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## Challenges of Housing Policy in Chile

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The presentation will be divided in 4 sections:

1. General background of Chilean Housing Policy
2. Characteristics of housing programmes: mainly showing that the house is considering a product more than a process
3. Urban Development Policy: diagnosis and principles
4. Conclusions

## 1. GENERAL BACKGROUND OF CHILEAN HOUSING POLICY

Since mid 1980s, housing policy in Chile has been oriented to subsidizing demand for housing.

The structure of the financial support is based in three main components:

- beneficiaries' savings,
- government subsidy (amount of money to contribute to pay the cost of the house)
- and loans

The proportion of these three components varies according to the cost of the house and to each housing programme. The lower the price of the housing, the higher the proportion provided by the subsidy (the subsidy per housing unit could be almost the same amount). An average subsidy in the Programme Integrated System for Subsidies could be US\$ 21.500

Up to year 2000, the loans were provided by the government, since then this role was transfer to the private sector

- Vivienda Básica
- Subsidio Rural
- Subsidio Unificado

- Vivienda Progresiva

- Programa Especial para trabajadores

- Fondo Solidario de Vivienda

- DS N° 40

- Sistema Integrado de Subsidio Habitacional

- DS N° 49

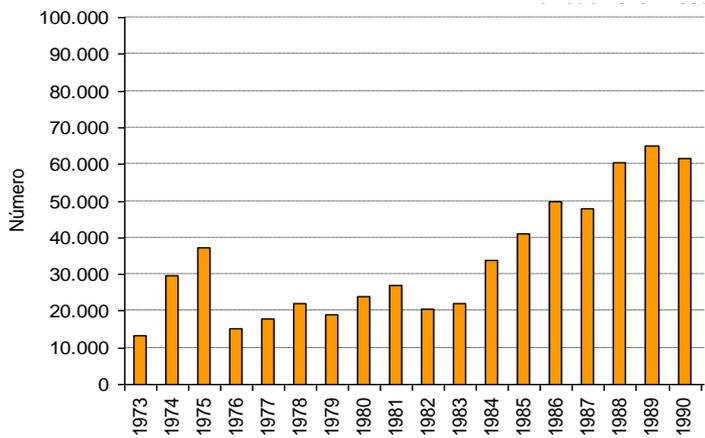
# Chilean Housing Programmes



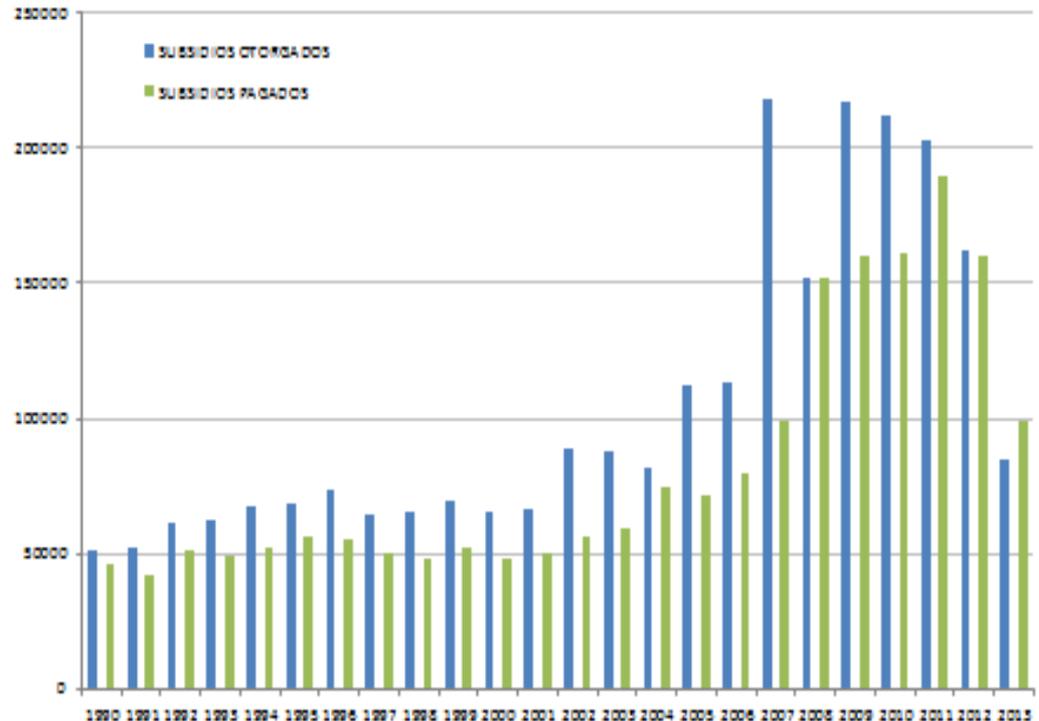
[www.minvu.cl](http://www.minvu.cl)

# GENERAL BACKGROUND OF CHILEAN HOUSING POLICY

One of the most important aspects of Chilean housing policy is its continuity.



Subsidies provided 1973/90



Subsidies provided 1990/2013. Source: own elaboration based on MINVU database

## 2. Main characteristics of housing programmes

- a) two ways in which housing programmes operated:
- **Modalidad SERVIU** (SERVIU way): the regional office will contract the construction of a housing scheme to a private contractor and then sell the units to the applicants that have subsidy certificates.
  - **Modalidad Privada** (Private way): each applicant will need to manage the construction of the housing themselves or purchase an existing unit in the market. Each person receives the subsidy certificate for a specified amount of money.
- b) applications to a housing programme could be done individually or in groups,
- c) the subsidy certificate is valid for 21 months,
- d) beneficiaries received technical assistance to carry on with the housing process after they have obtained their housing subsidy,
- e) the process of selection of the applicants is a very important part of the housing process,

## Main housing programmes requirements

- a) each family **can only apply once**, (the head of household or their partner or co-habitant, older than 18 years); no need to be married.
- b) subsidy **mainly for families**, people living on their own can only apply if they are older than 60 years or if they are disabled. (single-person households cannot be more than 30% of the families in the group).
- c) identify all the persons who integrated the family or those who lived in the home (this will give points for the selection process)
- d) groups need to be integrated for at least **10 families**. (the organization of the group is managed by external institution registered at MINVU).
- e) certify that the applicant has a saving account
- f) each project needs the **approval of the municipality** (in terms of urban planning regulations and feasibility of urban infrastructure/services).
- g) the new housing schemes need to provide **certain community facilities** (300 houses will need a square of 800 square mts., 600 squares mts. of sport field and a 120 square mts. for the social unit).

## Main selection criteria for the housing programmes

- a) **social vulnerability** of the group (number of families with single parents, number of elderly people, disabled, etc.),
- b) **housing vulnerability**
- c) socio-economic survey, CAS, average of families
- d) characteristics of the family (elderly people, disable, single parent with children less than 15 years old)
- e) saving or owner of the land
- f) Indigenous people or victims of political issues (dictatorship)
- g) application for less subsidy than the maximum possible,
- h) extra money coming from an external institution

Also the Action Plan with the families (they should have agreed the design, the needs, and their expectation, how they are going to work later, etc).

## Upgrading Housing Programme (2006)

This programme recognize that having access to a better house improve the living conditions of the family but not necessary reduce poverty, so for low income families is not easy to maintain or extent their houses according to their needs along their lives.

This programme aims to support the families and prevent the normal process of deterioration of the houses over time.

This programme can be used for three main purposes:

- to extend the house (another bedroom, bigger living room, other needs)
- to improve the house (main building or repairing any part of the house: walls, ceilings, windows, electricity, sewerage, gas, etc.)
- to improve the external area of the house. in terms of security, facilities or green areas (community centres or sport facilities)

They could also used for reparation it in common areas with the building or condominium

## Renting Housing Programme (2013)

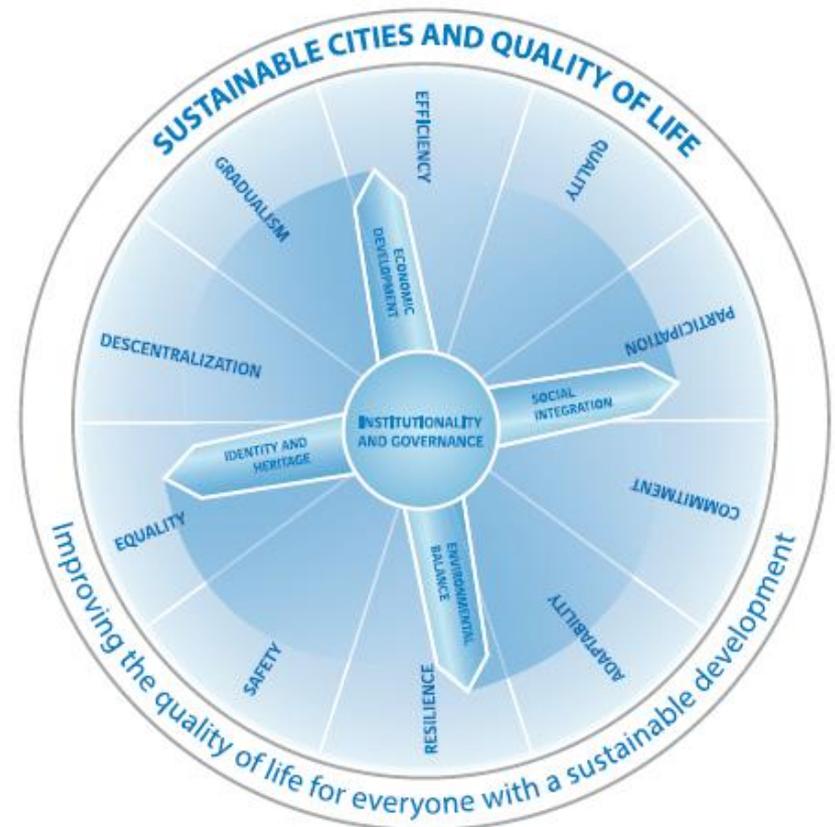
This programme for the first time will contribute financially by paying part of the rent that low income families must pay to a landlord.

Some detail of the programme:

- oriented to young vulnerable families (18 to 30 years old), that need a housing solution for some time and can pay a proportion of the rent
- score of 13.484 points (requested for demonstrated social vulnerability)
- the subsidy could last up to 5 years and it is a contribution of maximum US\$ 130, to a maximum rent of US\$ 350
- rent of the applicant between US\$ 350 (minimum) to US\$ 1.125

### 3. NEW URBAN DEVELOPMENT URBAN POLICY (2014)

This policy was defined through the work of a advisory committee specially created for this purpose integrating people from different contexts (politician from different orientations, academics, social organizations, former ministers, among others).



Structure and principles of Urban Development Policy

## Some aspects identify in the general diagnosis for the Policy

- In terms of its **economic growth**, Chile has increased his GDP per capita from US\$ 3.000 in 1982 to US\$ (the unequal distribution of income, mainly in metropolitan areas and big cities constitutes one of the main challenges).
- **Location:** housing policies developed during decades with the purpose of reducing housing deficit have promote quantity, only considering less cost of land, instead of better location.
- In terms of **social aspects** or family structure ageing is an important issue. (in 1982, for each 10 children younger than 15 years it was 2.6 adults older than 60 years, in year 2012, this relation has increased to nearly 6.3 elderly people). Also the number of person per home has change from 4.5 persons in 1982 to 2.9 in 2012.
- **Housing typologies;** in 2002 we could find 10 houses for each two flats, in the last decade this has increased to 6 flats for each 10 houses.

# Principles of the Urban Development Policy

- **Gradualism**
- **Decentralization**
- **Equity**
- **Social integration**
- **Participation**
- **Identity**
- **Commitment**
- **Quality**
- **Efficiency**
- **Adaptability.**
- **Resilience**
- **Safety**

## **The most related with housing:**

**Equity:** equitable access to urban public goods should be ensured.

**Social integration:** cities should be inclusive places, providing basic quality of life conditions for all inhabitants.

**Participation:** decisions affecting cities, regardless of the decision's scale – be it at a local, regional or national level – should be taken in cooperation with citizens based on formal and organized participative processes.

**Quality:** Excellence and beauty in the urban design of buildings and public spaces must be encouraged

## 4. Main challenges of a new housing policy

- **To define a Housing Policy as part of a neighbourhood, within the city, Housing as a process.**
- **Improving urban and housing legislation**, take into account the principles of the Urban Policy, sustainable approach.  
it is important to consider the changes in the structure of the families, the migrants, the implantation of more diverse housing solutions, recognized diversity, improve indicators of urban services per housing, etc. (Making a shift in terms that housing programmes are not only houses but housing schemes located in an specific neighbourhood)
- **Integration and equity**, improving housing location, directly related with a land policy that could guarantee that housing for low income people will have access to good quality urban services. (One way in which this can be done, could be supporting the municipalities).

## Main challenges of a new housing policy

- **Community participation**, more and more today people individually and organized is expressing a demand of participation in the decision making of public policies and its implementation, they wanted recognition, to be included, to be part of the process, they wanted to learn and compromise with their future homes.
- The best place to involve community is at the local level. This imply changes in municipalities, in their management, but also imply training and supporting the community organisations.

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