where its main role is as a guideline and to introduce financial indicators –Begin streamlining state companies, in order to make them more efficient and favor small and medium-sized state-run businesses –Broadening of activities to develop owner-operated work or private activities by individuals and families –Regularization of hard currency circulation in banking system –Extension of labor stimulation system, introducing monetary and product and services stimuli –Approval of New Foreign Investment Law, which promotes real estate transactions, development of duty-free zones, and 100% foreign-owned businesses –Gradual introduction of steps to establish tax system and of institutional framework required for its operation and development |
| 1996: | –Approval of Banking System Restructuring Law –Executive Order on Tariffs issued |
| 1997: | –Approval of Duty-Free Zone Executive Order |

³¹ Tax Law No. 73, approved on August 4, 1994.

³²Form of private economic activity resulting from personal and family initiative with no state financial funds for support.

These changes demonstrate the State's intention to carry out a strategic plan of opening up to capital and planning to be included in the international market. The State's new role required it to reduce the paternalistic features present in the previous stage. But despite the flexibility introduced into the Economic Organization System, the features of central planning still predominated in many areas.

The most important social programs, such as education, health, culture, and other basic services or functions with a strong social impact, preserved their gains from past decades. What changed is that they were allowed to develop specific action plans intended to capture convertible financial resources, according to the possibilities of each service. To do so they used their recognized prestige in the region. The successes or failures that each effort had were the responsibility of that institution, without the help of state subsidies.

Despite these changes and the new flexibility, there were problems. The legal context was out of step with the upgrades; policies, specifically territorial and urban policies, were not precise enough; and the institutional environment was not sufficiently modified.

Although the State changed the way it intervened in the economy, it directed its main efforts toward using new ways to maintain an adequate level of state control and the capacity for state decision-making. To achieve these goals it sought to have at least a 50 percent share in businesses or associations that are created with foreign investors, and to protect as state entities a host of economic branches, fields, and segments (products and services) whose importance, balance sheets, or management and administrative expertise create profits or ensure preservation of equity.

Land in Havana: A “New” Financial Resource

As part of the changes being made, the monetary value of land is being used as a criterion for determining its use. Urban land is one of the most important financial resources the State has available. It has been used basically as a guarantee or as compensation in the negotiations the government has with outside agents. The change is undoubtedly positive in consideration of the fact that, up until this point, land was managed in disregard for its income potential.

Nevertheless, so far this openness has been limited to considering land as the Cuban partner's contribution to a joint venture. Land does not have a significant impact on the whole of economic processes, so that its potential is restricted.

Yet, because it owns the largest share of the land and completely controls the changes in its use—two important monopolies—the State is the principal “activator” of land profit. The recent process of changes in use, promoted and approved by government agencies to encourage real estate projects and breathe life into other economic activities, means that profits from land in Cuba, in both economic and urban management activities, have been acknowledged.

This implementation of urban land profits can be seen in the new prices or assessments for land and construction being defined and approved, in a first stage by the National Assets Office of the Ministry of Finance and Prices (Dirección de Patrimonio del

Ministerio de Finanzas y Precios). There are currently four state-based corporations that are in charge of assessing and proposing the value of buildings and properties. These organizations³³ present the criteria for the assessment study of the state property to the National Assets Office, which is the agency in charge of approving or denying the proposals from the authorized agencies.

The land prices defined aimed to reflect the uses of specific sites, vacant or not, within the city. However, because there was no land market, the values were based on a comparative price analysis for different urban uses in various cities in the Caribbean, Central America, and other cities deemed to be comparable to Havana. Clearly, they were using external monetary elements that influenced the quality of the basis for these prices.

As a result, a set of domestic variables, both national and local, must be defined in the short term, so that the basis for the prices, and expectations for their behavior over time, are consistently related to economic trends, the situation in the city, results of policies set by the State, and citizen preferences.

The State strategy, as formulated, does not encourage privatization of urban land. The new direction is a response more to the need for obtaining financial benefits and promoting efficiency than to favoring urban development. The State's interest in the development and profitability of the tourist trade and real estate business coincided in time with the arrival of foreign capital into the country.

If, in this context, the predominant feature were to be “short-termism, this could increase the threats to the environmental, property, and historic heritage of the city.”³⁴ Apparently, the wisest course to take in order to avoid these dangers and increase efficiency is to link the culture accumulated in administrative management of urban land (including the strong state intervention that goes with it) with the “skills” that facilitate the various market instruments most feasible to apply in the Cuban context. Local governments can also play a role in land management. This combination could “ensure developments that are not directly profitable, such as low-income housing, environmental quality, public transport, etc.”³⁵, even when foreign capital is involved.

Urban and land policies require clear and early definitions regarding their efficiency, effectiveness, and fairness. The Urban Plan, conceived as a social contract to defend the collective heritage,³⁶ should be a flexible and dynamic instrument capable of facilitating action in each of the different levels of government and raising the rate of individuals' social participation in its formulation and management.

³³In 1999, these groups were authorized to assess properties and buildings: Conhavana SA, Rado & Asociados, Conas SA, BANDEC.

³⁴García C., *El Planeamiento y la Gestión urbanística ante el mercado inmobiliario*, paper presented to the Grupo para el Desarrollo Integral de la Capital (GIDIC), Havana, 1996.

³⁵García C., *Ibidem*.

³⁶García C., *Ibidem*.

If these requirements are met, the plan will be an effective instrument for creating and recreating the city, mitigating any irregularity that the land market produces. In that case, the process of changes in use and providing land will continue to be essentially directed by the government and would also be provided with adequate citizen support.

Nevertheless, the risks inherent in these changes, meaning those that seek to improve land use, increase densities, and establish changes in social use of space, should be the sole responsibility of the State, not investors or the new users or owners. This play of forces and powers, which is more delicate and complex for the government, will be subject to greater and varying types of pressure, especially if we consider that “three elements have radically changed the scene: first, the growing diversification of economic agents; second, the major significance of the opening to foreign capital; and third, no less significant, the restructuring of public administration and the state economy and the resulting reform of planning methods”³⁷ being developed.

The city of Havana can avoid joining the list of metropolises whose social and urban structure has remained stratified into areas for the powerful and areas for society’s outcasts. Despite the force of globalization and the current domestic situation, Cuba is in a position to preserve the positive results specific to its own experience, thereby refraining from committing, according to the expert Enrique Browne,³⁸ “the worst form of waste (...) making ineffective use of the human potential” and of the environmental and cultural richness of our cities and societies.

III. Final Considerations

Despite the limitations it may have, the Cuban experience presents a host of results and experiences that lead us to the conclusion that land management by state administration allows for significant achievements.

Of course, the way this experience developed seems to be too specific and circumscribed by features unique to Cuba to be repeatable in other cities in the region. The most positive aspects of the Cuban experience can be summarized in these four points:

1. State land shows potential for redistribution

State ownership of land, very widespread in Cuba, was one of the main instruments for spurring economic and social development for the cities and their inhabitants. The way in which urban land was assigned and distributed allowed the inoperative and disjointed management of many urban operations to be reversed, mainly in the area of the basic services our capital inherited. The reversal was tangible proof of the validity of this type of administrative management.

³⁷García C., *Ibidem*.

³⁸Browne, Enrique, War on waste and other urban ideals for Latin America. In Morse, Richard and Jorge E. Hardoy, *Rethinking the Latin American City*, The Johns Hopkins University Press, 1992.

In addition to the financial aspects that support operation of these services and the levels of economic and financial competence displayed, the systemic structure and the quality, accessibility, and professionalism achieved, confirm that this was the right strategy and that it had a positive impact.

Nevertheless, signs of excessive and irrational use of land, which were widespread in industrial uses and certain community facilities, and the lack of instruments and mechanisms for determining or indicating the level of economic-financial optimization in the use of land, are elements that point to a certain inconsistency in the land management that developed.

The potential for redistribution, though not perfect, is a tangible element in our case. The most significant aspect to note is that it enhances the individual's capacity for reproduction. It is also possible for this redistributive potential to be activated and renewed with the introduction of certain noncapitalist commercial elements. The controlled effects of these elements could potentially solve problems, particularly in the area of efficiency, and aid operations within the urban context that show an obvious delay or inconsistency.

It will be advisable and necessary in the short term to provide the state institutions that determine and implement land policy and management with a more commercial focus. The challenge is to prevent the city from becoming a corporation or being conceived exclusively as a product. However, introducing appropriate and sufficiently transparent market mechanisms will be a critical aspect for bringing consistency to current financial transactions involving land and properties. This will provide new signs or variables that will allow us to adjust the land redistribution criteria, thereby increasing fairness in enjoyment of the benefits that the city provides for its inhabitants.

2. Reduced segregation

The results obtained in Cuba in the area of state land management are encouraging, unlike the most recent experiences occurring in Latin American cities. Ease of access for use, the generous rights to free use and enjoyment of areas that have been provided, the relative consistency within urban and economic development policies, and the guarantee of an adequate location for inhabitants to develop housing are some of the elements that have been achieved in the Cuban context that have kept social and functional segregation of space in Havana at a minimum.

Even within the new context, which encourages the presence of foreign capital in real estate development, there hasn't been an avalanche of actions promoting social or functional exclusion. The aim of the regulatory framework that has been developing for real estate capital is to favor the city as a whole, maintaining the criterion of saving the cityscape from any projects that encourage enclaves, separated areas, or blocked streets. These are some of the tendencies that only lead to exacerbating the differences within the city.

The handling of the Historic Downtown area and the cultural heritage zones in the city of Havana is a laudable example among Latin American cases. Only a small portion of

residents were removed from Old Havana, despite its high financial profitability. From the start, officials were aiming to strike a balance that would allow for enhanced social value, while avoiding the processes of social exclusion that have characterized other, similar enclaves in the region and in other cities of the world.

We should add that operation of the imperfect markets and pseudo-markets has not had a significant influence on this matter. The difficulties that these markets face—instability of operations over time due to their “illegality” and a lack of momentum—have caused little change in the social distribution within Havana’s urban structure. However, we should point out that for the present and the immediate future, these markets are changing and even improving. So we can expect that these operations will grow significantly and, as a result, that uses will be altered. This change would affect the permanent status or presence of current residents and clients.

3. Control of speculation

The reduced financial advantages that the Cuban situation allowed by establishing fixed prices for the resource of land and eliminating a market context discouraged the speculation that is traditionally associated with urban land in the process of development. The financial interest of agencies and developers was greatly minimized. As a result, the ability to make a profit using the advantage of knowledge regarding development in the city was reduced to an absolute minimum, meaning that manipulation of expectations and setting aside unused land as an investment have not been seen in the past three decades.

Excluding private owners from the possibility of a formal purchase and sale has meant that transactions can take place only in the underground market. This is the only feature, albeit obviously in a deformed version, that has kept in effect urban land value capture, simulated through various forms of counter-trade or sale, and showing clear signs of speculation.

Many areas within Havana that have been developed since the late 1950s have still not been built on. The goal was not to increase the price of land, either passively or through appreciation of unused land, but to limit growth within the city, reduce administrative costs of operation, and focus on the most complex zones of the city. However, we know that the social cost of maintaining these unused spaces is high, especially if we consider the city’s reduced ability to urbanize, the large expenditures required to produce urban land, and the obvious stoppages in infrastructure within the occupied urban grid.

4. Favoring priorities by revalidating the role of plans

Among the range of actions taken, the decision to establish social and public priorities was reemphasized. Priorities were formulated without the financial capacity of the individual, family, or certain high-income sectors having greater influence on the way the city was developed and utilized.

The fact that efforts were focused on education, health, culture, the economic-productive potential, macroinfrastructure, and gradual recovery of important functions and zones of the city demonstrates that these strategies have a long-term domino effect, and are more

successfully promoted in a context of planned management. Greater efficiency is obtained when there is effective State intervention geared toward combining resources and purpose.

Other topics discussed in these pages indicate the inadequacies and gaps that the Cuban method could not overcome. In this respect, the way in which the three contradictions presented at the beginning of this work are developing is very instructive. These contradictions are acting and will continue to act as overall influences on urban development in Cuban cities. As could be expected, they did not develop with equal speed and intensity.

Evidently, the contradiction with the greatest impact was the conflict between sectorial and territorial criteria. The existing context favored a situation where sectorial investment agents had significant strength in determining the area of land required for their projects, as well as densities, standards, and capacities to achieve, and the rate of development in the city. The fact that sectorial development proposals tended to be concentrated in space, and that the connection between sectorial programs was minimal, implied a disconnect between the functional quality of the city and the economic results posted by these projects.

No less important was the influence of the contradiction between the central government position and the local position. Their particular preferences can be seen in the way that power and responsibilities are distributed among the various levels of government, thus establishing a matrix of interests and conflicts that undoubtedly define the diverse impacts the urban structure will receive. Three particular relationships stand out within this contradiction: that between the central government and the provincial level; that between the downtown area and the municipality; and finally, the relationship between the province and the municipality.

In the case of Cuba, the third relationship, province versus municipality, tends to be the most dynamic and decisive in terms of how the capital develops. Nevertheless, individual decisions about special or emerging programs, promoted and financed by the central government, do clearly alter land uses, and therefore, the corresponding urban values.

What we could say of the third contradiction mentioned, the conflict between social interest and productive interest, is that it has not been stable over the past three decades. Yet its influence is particularly noticeable when we analyze the successive large construction booms in housing and other social programs in urban areas, where a large portion of responsibility and logistical support came from decisions defined by productive and administrative interests.

Finally, despite the inconsistencies observed, the low level of efficiency in certain development programs, and the riskiness of the changes being introduced in operation of the economy and management of urban development, these changes are not considered likely to trigger the antagonisms and exacerbate the differences that characterized Havana in the first half of the century.

It is no less certain that this risk is increasing. The existence of three factors is essential to prevent Cuba from taking the path that leads to economic and socio-spatial exclusion in our cities. These factors are: First, the positive impacts generated by urban land management over the past three decades; second, the state's determination not to privatize the city; and third, the position of inhabitants who reject any radical change of course in this direction.

Of course, we are still learning. This is why the experience of other countries in the region, relevant in cultural and historic terms, and the experience of other countries whose results can be considered attractive from the Cuban perspective, are a case history that should not be overlooked, regardless of the classist and esthetic differences between these cases.

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