

Reshaping Mexico's Approach to Housing and Urban Sprawl

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A common sight on the outskirts of many of Mexico's cities is thousands of small, single-family houses sitting isolated inside gated communities. Often disjointed and disconnected, these housing developments stretch for kilometers and, until recently, extended into rural and undeveloped lands as well. For the last few decades, these types of developments have been a leading cause of unchecked urban sprawl in Mexico. This growth is also the reason behind a substantial increase in carbon emissions from the transport and construction sectors nationally. The vast majority of these housing developments have been financed by the Institute of the National Housing Fund for Workers (INFONAVIT), the Government of Mexico's main housing lender and the third largest mortgage institution in the world.

A FLAWED STRATEGY

Beginning in the early 2000s, Mexico's Federal Government implemented a housing policy that focused on supply as the main target of expansion. Through INFONAVIT, the government directed public subsidies and credits to help maximize housing construction — unfortunately, this goal failed to prioritize other critical issues like housing quality, accessibility, or location. While this policy approach succeeded in notably increasing the housing supply, a lack of consideration for meaningful urban planning, inclusive transport options, and access to basic services created a number of negative outcomes. By placing millions of people far from economic and social opportunities in city centers, this housing approach also locked many Mexican cities and regions into environmentally unsustainable practices that promoted ongoing car-dependency and increasing sprawl.

According to Mexico's public officials, at least 650,000 houses built in recent decades have been abandoned or were never even inhabited — a stark reality that exposes the failure of an urban development model that did not center around the needs, behaviors, and livelihoods of everyday people. Previous policy experiments have also failed to tackle the problem — notably, efforts to reduce the environmental impacts of

Above: Sprawling development in the city of Mérida, Mexico.
Photo: Mikhail Nilov, Unsplash

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Below: Compact housing developments under construction in Mexico.
Photo: Adam Weisman, INFONAVIT

housing sprawl were focused more on specific building technologies or materials, rather than the systemic problem at hand: that of location, inclusion, access, and mobility.

A number of stakeholders have sought in recent years to tackle this growing housing development challenge. Leaders from civil society, academia, and policy have long advocated for the need to change Mexico's current development patterns and reform INFONAVIT's lending rules to promote more accessible, affordable, and transit-friendly housing growth. Several important changes are needed to achieve this. The first being the crucial issue of accessibility — measured by people's ability to reach essential activities, employment, and destinations — into the agency's lending rules. While accessibility-based planning models have been implemented in a number of global cities, few comprehensive examples currently exist in developing-world countries.





Above: Reformed housing policy will allow Mexico's cities to highlight more transit-oriented development.

Photo: ITDP Mexico

AN OPPORTUNITY FOR CHANGE

Recognizing the systemic issues of the past few decades, INFONAVIT took a step in the right direction by introducing accessibility and mobility considerations for the funding of new housing developments, changes which ITDP Mexico supported. These updated guidelines, set to take effect in 2022, created more strategic criteria for credit lending for residential construction. It requires that homes are set within acceptable “standards of accessibility” in relation to key social and economic destinations, such as schools, healthcare, grocery stores, recreation, and employment.

To be eligible for credits, a house needs to be at most 30 minutes by walking, 20 minutes by cycling, or 45 minutes by public transport from key social and economic destinations. ITDP Mexico, working together with Fundación Idea, provided technical support for the development of this important new policy, which also created a framework for regular evaluation of these thresholds in the future.

The potential of placing new housing developments within reasonable walking and cycling distances from essential hubs of employment, retail, education, and recreation — or at least closer to more sustainable transit options — is a game changer for the country. In the long-term, it will help propel planning and development strategies in Mexico’s urban areas that place equity, accessibility, and resiliency at the forefront.

In an interview with Carlos Martínez, Director of INFONAVIT, about the potential of these policy changes to improve the quality-of-life in the country’s urban areas, he explained, “We cannot separate housing policy from mobility, because a successful city needs the two to work together.”

In Mexico, like many other countries, access to financing and credit is also a key factor for increasing access to housing. In Mexico’s underdeveloped housing credit market, INFONAVIT is the only financing option for millions of formal workers. From a financial perspective, Martínez added, “This is also about preserving family assets, since the long-term viability of housing ultimately preserves people’s savings and allows them to properly fulfill their right for acceptable housing.”

For Martínez, creating the right institutional and regulatory framework has been crucial. By setting up these new forward-thinking lending rules, housing will no longer be tied to sprawling, inaccessible, and unsustainable strategies. This is an important first step towards creating denser and more accessible urban development projects. INFONAVIT’s changes align Mexico with some international best practices by emphasizing “access to opportunity” as a core principle in its city planning — for now though, the effectiveness of these new guidelines still warrants evaluation. To Martínez, “Housing policy needs to put people back in the center.”