

Rental and rent-free housing as coping mechanisms in La Paz, Bolivia

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SUMMARY: *This paper describes how in La Paz, more than a quarter of all households live rent free in a room, apartment or house with the permission of the owner. This form of tenure is called cedula. The paper also compares how household characteristics vary between owner-occupiers, renters and households in cedula in a sample of consolidated lower- and middle-income neighbourhoods within La Paz. This shows how cedula clearly benefits many younger households, by providing them with an opportunity to live in or near the city centre which would be beyond their means as renters or owners.*

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I. BACKGROUND

THIS PAPER SHOWS that in La Paz (Bolivia) the age of lower- and middle-income households is an important factor in their dwelling type and tenure situation. The reason is that the housing market in older, more central neighbourhoods of La Paz has become almost inaccessible to younger households. There is, however, an important exception. A considerable number of younger households can live in houses that are lent to them (often by relatives) on a rent-free basis. This tenure form of *cedida* provides them with two big advantages: they save considerably on housing expenditures; and they live closer to the city centre than would be possible if they had to rent accommodation. In this way, *cedida* helps younger lower and middle-income households to "cope" with difficult economic circumstances.

On a more general level, the paper shows the necessity to clearly distinguish between various forms of non-owned tenure in Third World cities. Knowledge of rental housing is only limited but tenure situations belonging to neither ownership nor rent, such as *cedida* in Bolivia, are still largely neglected. Gilbert shows that the percentage of such tenure situations is often greater than 20 per cent.⁽¹⁾

Future research should investigate the role of all forms of non-owned tenure situations in their mutual relationships and in relation to ownership. An analysis of the various dwelling types

1. Gilbert, Alan (1990), "Rental housing in developing countries: what we know and what we need to know" in UNCHS, *Rental Housing - Proceedings of an Expert Group Meeting*, United Nations Centre for Human Settlements, Nairobi, page 13.

2. Edwards, Michael (1982), "Cities of tenants: renting among the urban poor in Latin America" in Alan Gilbert (editor) with J.E. Hardoy and R. Ramirez, *Urbanization in Contemporary Latin America: Critical Approaches to the Analysis of Urban Issues*, John Wiley, Chichester, pages 129-158; Gilbert, Alan (1983), "The tenants of self-help housing: choice and constraint in the housing markets of less developed countries" in *Development and Change* Vol.XIV, pages 449-477; and Amis, Philip (1984), "Squatters or tenants: the commercialization of unauthorized housing in Nairobi", *World Development* Vol.XII, No.1, pages 87-96; also World Bank (1982), *Evaluation of Shelter Programs for the Urban Poor; principal findings*, Staff Working Papers No. 547, World Bank, Washington, pages 95-109.

3. Mayo, Stephen, Stephen Malpezzi and David Gross (1986), "Shelter strategies for the urban poor in developing countries" in *World Bank Research Observer* Vol.I, No.2, pages 193-194, 200; "Rental housing: a rediscovered priority", *The Urban Edge*, Vol.8, No.2 (1994), World Bank, Washington, pages 1-5.

4. Shoup, D.C. (1978), *Land Taxation and Government Participation in Urban Land Markets*, World Bank Staff Working Paper No.283, World Bank, Washington, pages 21, 46; and Kool, Maarten, Dik Verboom and Jan van der Linden (1989), "The mid-term impacts of squatter settlement upgrading: a longitudinal study of Baldia Township, Karachi", *Urban Research Working Papers* No.21, Vrije Universiteit, Amsterdam, pages 1-22.

5. Salmen, Lawrence (1987), "Participant-observer evaluation of upgrading projects in two Latin American cities: La Paz and Guayaquil" in R.J. Skinner, J.L. Taylor and E.A. Wegelin (editors), *Shelter Upgrading for The Urban Poor; evaluation of Third World*

and tenure arrangements in cities is essential for understanding the social reality of lower and middle-income families. An improved understanding of all forms of tenure can help ensure the development of sound and sustainable poverty alleviation efforts in the field of housing and services at neighbourhood level. This includes efforts that leave unharmed (and possibly strengthen) existing "coping mechanisms".

This paper concentrates on material aspects of the housing situation for the lower- and middle-income groups. Many other, often less material, aspects of their housing situation receive little attention. However, the story of Rosendo and his mother in Box 1, just before the conclusions, serves as a reminder that these aspects are also very important.

II. THEORETICAL INTRODUCTION

DURING THE 1970s and early 1980s, social scientists and policy makers concerned with shelter issues concentrated on owner-occupied housing, which resulted in many sites-and-services and settlement upgrading projects. In the first half of the 1980s, a limited number of studies began treating rental housing as an independent subject and the importance of the rental housing sector came to be stressed by policy makers, planners, and financial institutions.⁽²⁾ This choice is, in part, based on the experience that renting out part of the house helps owners to fulfill their financial obligations. It is expected that, in this way, housing opportunities for the lowest-income groups, especially renters, will be widened.⁽³⁾

However, where there is an enduring scarcity of housing, settlement upgrading can easily lead to rising costs for housing and services for the inhabitants and, at the same time, to the neighbourhood becoming increasingly attractive to higher-income groups from the outside. This can easily lead to "displacement" of (particular groups of) inhabitants after upgrading, with renters probably being the first victims. The costs of the upgrading in general will be shifted on to them, being the "last consumers in line".⁽⁴⁾ The World Bank sponsored neighbourhood upgrading project in La Paz is one clear example of the detrimental effects of upgrading for renters.⁽⁵⁾

Nevertheless, it is possible that, in other instances, renters do profit from upgrading in the form of improved services and a greater availability of rental housing. A decisive factor in determining the consequences of upgrading for the renters in the neighbourhood might well be the range and number of other land and housing options available to lower as well as higher-income households. Where such options are available in sufficient quantities, rents might remain moderate and upgrading might be less prone to lead to displacement.⁽⁶⁾

III. THE CITY OF LA PAZ

THE CAPITAL CITY of Bolivia is Sucre but La Paz is its largest city and the seat of government. Of Bolivia's 6.4 million inhab-

experience, Island Publishing House, Manila, pages 197-209; also van Lindert, Paul (1986), "Collective consumption and the state in La Paz, Bolivia" in D. Slater and W. Pansters (editors), *City and Society in Latin America - new orientations; special issue Boletín de Estudios Latinoamericanos y del Caribe* No.41, pages 83-84.

6. Crooke, Pat (1983), "Popular housing supports and the urban housing market" in R.J. Skinner and M.J. Rodell (editors), *People, Poverty and Shelter*, Methuen, London, page 185; Nientied, Peter and Jan van der Linden (1987), "Evaluation of squatter settlement upgrading in Baidia, Karachi" in R.J. Skinner, et al., see reference 5, pages 116-120, 123; also Kool (1989), see reference 4, pages 9-13, 21-22; and Gilbert, Alan (1991), "Some thoughts about land markets and land prices in Third World cities", Paper presented at the "International Workshop on Land Value and Land Prices, and the Impact of Public Policy upon the Valorization Processes in Less Developed Countries", Cambridge, pages 6-8.

7. Instituto Nacional de Estadística (1992), Censo Nacional de Población y Vivienda 1992; resultados preliminares, Instituto Nacional de Estadística, La Paz, see page 17.

itants in 1992, about 713,000 reside in La Paz and another 406,000 in El Alto (the higher parts of La Paz which were officially recognized as an independent city in the 1980s).⁽⁷⁾

Early in the sixteenth century, the Spanish colonial authorities felt the need to establish a city about half-way between the military stronghold of Cuzco (now in Peru) and the rich silver mines near Potosí (now in Bolivia). The new city was established in 1548 beside an existing Indian community, in a large basin in the highland plain ("Altiplano") between both Andes mountain ranges. This basin was formed through glacier and river erosion and provides a sheltered location from the harsh climate and cold winds on the Altiplano. The new city was named "Nuestra Señora de La Paz", of which the present name is an abbreviation. Since its establishment in 1548, La Paz has been growing steadily, especially since it became the seat of government in 1898, and a number of mining companies and industries settled in La Paz at the beginning of this century.

Since the 1950s, the city of La Paz has extended from the slopes of the basin where it originated ("La Cuenca") to the adjoining areas on the Altiplano ("El Alto") and into smaller river valleys downstream from the basin ("El Bajo") resulting in a city with a range of different altitudes. El Bajo is located at 3,200 metres (10,500 feet), the city centre in La Cuenca is located at around 3,600 metres (11,800 feet) and El Alto lies on the highland plain at 4,100 metres (13,450 feet).

More importantly, in La Paz, a strong relation exists between the different parts of the city and the incomes, social status and ethnicity of the inhabitants. El Bajo is inhabited by well-to-do households of mixed and European descent. Households in El Alto belong mostly to lower-income groups and are, in general, of indigenous Aymara and Quechua origin. La Cuenca is inhabited by indigenous and mixed households belonging to different income groups.

In 1987, the author undertook a survey among 500 households in consolidated lower and middle-income neighbourhoods (20 years and older) in La Paz and El Alto. A representative sample from these consolidated neighbourhoods and households was taken. Figures for the La Paz agglomeration in general were available from the Bolivian National Institute of Statistics (INE). For the rest of this article, the name La Paz will refer to the combined agglomeration of La Paz and El Alto.

IV. HOUSING PREFERENCES AND CONSTRAINTS

MOST HOUSES IN La Paz were developed within the "informal housing sector". This does not mean that the majority of the population is living in a dwelling actually built by themselves. Many households have bought or inherited an "informal" dwelling from the original constructor, and many others live in such dwellings on a rental or other basis.

In La Paz, lower-and middle-income households have three general preferences concerning housing:

8. Edwards (1982), see reference 2, pages 132-134; also Gilbert (1983), see reference 2, page 452; also Green, Gill (1988), "The quest for 'tranquilidad': paths to home ownership in Santa Cruz, Bolivia" in *Bulletin of Latin American Research* Vol.VII, No.11-2, pages 1-2; United Nations Centre for Human Settlements (1989), *Strategies for Low-income Shelter and Services Development: the rental-housing option*, United Nations Centre for Human Settlements, Nairobi, pages 16-18; and Gilbert, Alan and Ann Varley (1990), "Renting a home in a Third World city: choice or constraint?", *International Journal of Urban and Regional Research* Vol.XIV, No.1, page 105.

9. van Lindert, Paul (1991), "Huisvestingsstrategien van lage-inkomensgroepen in La Paz", PhD Thesis Rijks Universiteit Utrecht, Netherlands Geographical Studies, No.136, page 208.

10. Beijaard, Frans (1986), "On *conventillos*; rental housing in the centre of La Paz, Bolivia", *Urban Research Working Papers* No.5, Vrije Universiteit, Amsterdam, pages 5-12.

- they, in principle, want to own their housing. This corroborates earlier findings of a widespread preference for ownership in Latin America;⁽⁸⁾
- the households prefer to live close to the centre (that is to say in La Cuenca);
- they prefer independent houses over other dwelling types (see below).

However, the preferences for ownership and for a location in La Cuenca are, to a large extent, contradictory. Ownership is still fairly easy to achieve in La Paz by building a dwelling on the outskirts of El Alto. However, this implies a great distance from the city centre and a low level of services. It strongly contrasts with the preference to live close to the city centre and, preferably, in La Cuenca. But living closer to the centre (and at a lower altitude) is, however, heavily constrained by the limited availability of vacant dwellings, which results in prices and rents beyond the means of the lower and most of the middle-income groups.⁽⁹⁾ Thus, it is very difficult for the lower and middle-income households in La Paz to realize one of their preferences, let alone two of them. As in most other countries, these income groups have great difficulty finding suitable housing and much depends on their financial situation, experience of the housing market and help from friends and relatives in the city.

V. DWELLING TYPES IN LA PAZ

VARIOUS DWELLING TYPES exist in La Paz. The most commonly used distinctions are between "independent houses", "apartments" and "separate rooms". An "independent house" is a dwelling with an independent entrance from the street and with private service facilities. It consists of one or more rooms which, together, serve as private housing for a household. An "apartment" is a combination of rooms located inside a larger building or on the same plot as other dwellings. Apartments also have private service connections but are generally smaller than houses and do not have an independent entrance from the street. A "separate room" is a room (sometimes a few rooms) inside a larger building or on the same plot as other dwellings. Entrance to the room is provided by way of a communal space such as a patio or alley. The inhabitants use communal facilities located in or on the communal space.

In the city centre of La Paz, a number of apartments and separate rooms are located inside *conventillos*, which are former mansions with one or more patios, dating from the second half of the last century or the first half of this century. Once the residences of well-to-do families, these buildings have been subdivided into apartments, and rooms are rented out separately (although other forms of tenure also exist in the *conventillos*). However, as land values in the city centre are very high, many *conventillos* have been replaced by new high-rise residential developments and offices.⁽¹⁰⁾

When we examine the kinds of dwelling inhabited by the house-

holds who were interviewed in the consolidated neighbourhoods (see Table 1), more than two-thirds of the households live in dwellings that consist of separate rooms inside a larger building or on a plot. Clearly, this is the dominant type of dwelling for the survey households, with independent houses and apartments being much less common.

Table 1: Household Dwelling Type

Type of dwelling	1987 survey		La Paz general
	no.	%	%
Separate room(s)	342	68	46
Independent house	80	16	46
Apartment	65	13	9
Improvized dwelling	13	3	-
Total	500	100	100

SOURCE: For La Paz, Instituto Nacional de Estadística (1986), *Encuesta de Vivienda 1986*, unpublished preliminary tables based on extrapolated 900 household sample, Instituto Nacional de Estadística, La Paz.

When the dwelling types in the survey are compared with the general situation in La Paz, the most important differences concern separate rooms and independent houses. The main reason for this difference is that the survey did not include dwellings in recent neighbourhoods situated on the highest parts of the slopes and in El Alto. The figures for La Paz include a very large number of dwellings in recent neighbourhoods that consist of only one or a few separate rooms. If these are used by one household only, the National Institute of Statistics (INE) classified these dwellings as "independent houses". In the survey neighbourhoods, such dwellings hardly exist as plots in these consolidated neighbourhoods are normally fully occupied.

VI. TENURE SITUATIONS IN LA PAZ

TABLE 2 GIVES an overview of the relative importance of different forms of tenure among the households interviewed in the 1987 survey and in La Paz in general. Ownership represented the most common form of tenure among the households interviewed, whilst the second most common was that of *cedida* dwellings. Surprisingly, the proportion of households in the *cedida* category was even higher than those who were renting.

Cedida is a tenure situation in which a dwelling is temporarily lent without charging rent. The most common form of *cedida* is when owners lend (part of) their house or plot to the household of a relative (often that of a married son or daughter). Normally, this kind of *cedida* is implicitly meant to be temporary and, often, a moral obligation is felt not to profit from the help offered for a long time. Other forms of *cedida* relate to households living in a dwelling provided by an employer or where a

Table 2: Tenure Situation of Households

Households tenure	1987 survey		La Paz general
	no.	%	%
Ownership	213	43	49
<i>Cedida</i>	148	30	28
Rent	112	22	20
Other	27	5	2
Total	500	100	100

dwelling can be used in return for guarding and/or cleaning the house or plot. In these cases, some labour input takes the place of rent. Households living in *cedida* do not necessarily share the same house or plot as the owner, who might live somewhere else in the city or even abroad. **The key characteristic of *cedida* is not the sharing of space but being allowed to live without paying rent.**

When the survey households are compared to those in La Paz in general, ownership was under-represented in the survey neighbourhoods, whilst rent, *cedida* and "other" are all slightly over-represented. Table 2 underlines the importance of non-owned tenure situations (especially *cedida*) for the lower and middle-income groups in the older neighbourhoods of La Paz.

VII. DIFFERENCES BETWEEN TENURE GROUPS

TABLE 3 PRESENTS information about the survey households, distinguished according to their tenure. From the table it can be seen that the majority of the lower and middle-income households in older neighbourhoods in La Paz consist of nuclear-type families of married couples. But there is also a considerable number of households headed by a single person, being unmarried, divorced or widowed. Of these, the majority are women. The differences in marital status between households living in ownership, renting or in *cedida*, respectively, seem to be small.

Large differences exist between tenure groups with respect to age of heads of household. The heads of households for owner-occupiers are considerably older than heads of rented households and those in *cedida*; so too is the average age of the household in owner-occupier households compared to the other two forms of tenure. By subtracting average household age from average age of the heads of household, it appears that all tenure groups tended to establish their households in their mid-twenties.

Table 3 shows that single headed households do not form a larger share of renters or *cedida* households than the owning group. But the table does show that the owning households are larger while renting households are, in general, the smallest. Renters, and especially *cedida* households, generally have a larger number of young children while owning households have more older children and more often include "other members"

Table 3: Characteristics of The Three Most Important Tenure Groups

Characteristic	Owners	Renters	<i>Cedida</i>	All
Marital status				
married couples (%)	71	67	74	71
single-headed households (%)	27	30	23	27
other households (%)	1	3	3	2
Age of the household				
average age of heads of h/h in years *	50	38	34	44
average age of h/h in years	24	12	10	17
Household composition				
average no. of heads of h/h	1.7	1.7	1.8	1.7
average no. of hh. members	5.1	3.6	4.0	4.4
average no. of children:				
< 11 years	0.6	1.0	1.4	1.0
11-20 years	1.1	0.6	0.6	0.8
> 20 years	0.8	0.2	0.1	0.4
average no. of other hh. members	0.8	0.2	0.2	0.5
Housing situation				
average no. rooms per hh.	3.6	1.7	1.7	2.5
average no. bedrooms per hh.	1.9	0.5	0.5	1.1
average no. members per room	1.8	2.7	2.9	2.4
Residential history				
average no. of years hh. living in La Paz in present dwelling	22	10	10	15
	16	3	6	10
Ethnic background **				
Aymara descent (%)	55	48	61	55
Quechua descent (%)	8	7	6	7
Castellano/mixed descent (%)	36	46	32	37
Total (excl * and **)				
-numbers	213	112	148	473
-percentages	45	24	31	100

* both heads of households included when present; n. is 866 here.

** main language spoken used as a proxy for ethnic background; n. is 450 here.

(for instance parents of one of the heads of household or sons/daughters in law). These differences confirm the image of the owner households being older and those of renters and households in *cedida* being younger.

In general, owner households have more than twice as many rooms at their disposal as the other households and thus have

the lowest average number of household members per room even though owning households normally have more members. Households living in *cedida* have the least dwelling space per household member.

Table 3 also shows that none of the tenure groups consist mainly of recent migrants to La Paz. This finding is, of course, influenced by the fact that the survey was done in the older neighbourhoods. Owning households, on average, have lived in La Paz for over two decades which is twice as long as both other tenure groups. In regard to the average length of stay in the present dwelling, clearly the renting households are the most recently settled. On average, owning households have lived in their present dwelling five times as long as the renting households and about two and a half times as long as households in *cedida*. So, in this respect there is a considerable difference between owning and non-owning households but also between renting households and those living in *cedida*. Although *cedida* is implicitly meant to be temporary, and many interviewed households expressed the desire to move to "a dwelling of their own", apparently they still have not found a suitable alternative.

Renting households show the lowest percentage of households from Aymara background, while this figure is slightly higher for the households living in *cedida*. Households living in *cedida*, on the other hand, have a lower percentage of Castellano households. Thus, with respect to ethnic origin, there seem to be some differences between the different tenure groups in the older neighbourhoods of La Paz but they do not seem to be substantial.

To summarize the findings in Table 3, one can conclude that owner households are normally older and larger than either renter or *cedida* households. Households in *cedida* are the youngest, while renting households are the smallest. Owning households have more rooms at their disposal and, therefore, a smaller number of members per room. On average, renting and *cedida* households have lived in La Paz for about one decade but the owning households have already been there twice as long. Owning households have occupied their present dwelling for a long time, in contrast to both other tenure groups. Clearly, the renting households are the most recently settled. On the other hand, the research found no substantial differences between the three groups in regard to marital status, the number of single-headed households and ethnicity.

VIII. RELATIONSHIPS BETWEEN HOUSEHOLD AGE, DWELLING TYPE AND TENURE SITUATION

IN THIS SECTION, the relationships between the age of the household, the dwelling type and the tenure situation are analyzed more precisely to see how these three important variables influence each other. Three minor groups of household will be left out of the analysis mainly because of the low number of cases involved. These are the households with a preference for a tenure situation other than ownership, households living

in other forms of tenure, and those living in improvised dwellings. Excluding these brings the total number of households in the analysis down from 500 to 434.

Table 4 shows the large variation in tenure situations according to the type of dwelling. Differences between dwelling types are most obvious where ownership is concerned. Almost all

Table 4: Tenure Situation According to Type of Dwelling

Tenure	Dwelling type			
	Separate rooms %	House %	Independent apartment %	Total %
Ownership	33	97	60	47
<i>Cedida</i>	40	1	19	31
Rental	28	1	21	22
Total (%)	100	100	100	100
Total (no.)	310	72	52	434

independent houses are owned by their occupying households and so are the majority of the apartments. However, only one-third of the separate rooms are owned by their inhabitants. For these separate rooms, there is a more equal distribution among the three kinds of tenure with *cedida* being the most important category. Apparently, in the older neighbourhoods of La Paz, a strong relation exists between dwelling type and tenure situation.

Table 5 highlights the important differences in type of dwelling between different age households. For households from all four age groups, separate rooms are the predominant type of dwelling. However, the more recently formed the households, the more important this type of dwelling and differences between the age groups are large in this respect. Another difference is that independent houses are of considerable importance to the two groups with the longest-established households whereas they are not for the two youngest groups. This might be explained in two ways; first, in the past it was easier to settle in independent houses or apartments; and second, older households have more housing experience, social contacts and/or financial means and, therefore, more often succeed in leaving separate rooms and settling in independent houses or apartments.

As in the case of dwelling type, and considering the data in Table 3, older households would be expected to have a different tenure situation to that of younger households. Table 6 shows a significant relationship between the age of a household and its tenure situation. Owning is much the most dominant form of tenure for households formed before 1961 and between 1961 and 1970. Of the households formed after 1970, *cedida* is the most common tenure situation followed by ownership for house-

Table 5: Type of Dwelling According to Period of Formation of Household

Dwelling type	Period of formation of household				
	pre-1961 %	1961-70 %	1971-80 %	1981-87 %	Total %
Separate rooms	53	66	77	93	72
Independent house	29	27	9	-	17
Apartment	18	7	14	7	12
Total (%)	100	100	100	100	100
Total (no.)	118	92	129	90	429

holds formed in the 1970s and renting for those formed in the 1980s. So, in general, the younger the households, the higher the number of households in *cedida* and (to a lesser extent) the number of renters.

Thus, households grouped according to when the household was formed more often coincide with specific tenure situations. In addition, some dwelling types are especially related to particular tenure situations. Moreover, household age groups and dwelling types correlate. During the research, the influence of other variables on these relationships has been checked. These variables included *department* of origin, ethnic background, number of house changes, number of household members and income earners, and the type of work of the head of household. However, no variables were found that caused or substantially influenced the relationships between household age, dwelling type and housing tenure.⁽¹¹⁾ This is a strong indication that there indeed exist strong relationships between these three characteristics.

11. Beijaard, Frans (1992), "And I promise you". Politics, economy and housing policy in Bolivia, 1952-1987", PhD Thesis Vrije Universiteit, Amsterdam, see chapter 5.5.

Table 6: Tenure According to Period of Formation of Household

Tenure	Period of formation of household				
	pre-1961 %	1961-70 %	1971-80 %	1981-87 %	Total %
Ownership	77	61	34	11	47
<i>Cedida</i>	8	21	45	51	31
Renting	15	19	21	38	22
Total (%)	100	100	100	100	100
Total (no.)	118	92	129	90	429

Box 1: Life and Residential History of Rosendo

(All names have been changed for reasons of privacy)

Rosendo was born in 1940 in the neighbourhood of Challapampa, a lower-income neighbourhood close to the colonial centre of La Paz. His mother, a street vendor of vegetables, is a native of La Paz; his father was born in the city of Oruro but is working as a mechanic in La Paz. In 1945 the family moves to the mining town of Catavi where Rosendo's father wants to try working as a tin miner. But in 1951, only six years later, the family returns to La Paz as Rosendo's father is dismissed by the state mining corporation COMIBOL. For a while the family moves in with the godparents of the father, who are kind enough to offer them a place to live without asking rent, because they are relatives (*cedida por parentesco*).

One day, for reasons that are not known, the father decides to look for an alternative place to live for his family. About 1953 the family settles in another neighbourhood of La Paz in a small rental room with a little separate kitchen area. The rent (*alquiler*) of the room is reasonable, only 10 pesos bolivianos a month. Water is obtained from a nearby public water tap and also a public toilet facility is used. Some years later, electricity and water connections to the individual houses are installed in the neighbourhood. However, sewerage connections to the houses remain absent.

When Rosendo attends the secondary school, he develops his drawing talents by copying illustrations from books into his homework. History and arts are his favourite subjects. As far as possible Rosendo's mother pays for the school necessities out of her earnings from selling vegetables, but poverty remains a chronic problem for the family. After finishing school Rosendo starts working as apprentice in a workshop making wooden furniture, where he proves to be an excellent woodcarver.

The neighbourhood in which the family is now living forms part of the parish of European fathers. Rosendo's mother develops good relations with the father who is in charge of the religious centre in the neighbourhood, which houses a chapel and rooms where a number of practical courses are given for groups of parish/neighbourhood inhabitants.

In 1965, when Rosendo is 25 years old, his father dies. Not long afterwards, problems with the landlord arise. The landlord is afraid that, after the father's death, Rosendo and his mother will not be able to continue paying the rent. To harass them into leaving, the landlord cuts off water and electricity. In response Rosendo installs their own electricity connection, but harassments by the landlord continue. At the invitation of a niece of Rosendo's mother they move again, because they are allowed to live rent-free on the plot belonging to the niece and her husband. There Rosendo and his mother have the use of a small room and a little kitchen again. Drinking water is available from a tap on the plot, and also in this neighbourhood only public toilets are available. Except from some minor problems, they are very much content with this new living space.

Some time later, in 1968, Rosendo is offered the job of guard at the religious centre in their former neighbourhood by the father befriended with the family. They accept this offer as Rosendo's mother in particular prefers to return to their old neighbourhood. They can use a room constructed on the side of the bare piece of land between both buildings of the centre and they may use the toilet and shower behind one of these buildings. In return for Rosendo's services as guard, they do not need to pay any rent for the room (*cedida por servicios*).

From the beginning it is clear that much work must be done to improve the new one-room dwelling. This is encouraged by the fathers, but Rosendo pays for most

of the costs himself. In the years to follow Rosendo continuously enlarges and improves the dwelling. Two bedrooms and a workshop for woodcarving are added. The living room and kitchen area are also enlarged and improved by Rosendo, sometimes aided by specialized workers or craftsmen. After much insisting by Rosendo, the fathers repay a part of his costs for improving their property.

In 1970 Rosendo starts a car park on a bare piece of land next to the religious centre to obtain some additional income. The fathers go along with this idea and it is agreed that they will receive the benefits of the new activity in exchange for a very modest fixed salary for Rosendo. With the earnings from his mother's vegetable-selling and living free of rent they manage to get by. The car park means lengthy working hours for Rosendo, but the main problem is to prevent thefts from the parked cars at night.

During the same period Rosendo also develops another activity by levelling the hilly part of the car park terrain. A specialized worker is contracted to turn the earth removed into 'adobes' (earthen bricks for building, made by mixing earth with water and straw, threshing the mixture in a mould, and letting them dry in the sun). About 1,000 adobes a week are made for about four months, which are sold on the spot by Rosendo. The benefits of this trade provide for the wage of the adobe-maker and a slight profit which is handed over to the parish. The profit is small, but it is a good way to remove the unnecessary earth from the car park area.

In the meantime Rosendo develops his woodcarving skills and in addition starts oil-painting in his small workshop during the daytime. Oil-painting is only possible at times when there is some money left to buy the expensive colours. Lack of money also prevents Rosendo attending Art School, which is a long-cherished desire. However, in 1973 a close friend of Rosendo's enters the school and promises to pass on his newly acquired knowledge to Rosendo immediately.

Unfortunately, the friend dies only six months later. Rosendo decides to talk to the director of the Art School and is very lucky; the director arranges for him to attend Art School without paying. He finishes at the school two years later.

In 1978, the fathers of the parish and the Municipality of La Paz agree to transform the car park into a cemented field for basketball and 'futbita' (similar to indoor football, but in the open air). Rosendo is glad to be relieved of the problems with the car park. His new duties consist of collecting the fees for the use of the play field and taking care of its illumination in the evenings. His salary remains the same, although the earnings from the playing field for the parish are below those from the car park. Rosendo's mother has had to stop working some years before, but by now Rosendo obtains regular woodcarving orders as clients much appreciate the quality of his work. Moreover, for approximately the last two years, his salary from the parish has been raised, although only after much insistence on Rosendo's part. A much used argument against a raise is that Rosendo and his mother are allowed to live in the house without paying. Over the years Rosendo continues to improve his house, only rarely contracting outside help. By his efforts the dwelling, although still small, gradually becomes of good quality and comfortable. Nowadays it even has a parquet floor, a much appreciated thing in La Paz, for which the fathers contributed one-fifth of the total costs of about US\$ 750.

When the fathers appointed a new administrator for the centre, things get worse. Apparently he is an unpleasant person, rapidly trying to extend his influence over all aspects concerning the centre by replacing present employees and nominating new ones in their places. Rosendo is afraid that the new administrator will also try to get rid of his mother and himself. He knows that the new administrator disagrees with the fact that they have not been paying rent for such a long time already (without taking into consideration the improvements undertaken by Rosendo and the costs involved). After alteration works on the water supply on the initiative of

the new administrator, the toilet and shower used by Rosendo and his mother stop functioning (it is unclear whether or not this is an intentional result of the works).

In early 1988 Rosendo considers that there is a fairly large possibility of being forced to leave their present dwelling by the new administrator. However, he has some hope that the other employees of the centre and the befriended father will choose his side if the conflict comes into the open. Nevertheless, he dares not calculate on this support as the other employees also depend on the centre for their jobs. In any case, in this insecure situation, Rosendo has decided not to invest anything more into the dwelling.

Although Rosendo has more clients as a professional woodcarver, their financial situation has not improved structurally.

This is only one story of a household in La Paz. Unique in itself, at the same time it illustrates the situation of lower- or middle-income households in La Paz. It shows the importance of the financial and housing situation for the well-being of a household. On the other hand, it shows how little influence households themselves often have over their own situation. Neither Rosendo's parents nor he himself managed to obtain a house of their own, which is something almost all households in La Paz strive for. On the contrary, they would have been dependent on rented rooms if they had not been helped by relatives and by the father. With the help received they have been able to live free of rent (*cedida*) for a considerable period of time, moving several times. These moves also have their consequences for the services available to the household as different neighbourhoods have different levels of public services.

In this way their residential history is to a very large extent influenced by the tenure arrangement of their housing and by their relations with and dependence on their landlords.

IX. CONCLUSIONS

THE CENTRAL DIFFERENCE between owning and non-owning households in consolidated neighbourhoods in La Paz is that owning households are normally older than those renting or in *cedida*. Households living in rented accommodation or in *cedida* are younger and have moved more recently into their present dwelling. Most of the households interviewed live in dwellings consisting of separate rooms. Independent houses and apartments are less common dwelling types in the older neighbourhoods of La Paz, and are usually inhabited by economically better-off households.

Three variables are crucial for understanding the housing situation in the consolidated neighbourhoods of La Paz: household age, dwelling type and tenure situation. The conclusions are that:

- the younger the households, the more frequently they live in dwellings of separate rooms; independent houses or apartments are of real importance only for households formed before or in 1970;
- almost all independent houses are in ownership as are more than half of the apartments. For the separate rooms, *cedida* is the most common form of tenure, followed by ownership and renting;

- the percentage of owning households rises with the age of the households. Owning is by far the most common form of tenure for the households formed before or in 1970. The younger the households, the higher the number of households in *cedida* and rented.

The general conclusion derived from the above must be that older households have usually been able to realize more of their housing and tenure preferences than younger households. Of course, older households have had more time to find suitable housing. More important, however, is that the older neighbourhoods offered sufficient opportunity to buy or construct private housing a couple of decades ago. Many of the older households helped to develop these neighbourhoods by building their own housing, and still live here. Over the years, they have created additional dwelling space which is rented out or used in *cedida*. This process of "densification" has brought younger households into these older neighbourhoods and many of the households interviewed had inherited their dwelling from the parents of one of the adult members. These processes, which still continue, explain why dwellings consisting of a limited number of separate rooms in *cedida* or ownership are the most important dwelling type/tenure combinations for the lower and middle-income groups in the consolidated neighbourhoods of the city.

Since the beginning of the 1980s, it has become virtually impossible for the lower and middle-income groups to become home owners in the consolidated neighbourhoods except by inheriting their parents' dwelling. It is only due to the relatively high number of *cedida* arrangements that a considerable number of these households have an opportunity to remain in the older and more central parts of the city. If *cedida* were not available, these households would either be forced to pay a high rent or would be unable to live in these neighbourhoods. In the latter case, they probably would have to choose between paying moderate rents in a more recent neighbourhood further away from the centre or becoming owners by building a dwelling for themselves on the outskirts of El Alto or on the least stable parts of La Cuenca slopes. *Cedida* can, therefore, be called a kind of "coping mechanism" in the tight housing market of the older neighbourhoods of La Paz where related households help each other to avoid moving to less central neighbourhoods. Such informal help from relatives and friends has also been described for Santiago and Montevideo.⁽¹²⁾

Renting is often described as the "residual housing market".⁽¹³⁾ The situation in La Paz is that, especially for native Paceños the ultimate residual market is not renting or *cedida* but "living in El Alto", albeit in ownership or in any other tenure situation. One reason is that almost all employment opportunities are located in La Cuenca. Moreover, La Cuenca has a far higher level of services, transport facilities and other public amenities. Just as important, however, is that El Alto is considered to be the foremost residential area of the indigenous population which makes it unattractive for households of mixed and European descent.

12. Benton, Lauren (1986), "Reshaping the urban core: the politics of housing in authoritarian Uruguay" in *Latin American Research Review*, No.21, pages 40-41; and Necochea, Andrés (1987), "Los allegados: una estrategia de supervivencia solidaria en vivienda" in *Boletín de Medio Ambiente y Urbanización* Año 6, No.21, pages 70-75.

13. Edwards (1982), see reference 2, pages 134-135; also Gilbert (1983), see reference 2, pages 452-453, 473.

14. Edwards (1982), see reference 2, pages 147-148; also Gilbert (1983), see reference 2, pages 468-470; Green (1988), see reference 8, page 5; United Nations Centre for Human Settlements (1989), see reference 8, pages 7-8; and Gilbert and Varley (1990), see reference 8, page 26.

It is remarkable that the housing market in the very popular consolidated neighbourhoods of La Paz has not developed into a highly commercialized one but has remained one with small-scale landlords and a high share of households in *cedida*. This small-scale character, whereby landlords often live on the same plot, has also been demonstrated in other Latin American cities such as Santa Cruz in Bolivia, Mexico City and several Colombian cities.⁽¹⁴⁾ In principle, it is possible for landlords in the older neighbourhoods of La Paz to earn considerable additional incomes from renting and, of course, some do so. However, many landlords apparently are not motivated to rent out their property but prefer instead to give it in *cedida* to relatives, accepting the loss of potential extra income.

Explanations for the high incidence of *cedida* might include the following:

- landlords may feel a moral obligation to help relatives;
- landlords may be afraid to lose control over the (occupation of) their possessions as renters have a strong legal position;
- rents were still formally controlled at the time of the investigation, preventing landlords from asking market rents; and
- the experience of hyper-inflation in the 1980s which reduced rent earnings to zero.
- in anticipation of ageing or widowed parents joining the household of a married son or daughter.

The high incidence of *cedida* in La Paz underlines the importance of socio-spatial networks of friends and relatives in the housing markets of Third World cities. This has relevance for World Bank policy. The World Bank has great confidence in market solutions assuming a self-regulating mechanism in the market. Their policy is to reduce housing market imperfections and this is expected to lead to more housing opportunities for lower-income households.⁽¹⁵⁾ One method of reducing market imperfections is thought to be through the provision of more information to the population on its functioning. But the World Bank fails to see that local situations in Third World cities, and therefore local constraints in their housing markets, can vary greatly. They also fail to differentiate between the several forms of non-ownership in different Third World cities. The practice in La Paz of giving out dwellings in *cedida* is a market imperfection clearly benefitting the younger lower- and middle-income households, providing them with an opportunity to live in or near the city centre. It is of course an illusion to think that these income groups need more information about the housing market in La Paz. On the contrary, they are by far the best informed on all housing possibilities open to them in the city.

15. World Bank (1988), *Sector Strategy: Urban Infrastructure and Urban Development Department*, World Bank, Washington, pages 2-3; and World Bank (1991), *Urban Policy and Economic Development: An Agenda for the 1990s*, World Bank, Washington, pages 7-9, 57-59.

