

# LIVING IN SLUMS

## Residential Location Preferences in Santiago, Chile



**Downtown  
Santiago**

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In Latin American cities, especially in the larger ones, location is critical for vulnerable groups. In Buenos Aires, the population of shantytowns in the central area doubled in the last inter-census period (1991–2001), even though total population declined by approximately 8 percent. In Rio de Janeiro during the same decade, the fastest growing informal settlements were those considered to be in the best locations, generally near the beach in middle- and upper-income neighborhoods, although they were already the most crowded and congested slums.

This trend can also be observed in Chile, although the problem of informal settlements is much smaller than in the rest of Latin America.

Only about 28,600 families (1 percent of the total population of Chile) live in 533 identified slums. Successive cadastres show that even as old slums are redeveloped, new slums continue to be created. More than half of the existing slums were established between 1991 and 2007 (Fundación un Techo para Chile 2007).

There are several explanations for the persistence of slum, even in Chile where housing policy has been considered more comprehensive than in other countries, and where little urban land remains open to invasion. Some families that live in slums may represent a residual group in transition between their arrival in the city and their relocation to social housing or other formal housing. Others may prefer having their own home in an informal settlement to sharing quarters with another family or relatives in a more formal setting.

Living in slums also may be comparable to joining a waiting list to gain access to the social housing program, since the government program focused on these families (Chile Barrio) has been modified to meet their needs and expand access to social housing. Since some slum families still do not meet the conditions required to participate in the social housing program, they remain until other options arise.

On the other hand, the continued existence of slums cannot be attributed to high poverty levels or a weak policy of settlement regularization. On the contrary, in the past 20 years poverty in Chile was reduced by half, and is now estimated at 13.7 percent of the population (CASEN 2006). At the same time the government implemented a housing policy that provides vouchers for families to purchase a house. This program has been supported by successive government administrations, benefiting two million families thus far, at an average rate of 100,000 families per year, or almost 3 percent of the 3.6 million urban households in Chile in 2002.

Notwithstanding its success in terms of coverage, the program has led to a concentration of social housing on the periphery of Santiago and other major cities. Historically, social housing developments created large, socially homogenous zones that led to the segregation of low-income families, with negative consequences. Some such zones now face serious social problems such as high unemployment and school drop-out rates, as well as widespread feelings of hopelessness and reversal of social values among residents (Sabatini, Cáceres, and Cerda 2004).

There is also more instability and job insecurity in the Chilean economy today than in the past, and a radical transformation of the political system has disrupted the day-to-day relationships between popular classes and political party leaders. As these traditional forms of social cohesion weaken, questions such as where one's home is located within the city become more relevant, insofar as location might provide access to a better "geography of opportunities"—places perceived as having more and better public and private services, such as school, markets, parks, and transportation facilities, as well as access to better jobs and proximity to social networks and relatives.

In this context, we examine some of the factors influencing the continued development and persis-

tence of slums, notwithstanding the availability of massive government housing programs and large-scale titling programs, as well as a legal system that protects property rights.

### **A Survey of Housing Location Preferences**

Using data from the Metropolitan Region of Santiago, we designed three sample sets totaling 1,588 households: households living in slums (812); households living in social housing that moved from slums that were eradicated (510); and households living in social housing that did not move from a slum (266). The three samples were drawn, respectively, from an inventory of slum dwellers prepared in 2007; the registry of the Chile Barrio program listing former slum households that acquired social housing from 1999 through 2005; and families in the same social housing developments who did not transfer from a slum. The surveys in the slums were conducted door-to-door in August 2008 and those in the social housing neighborhoods in December 2008.

The survey findings show that living in slums allows families to optimize housing location preferences with a greater probability of success, as defined mainly by proximity to a good geography of opportunities. Nearly 70 percent of the households that formerly lived in slums and now live in social

**Centrally located social housing**



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**TABLE 1**  
**Origin of the Sample Households in the Metropolitan Region (RM) of Santiago (percentages)**

Origin	Slum Households	Social Housing Households	
		From a Slum	From Elsewhere
From the same district in the RM	60.7	69.5	51.7
From another district in the RM	33.0	28.1	45.6
From another region	6.3	2.4	2.7

**TABLE 2**  
**Current Land Value Compared to the Value in the District of Origin**

Current Land Value	Slum Households		Social Housing Households			
			From a Slum		From Elsewhere	
	#	%	#	%	#	%
Higher or equivalent land value	192	73.1	100	71.4	74	61.4
Lower land value	71	26.9	40	28.6	46	38.6
<b>Total</b>	<b>263</b>	<b>100.0</b>	<b>140</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>

housing stayed in the same district, compared to 51.7 percent of families in social housing that did not come from slums (table 1). Thus, without radically altering their housing location, former slum families gained access to a housing voucher that enabled them to acquire better standards of living and obtain the legal title.

Households in slums also perceive that they have higher priority over other similar households in gaining access to social housing, and they are more likely to access social housing in their preferred location. Some 63 percent of households currently living in slums reported that they had an advantage in accessing social housing, compared to other families. This perception coincides with reality, since between 1996 and 2007 the number of slums in Chile declined from 972 (105,888 households) to 533 (about 28,600 households) and the housing deficit associated with slums was reduced by 75 percent.

To examine the price of land as a factor in housing choice, we used the appraised fiscal values in zones of similar characteristics (ZCS) and, as reference, the highest value obtained for each district. In this analysis, 71.4 percent of the families that moved from a slum to social housing transferred to a better or equivalent location (table 2).

The survey also shows that the majority of the slum families (60.6 percent) arrived at the slum between 2000 and 2008—a period of great expansion in the supply of housing for lower-income

**TABLE 3**  
**Year of Arrival for the Sample Households Living in Slums**

Year of Arrival	Number of Households	Percent of Households
2000–2008	463	60.6
1990–1999	202	23.1
Prior to 1990	147	16.2
<b>Total</b>	<b>812</b>	<b>100.0</b>

families—indicating a preference for that slum location over social housing elsewhere (table 3).

The survey results must be interpreted taking into account the following contextual factors.

- The group of families originating from slums is small compared to the population that potentially can benefit from the housing voucher program. Former slum families comprised only 2.2 percent of all households living in social housing in 2001 (INVI 2001).
- The process of segregation of the poorest families on the urban periphery has been a steady trend over the past 30 years. In the 1980s, a policy of massive eradication of slums was put in place, and families were relocated from downtown districts to the periphery. In the 1990s, as the country moved towards democracy, the new administration adopted a policy of large-scale social housing construction aimed to prevent the formation of new slums. However,

much of the new social housing is being built even farther into the periphery, resulting in residential segregation on a regional scale.

- As a result of these policies, large sectors of the metropolitan region are characterized by social homogeneity. For example, the outlying district of La Pintana grew 2.5 times between 1985 and 1994 (from 80,000 to 190,000 inhabitants) due to the relocation of lower-income families that used to live in districts now inhabited by high- and upper-middle income families in Greater Santiago (Las Condes, Providencia, Ñuñoa, La Reina, among others).
- Notwithstanding the prevailing trend and contrary to what happened in earlier decades, the families now living in slums seem to have an advantage over families that did not come from slums in obtaining a housing voucher that meets their location preferences.

### Interactions between Poverty and Land Values

Half of the slum households (51 percent) are not poor, as measured by the official household survey of socioeconomic characteristics (*La Encuesta de Caracterización Socioeconómica—CASEN*). In our sample, most slum households have a higher share of male-headed households, smaller household size, and a per capita income that is almost twice that of most low-income families in the Metropolitan Region. Thus, the conventional belief that the poorest families live in the slums is not upheld. What seems to be happening is the expression of a strategy by lower-income families to overcome their vulnerability and make the most of the

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opportunities to improve their situation by using housing location as an asset in the process of social mobility.

The incidence of poverty in slums varies depending on the average land price of the district where the slum is located. Less than half the families living in slums located in low and high land value districts are poor, while those in districts of mid-range land values have much higher poverty levels (table 4). The households living in districts of low and high land values also have a higher proportion of workers in the private and domestic services sectors, and fewer self-employed.

Residents perceive the objective location of the slums as better than that of social housing

### New social housing on the periphery of Santiago

**TABLE 4**  
**Poverty and Employment among Slum Households by District Land Value**

Variables	Land Value (percentages)			
	Low	Medium-Low	Medium-High	High
Percent poor	41.4	56.1	66.4	36.8
Employed	57.8	53.5	53.7	63.5
Permanent occupation	68.5	73.2	72.8	85.4
No work contract	34.6	35.3	35.6	21.7
Self-employed	14.0	25/6	34.2	17.7
Employee/worker in private sector	72.8	66.7	56.3	68.4
Domestic servant (non-resident)	9.4	4.4	5.9	10.1
Adjusted household capita income per year (2006 in US\$)	\$1,401	\$1,113	\$918	\$1,519

**TABLE 5**  
Distribution of Households by Land Value in their Respective District (percentages)

Land Value	Slums Households	Social Housing Households
Low	21.8	16.0
Medium-low	27.0	46.8
Medium-high	24.3	29.4
High	27.0	7.9
Total	100.0	100.0

because slums are more likely than social housing to be found in higher land value districts: 27 percent compared to 7.9 percent (table 5). At the same time, slum households have a much better perception of their proximity to services and work, and they find their district more socially diverse than households that live in social housing (table 6).

If land values are used as an indicator of access to services, it is clear how significant location is for families. The slums located in districts where land values are high show significant advantages over

those in low land price districts, especially with regard to the job location of the head of household and the spouse (table 7).

### Declared Location Preferences

The households that live in slums value their location. When asked the question, “If you had the opportunity to change to another house, what would you choose?” 28.8 percent declared that they would prefer to stay in the same place, and 57.6 percent would move to another location in the same district. The third option, move to another district, was selected by only 13.6 percent of the households.

Regarding their future expectations, most slum households indicate that they expect to be living in social housing five years hence. Sixty-seven percent believe they will be in social housing in the same district, and 25 percent of that group believe they will be living in social housing built at the slum where they live now.

The most interesting finding is that 51.8 percent of the slum households state that they prefer to stay in the slum (under the same conditions)

**TABLE 6**  
Perceptions of Housing Location

Perceived to be close to	Slums Households		Social Housing Households		T-test*
	Mean	#	Mean	#	
School or kindergarten	73.3	576	73.3	505	-0.01
Supermarket or shopping center most visited	66.2	796	56.2	755	<b>3.41</b>
Public transportation	83.3	810	86.4	774	-1.51
Family most frequently visited	72.7	712	66.1	676	<b>2.25</b>
Job of head of household	59.7	599	45.0	549	<b>4.17</b>
Job of spouse/partner	68.1	308	51.5	265	<b>3.35</b>

\* Significant differences between the groups in bold.

**TABLE 7**  
Perceptions of Location by District Land Values among Slum Households (percentages)

Perceived to be close to	Land Values			
	Low	Medium-Low	Medium-High	High
School or kindergarten	66.6	66.9	75.8	76.9
Supermarket or shopping center most visited	49.4	56.7	68.4	81.2
Public transportation	88.9	71.3	88.7	88.3
Family most frequently visited	73.5	67.9	67.1	77.3
Job of head of household	45.8	58.5	53.5	67.5
Job of spouse/partner	51.5	61.4	59.3	72.9

rather than move to social housing far from their current district. This preference is also expressed by 58.7 percent of households that declared their willingness to save more than the approximately US\$400 that the state currently requires as payment for participating in the program; a higher payment would increase the chances of staying in the same location even more.

## Conclusion

This study offers a new perspective on the location patterns and preferences of slum households. Underlying the family decision to live in an informal settlement is an interest in increasing the probabilities of obtaining social housing in a shorter period and in the preferred district. There seems to be no trade-off between getting a better location and giving up on a residential voucher for formal housing. Rather, living in a slum is the rational strategy to reach both objectives.

Households following this strategy have a somewhat different profile than the typical poor family in Santiago. Most are headed by a male and have an income that, although low, is significantly above the poverty line as defined in Chile. The location of the slum seems to play an important role in favoring the proximity to work, for both the head of household and the spouse.

The Chilean housing voucher program was originally guided by the notion of the housing deficit, in which families were treated as a number on a list to obtain a voucher on an independent basis, without considering aspects such as maintaining social networks or location preferences. Its objective was to provide residential solutions for slum families. That policy, based on subsidizing demand and taking the land market as given, led to large-scale segregation in the periphery where land prices tend to be lower.

This study shows that families will opt for a better location, often within the central city, even if it means living in a slum or on a smaller lot, thus demonstrating the limits of social housing based on lower land prices on the periphery. The Chile Barrio program, created in 1996, has shifted the emphasis from the housing deficit to a territorial focus that makes the slum the unit of intervention, and this new approach seems to have improved housing choices. The focus on quality of location and social inclusiveness is the policy lesson learned for future housing programs. ■



Informal settlement on the periphery of Santiago

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