Hace algunos años la industria petrolera y petroquímica nacional elaboró un plan para subsanar esta deficiencia pero no obtuvo apoyo del Ejecutivo para implementarlo. Mientras tanto las zonas industriales continuaban acumulando desechos de la industria química, metalúrgica, farmacéutica y de alimentos quienes conjuntamente con la industria petrolera son las fuentes principales de este problema.

Mientras el hecho urbano continúe su tasa de crecimiento acelerada copando la cuenca del lago de Valencia, los Valles del Tuy, la costa del lago de Maracaibo, las riberas del río Orinoco y otros ríos del país, se hace cada día más necesario este sistema de disposición.

Sin embargo, en todos estos intentos de planificación e incluso en el reciente decreto firmado en pleno interinato del doctor Lepage, en plena crisis de legitimidad política, la concepción del sistema está sesgada hacia la disposición y muy poco hacia las medidas de reciclaje e incluso de eliminación exante.

Por supuesto, las pequeñas comunidades como el caso de Ortíz, Edo. Guárico -en donde se ubicaría uno de estos rellenos de desechos tóxicos urbanos industriales- se oponen no sólo por razones de índole ambiental sino también en ese caso específico, por verse afectada toda una nueva experiencia de desarrollo agrícola vinculado al turismo que vienen ejecutando entes privados en estas fértiles llanuras.

En momentos que el aparato industrial urbano se reestructura en el mundo, gracias a los efectos de la revolución tecnológica y la implantación de agresivos esquemas que paradójicamente combinan políticas de libre comercio y protección arancelaria, parece absurdo seguir manteniendo políticas de tratamiento de residuos tóxicos que no cuestionan en sí el propio hecho tecnológico que los genera y el mismo modelo de gestión que es corresponsable de su existencia.

Las nuevas estrategias de desarrollo industrial basadas en el rediseño y la reingeniería de procesos ofrece una oportunidad para eliminar las causas de los desechos, es decir, las viejas tecnologías y los inadecuados sistemas de gestión en aras de procesos de alta calidad y de cero pérdidas como actualmente exploran grandes empresas internacionales.

Estas técnicas de desarrollo organizacional, aunadas a las nuevas estrategias de relocalización y desmembramiento de las unidades productivas industriales, incluso más allá de las fronteras urbanas gracias a los avances de la ingeniería de sistemas y de comunicaciones, ofrecen a Venezuela una opción clara para evitar la generación de desechos y para ahorrarse los costos sociales, ambientales y económicos de su disposición.

Quizás por esta vía, en la cual las industrias pierden tamaño, se descentralizan, redefinen sus estilos tecnológicos hacia instrumentos más limpios y modifican sus conductas gerenciales, pueda lograrse un verdadero desarrollo sustentable que pasa por la redefinición misma de los grandes centros urbanos.

REFLEXIONES

TENANTS, LANDLORDS AND SELF-HELP SETTLEMENTS: A COMPARISON OF CARACAS, MEXICO CITY AND SANTIAGO

Alan GILBERT

I have no doubt that upgrading low-income settlements is a necessary process and one that should generally be encouraged. However, it is vital that when governments upgrade settlements they consider the effects of upgrading not only on owner-occupiers but also on the many tenants who live in most self-help settlements (Gilbert and Ward, 1985; Gilbert and Varley, 1991). Unfortunately, it seems clear that most upgrading programmes are designed as if the target community consists wholly of owner occupiers (Salmen, 1987).

The neglect of tenants is unfortunate because many observers have suggested that upgrading tends to have a negative effect on this group of the population (Batley, 1983; Bogus, 1981; Burgess, 1982; Dietz, 1981; Doebele, 1983; Ward, 1981). It is claimed that tenants are likely to be displaced by rising rents as the result of infrastructure improvements and the distribution of legal title.

In practice, I am uncertain that the impact on tenants is so negative, a feeling partially supported by several recent investigations into upgrading programmes (Kool et al., 1989; Skinner et al., 1987; Salmen, 1987) In particular, I believe that upgrading may help tenants by encouraging the growth of rental housing. The latter is something which should be welcomed because it helps to increase the residential choice of low-income families. Most cities need both more rental housing and more owner-occupation; although many families want their own self-help home not every household either wants or is able to become a self-help owner-occupier. One important measure of housing quality is the range of housing alternatives that a city is able to offer its population at every level of income.

My main argument in this paper is that the implications of upgrading programmes on both tenants and current and potential landlords must be considered carefully. If upgrading encourages owner-occupiers to increase the supply of rental accommodation, then that is a very positive development. For reasons that are discussed below I am not too worried by the distributive consequences of upgrading nor by the fact that rents may rise for some tenants. The critical issue is to increase the size of the rental housing stock and to improve its quality.

This paper is based on a programme of research into the phenomen of renting and sharing in Caracas, Mexico City and Santiago**. While that programme was not concerned directly with upgrading, many of its findings are relevant to the process. It should be emphasised, however, that the thoughts on upgrading expressed here are both speculative and provocative. I am making such statements because I want to encourage more work on the effects of upgrading on rental housing and because I want to provoke discussion about the whole issue of rental housing in Latin American cities. Both issues have been ignored by too many governments in the region.

TENURE TRENDS IN CARACAS, MEXICO CITY AND SANTIAGO

In all three cities there has been a consistent decline in recent decades in the proportion of families who are living in rental tenure. In Caracas, the proportion of tenants fell from 55% in 1961 to 30% in 1981, the proportion of owner households rising from 45% to 64%. In Mexico City, the proportion of households sharing or renting accommodation fell from 77% in 1960 to 46% in 1980. In Santiago, the share of tenant households fell from 57% in 1952 to 20% in 1982. Although there are signs that this trend may have been reversed during the 1980s the census figures are not yet available to support that contention.

Despite similar patterns of relative decline, however, there are clear differences between the cities. In Caracas and Santiago, the absolute number of tenant households has remained more or less constant whereas in Mexico City the number has increased dramatically. In Ca-

* Paper to be presented to the *Encuentro Internacional sobre Rehabilitación de los Barrios del Tercer Mundo,* Facultad de Arquitectura y Urbanismo, Universidad Central de Venezuela, 24-30 November, 1991.

** The programme was financed by the International Development Research Centre of Canada. Local teams were organised by the Centro de Estudios Urbanos in Caracas (led by Oscar Olinto Camacho), by CENVI in Mexico City (led by Rene Coulomb), and by the Instituto de Desarrollo Urbano in Santiago (led by Andres Necochea). The data discussed in this paper are presented in full in the final report, prepared by Alan Gilbert, and entitled In Search of a Home: *Rental and Shared Housing in Caracas, Mexico City and Santiago.*

racas, the number of tenant households in the Federal District rose from 126,000 to 132,000 in the twenty years to 1981, in Santiago it fell from 220,000 to 197,000. In Mexico City, by contrast, the number of households in non-ownership rose fifteen times between 1950 and 1980.

There has been a clear shift over time in the location of the rental housing stock. While the central areas remain important, the proportion of rental households near to the centre of the city has declined. This has been the result of urban decay, office and business development, and urban renewal programmes. The trend was hastened by the severe earthquakes that hit Mexico City and Santiago in 1985. Government policy has also helped to redevelop these areas and reduce the numbers of tenants.

In recent decades, most of the new rental and shared accommodation has been created in the consolidated periphery. Whereas non-ownership in the central area of Mexico City grew by 10% between 1950 and 1980, in the rest of the city it expanded thirteen times; increasingly in more distant parts of the metropolitan area. In Santiago, while the central **conventillos** have been in decline there has been a clear process of densification in the consolidated suburbs; an outcome of the creation of new accommodation for both renters and sharers.

DIFFERENCES BETWEEN OWNERS, TENANTS AND SHARERS

Many internacional studies show that owners differ significantly from tenants in terms of their socio-economic characteristics (Harloe, 1985; Downs, 1983; Gilbert and Varley, 1991). This study placed considerable emphasis on attempting to discover whether there were systematic variations between tenure groups in Caracas, Mexico City and Santiago. The basic finding must be that in none of the three cities can owners, tenants and sharers be separated into clear socio-economic groupings. There were too many similarities between owners and tenants, and even between tenants and landlords. Owners, tenants and sharers do not constitute homogenous groups and no single factor seems to determine whether households are tenants, sharers or owners. Nevertheless, some significant patterns were discovered.

In Santiago and Mexico City, the incomes of owner households were higher than those of non-owners although in Caracas tenants earned more than owner households. When **per capita** incomes are considered, however, tenants proved generally to be better off than owners in all three cities, a result of having smaller families. In Caracas and Mexico City, there were considerable variations in the incomes of owner households, with new owners comparing very badly with owners in the consolidated settlements. Indeed, new owners in both cities were poorer than any group of tenants in terms of both household and **per capita** incomes. In Santiago, of course, new owners were drawn from a very different income group because of the system used to select families in official settlements.

In Caracas and Mexico City, therefore, there is evidence that new owners are among the poorest households. This finding suggests that this group may have been forced into owner-occupation by their low incomes. This is most obviously true of owners living in invasion settlements who were able to obtain land at no cost or at least very cheaply.

Tenants and sharers tend to be drawn from a younger age group than owners but again there were exceptions. In Caracas, for example, there was no overall pattern; while tenants were generally much younger than owners in the consolidated settlements, owners in the new settlements were the same age as tenants in the central city. In Mexico City, however, most sharers and tenants were much younger than owners, the only exception being in the central areas where tenants were older than new owners although younger than owners in the consolidated periphery. The comparative youth of the tenants and sharers was linked to the fact that this was the most common tenure form among newly formed households. In Santiago, sharers constituted the youngest group and so-called 'new' owners were comparatively old because of the prohibition on land invasions in recent years.

Owners had larger households than non-owners in all three cities. The nuclear family was larger because owners generally had more children. Among the tenants centrally located households tended to be smaller than those elsewhere. Certainly, in Caracas and Mexico City, central tenants had many fewer children and single-headed households were common.

Generally, size of familiy seems to be a important influence on residential tenure although the Mexico study concluded that «having children (rather than the number) is what modifies the needs and expectations of most couples». Having the first child seems to be more significant than the birth of subsequent children. Having children affects housing

behaviour, once you have a couple it seems another one doesn't make much difference. The effect is less due to demands for space than the widespread feeling that families wish to have something to leave to the children. In Santiago, the number of children seemed to make little difference to tenure with most families have grown in the existing house. The birth of additional children seemed not to trigger house moves, an effect perhaps of the very long stays typical of most families in the city.

Previous work in Guadalajara and Puebla had discovered a much higher incidence of migrants among owner occupiers. It was not surprising, therefore, that the number of migrant households found in the new peripheral settlements of Mexico City was much higher than their relative weight in the total sample. By contrast, tenants, especially in the central city, were much more likely to be natives. It seems that native Mexicans use their family networks to improve their housing situation, either through the offer of accommodation or through loans with which to buy better quality plots or homes in the periphery. Given fewer alternatives migrants are often obliged to move into lower quality owner-occupation. There were also some intriguing correlations between birthplace and tenure in Caracas, although here there was a complicating feature, the fact that so many of the migrants were actually foreign born. The immigrants were heavily concentrated in the central areas and did not often become owners. Among the Venezuelans, however, there appeared to be only a weak link between tenure and place of birth. Owners were more likely to be natives but migrants were extensively represented both among owners and tenants. In Santiago, there was some tendency for natives to outnumber migrants among the non-owners but the difference was not great. Where place of birth did seem to be influential was among the **allegados** where there was a much higher proportion of natives; a clear outcome of this group having more contacts and therefore possibilities to share accommodation.

It is clear that the structure of the housing market in each of the three cities is sufficiently different to complicate any simple pattern between socio-economic characteristics and tenure. Age, family structure, income, and migrant status all contribute something to explanation but none correlate very closely. A more complex pattern is also encouraged by the diversity which exists within each tenure group. Indeed, it is clear that only if we examine the characteristics of each subgroup in each city, can we make real sense of their residential behaviour.

HOUSING CONDITIONS

Housing conditions vary considerably between and within tenure groups. In general, however, owners in consolidated settlements live in well-constructed homes which have been fully serviced. They have lived a long time in the settlement and many have lived for a number of years in poor conditions. Only now have circumstances improved. By contrast, new owners in Caracas and Mexico City are at the beginning of the self-help consolidation process and are currently living in very poor conditions. The situation is different in Santiago because there are no new selfhelp settlements.

Tenants generally occupy less space than owners. However, the quality of that accommodation is superior; tenants only rent property which is supplied with infrastructure and services, they do not rent accommodation which is flimsy. Tenants gather in accommodation, therefore, that is well-established and the proportion of tenants rises with the age of a self-help settlement (Gilbert and Ward, 1985). Crowding tends to be highest in the central city but the tenants benefit from the location and often from superior services.

Sharers also live in somewhat cramped conditions and the quality of the accommodation tends to be lower than that of tenants. Their shelter is much better, however, than that of the new owners.

PREFERENCE FOR OWNERSHIP

Most tenants said that they wished to be owners. However, it is clear that there is a significant difference between the general desire for ownership and the practicalities of becoming an owner. When tenants say that they want their own homes, they are expressing their preference for a particular form of ownership. They are saying that they want to own a particular kind of home, maybe one similar to the home that they are now currently renting or maybe even a palace. If what the market offers is not this kind of home, some households may choose to forego the opportunity for ownership until their preferred kind of home becomes available. Ownership remains an aspiration which will only be taken up when they find the kind of ownership option that they want. Meanwhile others who may harbour a much less overt desire for ownership may find themselves in circumstances that either encourage purchase or which may push them into it. If they cannot afford to pay the rent, then they may have to find another form of tenure.

In sum, the goal of home ownership is much cherished in all three cities.

However the form in which home ownership becomes available is highly significant. Some families will accept home ownership even when it means building a home on the unserviced periphery, for others this is anathema. For some, ownership on the periphery is highly desirable but is an unobtainable dream. The result is that we have a highly diverse response to seemingly the same aspiration.

RESIDENTIAL MOVEMENT

One of the most intriguing findings of the study is how static the housing market appears to be. Neither owners nor non-owners move very frequently. Once owners acquire a self-help home they seem not to move. This tendency is most marked in Santiago where the mean length of residence in the consolidated periphery was 23 years with most of the families having lived in the same house since they first became home-owners. In Mexico City, owners average 14 years in their homes in the consolidated settlements and in Caracas 18 years. Among the owners, indeed, the degree of stability seems almost to be a problem. Do they stay in their present home for so long because they are happy there, or is it because they simply cannot sell it?

Tenants, especially in the central city, also tend to live for long periods in the same accommodation. This is particularly true in Mexico City and Santiago where rent controls have helped some families to retain their accommodation over years and even over generations. In Santiago, one-quarter of the tenants in the **conventillos** had lived more than 40 years in the current home; in Mexico City, almost three-quarters had lived more than ten years in the same home. A different pattern was apparent among the central tenants of Caracas, the average tenure being only five years. Clearly, the urban structure of Caracas is different, rent controls have been less influential, and the widespread presence of immigrants also affects the length of tenure in the centre. Nevertheless, tenancies are hardly short.

Tenants in the periphery also live reasonably stable lives. In Mexico City and Santiago, the average tenure is three years, and in Caracas seven years. Eviction is a worry for the tenant population as are increases in rent, but these perennial problems do not seem to have produced the instability that was so characteristic of say nineteenth century british cities.

When households do move they tend not to move far. Most tenants move less than five kilometres and many owners move similarly short distances.

THE PRODUCTION OF RENTAL HOUSING

Landlords are older than other owners and much older than most tenants. They have smaller families, are more likely to be divorced or single and are much more likely to be retired. Landlords are also more likely to be self-employed. They live in larger properties than other families and have lived longer in their current home. In Caracas and Mexico City, their household incomes are higher than those of other owners, although this is not the case in Santiago, but in all three cities their **per capita** incomes are higher. While they are generally more affluent than other owners they have similar **per capita** incomes to those of their tenants. Clearly, landlords, owners and tenants in the consolidated settlements are drawn from the same social class.

Landlords vary from the large-scale owner of central property to the landlord with a single sitting tenant. In the central city, both large-scale and small-scale landlords can be found. In the consolidated periphery, most landlords operate on a small scale. In Santiago, seven out of ten landlords only let to one tenant household, in Mexico City three-quarters, and in Caracas two-thirds. Few landlords had been renting for very long; in Santiago only 45% had been in business for five years or more, in Mexico City two-thirds had been letting property for three years or less.

While some landlords had constructed separate dwellings with the intention of renting them out, most landlords let rooms in their own home. For this latter group, entry into landlordism is often stimulated by the departure of grown-up children. Spare rooms are converted into a source of income. Such landlords may even evict the tenants in the event that their children wish to return home. In Mexico City, landlords tend to live separately unless they rent in invasion settlements where they fear that in their absence the tenants may take over their property. In Santiago, many landlords merely let the land, the tenant building a separate dwelling at the back of the owner's plot. This phenomenon became widespread during the military dictatorship when the Church introduced its **Hogar de Cristo** programme.

The research shows, therefore, that few landlords follow a commercial rationale. Indeed, it is this lack of capitalist behaviour that sustains the expansion of rental housing. Many of the landlords recognise that renting does not produce a large income. In Caracas and San-

tiago, few 'domestic' landlords thought that they got much out of letting, especially given the hassle involved. In Mexico, the reaction was more variable with some small-scale landlords admitting that it was a satisfactory business. In no sense, however, are most of these landlords operating on a commercial basis. They are merely supplementing their income, an income severely reduced by the effects of inflation, and trying to provide themselves and their children with a slightly safer financial future. They do not know how to invest in, nor do they really trust, other forms of investment, their spare money, therefore, goes into housing and land. This is a very different landlord from that depicted in writing about nineteenth century Europe.

RELATIONS BETWEEN LANDLORDS AND TENANTS

Relations between landlords and tenants are frequently portrayed as posing one of the major difficulties of rental accommodation. Landlords denounce the actions of tenants, tenants those of landlords; the frequency of confrontation is emphasised by both sides. Our research shows that relations between landlords and tenants is much more benign, even amicable, than this picture portrays. Relatively few landlords and tenants speak badly of one another.

The most common feature of landlord-tenant relations in the consolidated settlements is the lax legal basis and the generally friendly relationship. Good relations are helped by the selection procedure, few landlords accept tenants who they do not know or most typically who have not been recommended to them by friends. Civility is helped because both landlords and tenants live in the same settlement and contact is eased by the fact that most landlords and their tenants had similar kinds of incomes and social backgrounds. It was also helped by the long average rental tenure, over the years, landlord and tenant got to know one another quite well. Bad landlord-tenant relations are more common in the central areas.

One way of measuring the degree of harmony between landlords and tenants is through the frequency of evictions. Of course, eviction is by no means uncommon in any of the cities. In Caracas, 12% of tenants had left their penultimate home through eviction; in Mexico City, 20% of tenants had left their previous home through eviction and another 13% had left because the owner had sold the property; and, in Santiago, 28% of tenant families with a previous rental home had been evicted. These figures do not include cases where tenants left because the rent was raised, a case which the Mexico team argue constitutes de facto eviction.

While their point is often valid, inclusion of all such cases would surely overestimate the real number of evictions.

However, eviction cannot be such a significant issue in cities where so many tenants have long tenures. In Caracas, more than one-quarter of tenants had lived more than 5 years in the previous home and more than half had rented only one home in the last 5 years. In Mexico City, the average tenancy was 7 years in the current home and 6 years in the previous rented accommodation. In Santiago, tenants had spent an average of 6 years in the current home. In the central areas, tenancies are usually even longer.

RESIDENTIAL CHOICE

Any residential model should consider carefully the options available to the poor in their housing choice. To consider the demand side of the tenure equation is meaningless without understanding the range of options available to poor families. No choice is without constraint, we have to consider barriers as well as opportunities.

If access to serviced land is effectively denied to most of the poor in all of these cities, there are nonetheless important differences between them. In Santiago, no self-help land of any kind while in Caracas distant land is freely available and serviced plots are on offer at a price in the more consolidated parts of the city. In Mexico City, cheap land is available in the periphery and some relatively expensive plots in the consolidated self-help settlements.

These differences mean that the desperately poor in Caracas and Mexico City have more housing options than in Santiago. They can rent or share, or they can invade or occupy cheaply land in the distant periphery. Living conditions are rudimentary but it is still an option that is not available to the poor of Santiago. In the latter the high cost of land means that a higher income is necessary to gain access to home ownership; a barrier only partly mitigated by generous housing subsidies.

The availability of cheap plots is not only significant in determining the numbers of poor households gaining access to land. It also affects the level of rents, which differ considerably between cities. It is clear that the Mexican families pay much less in rent than families in Santiago. The higher prices of land in Santiago have had the effect of raising overall

rent levels. Since it is financially more difficult to move into home ownership, there is a knock-on effect on rents.

Of course, the cost and form of land access is not the only influence on rents. Government legislation also has some effect, for example, in holding down the rents for some tenants in the centre of Mexico City. Similarly, different patterns of social relations between landlords and tenants have a considerable effect on rents. The fact that Mexican tenants stay in their rented accommodation for long periods helps to lower Mexican rent levels (Gilbert and Varley, 1991). Since landlords admit to raising rents much more for new tenants than for sitting tenants, a low turnover rate has the effect of holding down rent levels. It should also be remembered that rents vary quite dramatically through time even within the same city. In Mexico, rent levels fell by half relative to the general price index between July 1970 and July 1987; during 1988 and 1989, however, they rose more than twice as fast.

The importance of these variations in rents and purchase costs is that they are likely to influence the desirability of ownership vis-a-vis renting. Clearly when rents are very low, families will continue in rental accommodation even when the accommodation is inadequate. Should rents rise they may well reconsider their housing situation, either because they cannot afford the higher rent or because the balance of advantage between ownership and renting has shifted. It is this balance of advantage, not just in costs but in convenience, servicing and location, that seems to be critical in the process of residential choice. This balance, of course, is not determined by individual families but by the political economy of land and housing in the city and country concerned.

It is for these reasons that the results of this and previous research do not produce a simple explanation of low-income housing behaviour. Not all poor families rent, not all poor families occupy shanty towns. Within cities there is a diversity of response; between cities still greater variation. As such it is erroneous to make general statements either about the desirability of renting vis-a-vis ownership or the nature of tenants and owners. There are certain similarities but there will be major variations between cities according to the production system. Households have different needs but they are forced to modify their behaviour according to the different circumstances facing them. Thus, in Santiago, many households have been forced to double up with kin or friends because no cheap alternative is available. In Mexico City, we find single women building homes in invasion settlements because, despite the immense problems they face, land is free and no rent has to be paid for a self-help home. We also find that there is a higher incidence of extended families in the central slums than in the self-help periphery; location and services are more important than space to these families.

This diversity is also why research in different cities comes to different conclusions about the nature of owners and tenants. Thus, some years ago on the basis of research in Bogota, I concluded that renters and shares «are an excluded majority, excluded from an alternative that few would regard as positively desirable» (Gilbert, 1983: 473). The research in Mexico City possibly leads to the opposite conclusion that «it isn't a high income that permits home ownership, but precisely the lack of one. It is economic pressure, the impossibility of paying a rent, the need to have 'some kind of roof in order to live an independent life' that leads them to obtain a lot and build their own home, notwithstanding the poor conditions and the lack of services in the settlement.» There is no contradiction between these different conclusions; the explanation behind the difference is that the opportunities facing the poor household in search of a home vary considerably from city to city. Their socio-economic characteristics and tenure vary accordingly.

THE IMPLICATIONS FOR UPGRADING PROGRAMMES

In new settlements, which have relatively few tenants, the advantages of upgrading seem clear. Better transport facilities and reliable supplies of water and electricity will make the settlement more attractive to tenants. This will create the opportunity for some owners to build rental accommodation; a process that is amply demonstrated throughout Latin America and specifically by this research project. Since the IDRC project has demonstrated that tenants live in better serviced accommodation than most owners, that landlord-tenant relations are not bad, that some tenants choose to remain as tenants although they could afford to become self-help owners, there are clearly advantages to be gained from increasing the rental housing stock.

Tenants do not appear to be generally poorer than owners. Indeed, some tenants are more affluent than owners. As such the conventional

wisdom that upgrading leads to problems for poor tenants is thrown into some doubt. Since tenants only seem prepared to rent accommodation that is provided with services and infrastructure, an alternative interpretation is possible. If poorly serviced self-help settlements are upgraded new tenants will be interested in moving in and owners, perhaps faced with higher costs because of upgrading, will produce rooms for those tenants. New tenants will benefit from access to a larger rental housing stock and self-help owner/landlords from an increased household income.

But will existing tenants be displaced by the upgrading process? In fairly consolidated settlements some way be forced to move but as we have seen eviction is not all that common in Caracas, Mexico City and Santiago, and most tenants seem to stay in the same accomodation for many years. We should not assume that the «grasping» lanlord automatically raises rents and evicts his or her tenants. Insofar as the costs to the landlord have risen as a result of the issue of title deeds or the provision of services, there are two alternatives. The first is to evict current tenants and to take in tenants who are willing to pay more. The second is to retain the existing tenants, possibly raising the rent a little, but to increase income by expanding the accomodation available. Some landlords will no doubt follow the first course, most, I suspect, the second.

In any case, since the incomes of landlords are little different from those of tenants, we are not addressing a major distributive problem. Even if tenants do move and lanlords increase their incomes, this will not have any significant effect in worsening the distribution of income.

Of course, many of these ideas are speculative because the research on wich I am reporting did not look directly at the upgrading issue. However, the findings of the research suggest that the common reaction to upgrading, that it is bound to hurt tenants, is highly debatable. According to local circumstances, a case can be made that upgrading may well increase the supply from higher rents, all tenants will gain from the greater supply of rental accommodation. **Providing that upgrading is conducted sensitively**, my view is that the overall effect of upgrading on tenants is likely to be favourable. What is absolutely clear is that in designing an upgrading programme government agencies must consider very carefully the impact on landlords and tenants.

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