

## PROPERTY SPECULATION ARRIVES IN LIMA'S MIGRANTVILLES

# How not to grow a new town

For years the governments of Peru, and the municipality of Lima, had a working deal with rural migrants who flocked to the city: we'll plan the place, you build it, amenities will arrive. Then came the cheap neoliberal substitute of granting land titles – and the speculation began

BY ELIZABETH RUSH

Hundreds gathered in Los Alamos, Lima, one Saturday night in January to commemorate the second anniversary of this *pueblo joven*, as the Peruvians call it, a young town. Elsewhere in the world, Los Alamos would be called a shantytown, squatterville or slum, but *pueblo joven* has a charming sound, reflecting Lima's long history of supporting land invasion as a necessary, if informal and unregulated, part of urbanisation. Over time Lima's young towns have become some of its liveliest neighbourhoods.

In Los Alamos the mood was festive: a salsa band was packed tight on a rickety platform and revellers danced and drank warm beer in the summer air. The next morning, it was deserted. The celebratory streamers and flags still flapped on the plywood shacks running up the gully of this steep, crumbling hillside. But the doors were padlocked. Guard dogs sat lazy in the sun. I knocked, but only one house had someone at home.

"After the party last night people were so tired they went back to where they live, down to Lower Huayacán, to Zones C and D," said Leonarda Ruiz, a sturdy woman whose two children clung to her calves. Her husband, a shoeshine man in the city below, would be back after sundown. She was the only resident adult on the hill during this day, and her family is one of the three that live in Los Alamos full time. "You can talk to me," she said, "but I don't know much." Peru's rural migrants used to invade together, but these days those who come to Lima to better their lives often reluctantly establish themselves in relative isolation.

Her home is 16km east of central Lima, at the upper rim of the Huayacán Valley. Down on the valley floor you can see a hardy, vital city: straight roads, public parks, Internet cafes, rotisserie chicken restaurants, schools, cemeteries, community gardens and soccer fields – so many soccer fields.

Forty years ago Huayacán was desert. Then a Maoist guerrilla war ripped the country apart. The economy nearly collapsed and migrants flooded Lima. Suddenly shacks began to appear in this far corner of the Lima's eastern cone. The city municipality decided to help, rather than ignore or persecute those building provisional homes on marginal public land. The central government did topographic and geological surveys, creating a master plan for development. The migrants built the physical infrastructure the municipal government prescribed and in return Lima provided connections to basic services – water, electricity and transport. Result: a *pueblo joven*.

In international development meetings, Lima's *pueblos jóvenes* are often celebrated for their positive informal development. Those founded in the 1960s, 70s and 80s are dynamic, relatively safe communities with devoted citizens. But in the early 90s, under the direction of the neoliberal president Alberto Fujimori (1990-2000, now imprisoned for human rights offences), granting property rights replaced squatter-government partnerships as the main policy for upgrading slums. While granting property titles to those who have none seems altruistic, trying to bring the poor into the market economy hasn't led to urban development. Today, those living in the newest *pueblos jóvenes* fight with private service providers for basic amenities, and it takes decades. Meanwhile buying and selling potential lots has become a way for established Limeños to earn money, pricing new arrivals out of affordable housing they once could access.

Just beyond Leonarda Ruiz's house I ran into a well-dressed young woman with a smartphone who said: "My mother is an original founder of Huayacán, she bought up

all of this land in 2008 from Collanac [a local indigenous group]." Her mother isn't alone. All around Lima, local leaders are illegally purchasing marginal, indigenous-owned land and extorting bribes from anyone who wants to build on their "property". Often already established migrants living lower in the valley pay a fee, camp on the land for a few months, build a provisional structure, then return to their real homes to wait for someone like Ruiz to buy. For many working class families, speculating in marginal plots is a reasonable strategy in a country with limited opportunities for asset acquisition.

"All we wanted was a little place to call our own, where we could plant some vegetables. And I wanted the children to go to school," said Ruiz. A year ago, she and her husband moved over 1,200km, from the border with Ecuador, to begin a new life in Lima. Had they come to Huayacán 40 years ago, they would have paid nothing: now they had to pay \$2,800 (about four years of income) to a vendor from Lower Huayacán for a lean-to on the edge of town.

"We have no water, no roads, no sewers. We have electricity, but it is illegal and very expensive," said Ruiz. Empty shacks tumbled down the hillside behind her, some painted pink, teal, mustard or purple, many unfinished, just four walls and no roof. Informal cities always start as board, tarpaulin and corrugated tin, and over time often evolve into liveable communities. But Upper Huayacán, unlike most of the previous *pueblos jóvenes*, is an abandoned city without ever having had a chance to exist properly. The list of what Ruiz lacks is long, but the most important thing she does not have is neighbours.

Lima's official slogan, *Ciudad Para Todos*, is everywhere: on the new metro, on water tanks atop bone-dry dunes, on the pockets of surveyors assessing land value along the Rio Rimac. A third of Peruvians live in Lima. And a third of Limeños live on land they did not buy. Over the past century, millions of Peruvian campesinos priced out of agriculture by agribusiness, unethered during nationalisation, or threatened by the Shining Path and the counter-insurgent war, moved to Lima. Between 1940 and 1993 its population increased by 1,000% (1). When these migrants arrived there was no place to stay. So they built their homes, neighbourhoods and cities from the ground up on peripheral land they did not own. Those who cannot afford to live on the small verdant plateau that is central Lima inhabit instead the spaces in-between – the remote deserts and narrow valleys of the Andes' great outstretched hand.

The population pressure on Lima was once so intense that the state made an unprecedented partnership with the migrants redefining the city's edges. In 1971, 9,000 families invaded mostly private land in the middle of the affluent neighbourhood of Pamplona – although only 200 had originally planned the occupation. Chaos ensued and eviction seemed imminent. General Juan Velasco Alvarado, in power from 1968 to 1975, first cut off their food supply, then bussed them to an empty swath of desert later renamed Villa El Salvador. Unbeknownst to everyone involved, Villa El Salvador would become the archetype of the self-improved city.

On a map Villa looks as sterile and predictable as a hospital. No alleys, just hundreds of straight streets intersecting at right angles. The Velasco regime designed the physical layout, and handed the plans over to the settlers. They were mostly unempowered on arrival and they worked for free building the provisional infrastructure – levelling proposed roadways, digging ditches for water pipes (2). By 1975 the population of Villa El Salvador had mushroomed 130,000, and most had water



At Lima's edge the promise of an easily acquired property title has led to the rise in a new property market that excludes the city's poorest residents, leaving many of the newer 'squatter' settlements underdeveloped and mostly uninhabited

ELIZABETH RUSH

and electricity within five years of moving to the desert (3).

"Both the government and the people understood that if the invaders made the effort to build the foundation for these new cities then the state had a responsibility to provide for them, or to at least meet them in the middle," said Daniel Ramirez Corzo, a member of the mayor's team of housing advisers, and a former inhabitant of Villa El Salvador. That city became the blueprint for places like Lower Huayacán, leading to the most productive phase of informal urban development in Lima's history: over the 20 years after the foundation of Villa El Salvador, hundreds of relatively healthy informal cities rose out of the shifting desert sands.

During the height of Peru's urban involution, those who migrated to the city were treated as partners in Lima's expansion. And it is these mid-to-late 20th-century transplants that live in impressively well-developed settlements like Villa El Salvador and Lower Huayacán, the ones outsiders croon over when studying the success of Lima's squatter cities. But as time passed, political control of Peru fluctuated, and the formal attitude towards informal urbanisation changed.

In the 1990s, Fujimori began the largest land titling campaign in the world, founding the Centre for the Formalisation of Property (COFOPRI). Funded by the World Bank and inspired by the economist Hernando de Soto (for whom "the poor are not the problem, they are the solution") and his neoliberal book *The Other Path*, COFOPRI's sole aim was to provide those who invaded land with property titles.

De Soto writes that most poor people already own enough to succeed under capitalism, but their resources are not properly documented: without documents showing clear ownership, their possessions cannot be directly transformed into capital, or sold outside small

local circles where people know and trust each other. In other words, when a squatter is given a property title and its attendant rights she will have a path to the resources – capital made available through credit – to improve her lot and her community.

Under Fujimori, Peru privileged property titles over real, built solutions to the problem of urban housing shortages. Titles cost \$60 each, and so were the cheapest possible fix, far less expensive than actual bricks or mortar. Titling also makes redistributive policies – progressive taxation or direct subsidies to pay for construction – unnecessary, which safeguards the extremely wealthy. With titling, the state supposedly magically removes the barriers in place that stop poor people from accessing the wealth they already have, the wealth that lies incarnate in the land beneath their feet. But no amount of neoliberal logic cannot change the fact that Lima's recently titled invaders have not acted as was expected, that is, raised credit at the bank and gone into debt.

"Why would I risk my home, the most important thing in my life, to get a little more money on credit?" said Casio Vizcarra, the president of Virgen de Guadalupe, a squatter settlement among the earliest to get COFOPRI titles. Vizcarra has a small business and makes jewellery; he is a single father of two and a community leader. On weekends, he plays in a band. He has improved his home – adding plumbing, concrete floors, and satellite TV – paying for each step with earned money. This took longer than getting a lump sum loan, but incremental improvements are familiar to those who have created entire communities *poco a poco*.

With his neighbours, Vizcarra tamed the hillside by pick-axing footpaths from the rock and using the broken stones to construct foundations for future homes. He spent over a decade fighting for water and sewer

connections for the community. And when the Sedapal company finally brought water to Virgen de Guadalupe, he taught his neighbours how to use and maintain their flush toilets. He is resourceful and calculating, and like most of Lima's land-invaders-turned-property-owners, he refuses to go into debt (4).

The executive director of COFOPRI, Ais Jesús Tarabay Yaya, explained the refusal of land invaders to activate their credit by dividing them into "people whose virtues include a business sense" and those who "lack in entrepreneurial spirit". Vizcarra, his neighbours, and most other invaders were in the second category.

'All we wanted was a little place to call our own, where we could plant some vegetables. And I wanted the children to go to school,' said Ruiz

It used to take 20 years and hundreds of steps to get titled – a process that a community had to complete together, slowly improving the land they hoped to own in order to progress. But under COFOPRI, anyone can procure a title without much work – just take a number at the central office in San Isidro and wait for an associate to call them up to the window. I watched as migrants, dressed in their city best, nervously looked over their paper work. If they could prove that they had occupied a piece of public land for 10 years and that an engineer had signed off on the possibility of building a sound structure on the plot they would receive

a COFOPRI title. Property titles for the landless are not wholly bad, but the mechanisms through which they are acquired make a significant difference as to how a city develops.

Over the next 35 years the number of squatters on the planet will double, from 1 in 6 to 1 in 3. Most will live on the edges of ever-expanding metropolises, many of which have already begun to look to Lima for answers. Two years ago, India sent a special delegation to Peru to see if the COFOPRI system might help Delhi and Mumbai deal with a population crush. When outsiders look at Lima they see the informal cities that have done well, those that grew out of state-squatter partnerships. But because of dependence on market-driven growth, they often inappropriately attribute the success of the *pueblos jóvenes* not to the unique relationship Peru once had with its informal citizens but to property titling.

Teresa Cabrera, a researcher at Lima's Centre for the Study and Promotion of Development (DESCO), finds that "the easy-access titles COFOPRI offers have upset a certain equilibrium. Speculators now snatch up land on the edge of Lima and get a title, circumventing a lot of the local consolidation processes that were necessary before. The land remains unimproved and the social aspect of making the community is gone." Because of the universal promise of an easily acquired title, annexing land on Lima's edge has become a speculator's sport.

When Victor Raul Acuña wanted a place of his own, he did as his parents had done. In 2005, he invaded a disused traffic median just west of Villa El Salvador, where he grew up. "There were already a few small groups living on the road," Acuña said; "Their settlement burned down, and they came here. We just joined them: me, my wife, my two children and about 200 others." Together they formed the community of Juan Pablo Segundo. But Acuña

did not know that the politics and the practice of land invasion had changed significantly since the early days of Villa El Salvador.

The original founders of Juan Pablo Segundo sold tickets to the proposed lots twice over and made off with the profits. Police brutality was common and water was scarce. Factions emerged between groups that had come to lay claim to the sandy land. Most of the double-sold lots were subdivided, causing problems about plot size and potential future formalisation. The worst problem was that of the empty house. Many initial invaders built provisional structures and then left. "These people already have nice homes in Lima, but they want to make some money so they leave the work of improving to us and they wait in the valley for the papers, for the water, for the electricity. And when it comes they will sell," Acuña said. His hands were calloused from the work of building an embankment.

While he pointed to small successes – a public water spigot, little flags that read "Juan Pablo Segundo" strung from the gutters that catch rare rain and funnel it into plastic cisterns outside each home – the real goal of a legitimate existence with reliable basic services is further away than he would admit. Seven years after first moving to this sand dune, his electricity still comes from an illegal connection. His house has no running water, and the road is so steep Sedapal trucks can't deliver water as they do to less marginal settlements. "We want titles, because maybe with titles we can get services," Acuña said. But what he does not know and what COFOPRI won't admit is that titling alone does not provide a path to development (5).

"A piece of desert isn't a solution, nor is a piece of paper," said Daniel Ramirez Corzo. "Without providing or promoting services, titling systematically maintains the poverty of

those living in peripheral informal settlements." He has just begun Lima's first-ever affordable housing programme, which he hopes can provide an alternative to titling. He believes that upward expansion in non-marginal neighbourhoods is a better solution for new migrants. Susana Villarán, Lima's leftwing mayor, is making tentative steps away from Fujimori's clientelistic relationships. But the transition is difficult, upsetting lower class people who have come to expect sporadic handouts, while those who gave the handouts face corruption charges initiated by Villarán. On 17 March she just beat, by 3%, a vote to recall her as the mayor of Lima.

As I left Los Alamos, I met a family from La Victoria, a neighbourhood in central Lima where the Gamarra textile market throbs. They had come to look at a plot they had heard about through a friend. The father, who had worked in Lima for almost 50 years, said: "Our country is developing quickly and so it is a good idea to own land, you can make some money on it. But this land is too high and so is the price. There is nothing here. I want it for my son. My son doesn't have to move in right away, but eventually he will, and how long will roads and water take?" If his son won't put in the work, if other settlers won't put in the work, and if the state won't meet them half way, the roads and water – and real city status – may take a very long time indeed.

ORIGINAL TEXT IN ENGLISH

(1) Daniella Gandolfo, "City at Its Limits: Taboo, Transgression, and Urban Renewal in Lima", University of Chicago Press, 2009.  
(2) Gustavo Riofrio, "Lima, Peru", *Understanding Slums: Case Studies for the Global Report*, UN Habitat, 2003.  
(3) Peter Schübeler, "Participation and Partnership in Urban Infrastructure Management", International Bank for Reconstruction and Development and The World Bank, Washington, 1996.  
(4) Antonio Stefano Caria, "TÍTULOS SIN DESARROLLO: Los efectos de la titulación de tierras en los nuevos barrios de Lima", *Estudios Urbanos*, no 4, DESCO, Lima, 2007.  
(5) Ibid.