POSSIBILITIES FOR INCOME GENERATING ACTIVITIES IN METROVIVIENDA: THE CASE OF CIUDADELA EL RECREO, BOGOTÁ

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Summary

This document pretends to explore the dynamics of income generating activities in the context of a low income housing project in Bogotá-Colombia. Low income housing programs represent one of the most critical issues in the process of rapid growth in Bogotá, together with the proliferation of illegal settlements and its pressure in the urban territory. Low income families are being targeted with a series of financial programs for housing acquisition, supported with the realisation of big scale low income housing projects under the scheme of a local institution created for this purpose, Metrovivienda. The process of transition that families affront when moving out from an informal housing setting to a formal developed and designed housing solution appeared to bring a complex series of dynamics that families adopt to adapt their socio-economic needs and preferences in the new formal environment. Income generating activities at home are found amongst the strategies that poor families use to overcome situations of poverty, unemployment and vulnerable situations that the weakest affront. The study aims to explore the realisation of such activities in the context of Cuidadela El Recreo, the first project built under the concept of Metrovivienda, and to figure out the intricate relation of different aspects beyond their performance. The study compares the literature of the concept of Home-based enterprises with the experience of the residents of Cuidadela El Recreo. 23 families are interviewed to figure out the extent to which Cuidadela El Recreo enables for income generating activities. The importance of such activities amongst the poor is supported by the informal sector debate that claims the sort of creative alternatives that contribute to eradicate poverty. However, the informal sector discussion also put forward the issue of sustainability of such practices when arguing their very small scale of operation that do not allow for more than a temporary survival strategy, while squeezing the poor’ scarce resources and contributing to their impoverishment.

The document raises the two folded rationale behind informal practices of income generation by using the house as one of the most important asset that the poor have in their account. The appropriateness of such practices is demonstrated in the short run when families can make use of their available resources in a flexible way and in specific situations where home-based enterprises appear to be the most suitable solution. On the other hand, the study also showed how residents claim for a bigger scale of provision of goods and services; this fact raises the concern about the sustainability of such practices if the aim of housing projects is also to contribute to the economic development of poor communities.

Having the complexity of the phenomenon in mind, the main contribution of the study is to bring forward the concern about the carefulness with which policies and projects should address the process of transition of poor families when pretending to accommodate them in a formal scheme of housing, while understanding the strategies they use to cope with economic pressures and situations of unemployment. It is also to recognize that the development of poor families is a slow process in which practices like home-based enterprises are likely to continue as a take off strategy.

The extent to which Cuidadela El Recreo allows for income generating activities is thus tackled from three perspectives: the physical component of the project and its built environment at the household scale as well as at the neighbourhood scale; the specific conditions of the families in the sample, their willingness, capacity, needs and constrains; and the rationale of the formal housing scheme compared with the informal one and their implications for the sustainability of economic practices and development of poor communities.
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<thead>
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<th>Full Form</th>
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<tbody>
<tr>
<td>AV</td>
<td>The Asset Vulnerability concept</td>
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<tr>
<td>CARDO</td>
<td>Centre for Architectural Research and Development Overseas</td>
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<td>CR</td>
<td>Ciudadela El Recreo</td>
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<td>HBEs</td>
<td>Home-based Enterprises</td>
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<td>IE</td>
<td>Informal Economy</td>
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<td>IGAs</td>
<td>Income Generating Activities</td>
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<td>ILO</td>
<td>International Labour Office</td>
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<td>IS</td>
<td>Informal Sector</td>
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<td>FE</td>
<td>Formal Economy</td>
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<td>FS</td>
<td>Formal Sector</td>
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<td>LIH</td>
<td>Low income housing</td>
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<td>MV</td>
<td>Metrovivienda</td>
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<td>POT</td>
<td>Territorial Master Plan</td>
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<td>SLA</td>
<td>Sustainable Livelihoods Approach</td>
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1 Introduction

1.1 Background

The provision for low-income housing (LIH) has been one of the most important issues in the national agenda for social welfare since the middle of the 20th century in Colombia. In this period, the biggest waves of immigrants started to come from the rural areas to the urban centres due to the political violence started in 1948. This phenomenon has continued during the last five decades, affecting mainly the capital city and resulting into a city of 7 million inhabitants and with a huge deficit for housing units, especially in the lowest income level groups. The government has played an active role in the provision of LIH that started in the late 40s with the creation of State Institutions that financed and directly constructed housing projects for the poor. This role of the state as a provider had been slowly changing till the point in the year 1991 when the new legislation established the system of subsides to the demand together with the prohibition to any State Institution to directly build and deliver housing units. The number of units the state had managed to build did never cope with the quantitative and qualitative deficits, and as a result, the emergence of illegal settlements was inevitable. In the year 2002 a report from the Sub-secretary of Housing Control, depicted the number of hectares that were illegally developed; 7.109 hectares that represented 23% of the built territory of Bogotá. The local authorities and planners consider these practices within the logic of the informal sector, as a “crime for which poor families have been victims” (Sub-secretaria de control de vivienda 2004, pp. 4). Moreover, the report highlighted the negative impact these dynamics have in the urbanism of the city and in its economy, in terms of the huge amount of money that the local government has had to invest in the normalization of illegal settlements. The same report made the calculation for the costs of regularising the 7.109 hectares, resulting into 2.3 times more the cost of having had built them in legal developments. The negative impacts that the illegal developments cause in physical, social and economic scenarios of the city, are listed by local agencies that have tried to eradicate the informal developers. Amongst others, they mention lack of public space, deficiencies in the provision of utility services, low quality of life, and vulnerability to risks, tax evasion, transport deficiencies, scholar desertion and uncertain property ownership.

As a result, the local government has addressed these negative impacts in the latest solution for LIH provision through the creation in 1999 of Metrovivienda (MV). MV works as a public local institution in the context of the Urban Reform of 1989 that gave authority to the municipalities to create the so-called banks of land by using instruments of expropriation for the future development of the city. MV urbanises the land, providing it with the basic infrastructure, roads, public spaces and services and arranging all the permits and licenses. The private sector acquires globes of urbanized land to construct and deliver houses under the definition of Social Interest Housing (VIS) and Priority Interest Housing (VIP). The appearance of a lower standard of VIS was due to the fact that the supply for LIH or VIS was 89% in the highest limits of the price definition, (135 minimum wages) and the target population was not being able to afford this price. Although the supply of VIS grew tremendously during 1996 and 1998, it only covered half of the needs according to the

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1 For the year 2010 the housing deficit is calculated in 440.000 new dwellings, according to the Bogotá’ Master Plan 2000-2010 (POT) for which the municipality has committed to build 44.000 per year since 2000.
2 The term Social Interest Housing was introduced in 1989, defined as those housing units for which the cost is up to 135 minimum monthly wages, whereas the term Priority Interest Housing is defined by the cost of the units being up to 70 minimum monthly wages.
population growth (Metrovivienda 2002). MV is conceptualized under the general definition of “…an enterprise of industrial and commercial character, addressing the promotion of a massive supply of urban land to facilitate the execution of integral VIS projects and develop the functions of a bank of land” (Metrovivienda 2002, pp. 47). As a legally developed and planned alternative for the provision of VIS, MV projects have shown to be successful in the prevention of the negative impacts that the illegal alternative poses. The municipality contracted a cost benefit analysis of MV. The aim of the study was to confirm the extent to which the projects where successful, not only by defeating the illegal settlements, but also other private legal projects around the area. The results of this study depicted a very positive picture of the benefits of MV basically listed as: avoided costs of legalization and works of improvement, avoided cost of resettlement, improved quality of life for residents -in terms of infrastructure provision, closeness to schools and other services, architecture of houses, density, among others- and urban benefits like the more effective use of land (Metrovivienda, 2003).

On the other hand, the illegal city does not have such a detailed evaluation as for assessing its costs and benefits, as the spontaneous, under-regulated and non-registered character of the informal sector, makes it very difficult to measure (Chen, et al. 1999) However, a big debate has arisen in the discussion of the informal sector as such. International and donor agencies have started to measure and register the proportion of the participation of the informal sector in developing countries’ economies. Illegal settlements are only one of the figures inside the whole scenario of informal activities that can be found in the informal economy. As it is becoming a wide spread trend in developing countries, it has gained the attention of specialists from many different perspectives.

The fact that the various governments have not been able to provide for housing and employment to the vast majority of immigrants and poor citizens has turned the discussion into a more positive definition of the informal economy. The potentialities and positive effects that such creative practices have are starting to emerge from various studies in developing countries. The different forms of illegality have been underestimated by the state that regulates according to what is determined to be legal, but practices in societies are very different; they are more legitimate and are more likely to suit in the reality of poor communities. More over, these illegal practices are more than ever, in a permanent dialogue with the formal sector and a certain degree of tolerance is found within the latest when benefiting from illegal dynamics (Fernandes and Varley, 1998).

In the debate of the informal sector, the International Labour Organization (ILO) defines informal practices as a survival strategy for the poor, characterised by the small scale, poor technology, low capital and low productivity of self-employment, thus resulting into the impoverishment of communities. It claims the role of the government should be the one of bridging the differences between the formal and informal economies. On the other hand, the so-called “Underground” approach led by Portes, argues that the informality is not only a survival strategy for the poor, but is also a specific form of relationship of production, in which big firms go “underground” by avoiding costs of employment regulations and formalization. (Rakowski, 1994) Thus, Poters’ discourse goes beyond definitions of poverty and relates the term “informality” as the non compliance with regulation, especially those concerned with exploitation of workers.

Opposed to the previous approaches that are more concerned in defining concepts, the so-called “Legalist” approach of De Soto and Peattie, analyses the big potentialities that the informal sector have and blames the state for its incapacity to satisfy the needs of the poor and the bureaucracy of the system with regard of legalization processes. They claim that legality is a privilege for those who can pay for it. They argue that the poor build infrastructure by themselves, educate their children, produce services and goods, and help to reduce imports,
enact the truth democracy and create wealth. They believe in the legalization of such practices to solve the problem of the poor (Rakowski 1994). This approach has been strongly criticised, especially for the romantic way in which they describe the informality. However it has been adopted in the context of various studies of informal practices in low-income settlements.

The wide spread concern about the fact that in the developing world more and more people are living and working in the same place, has led to the acknowledgment that this dynamic, although merged in the informal sphere, has a big impact in the livelihood of peoples and in the general welfare of the neighbourhood. There fore, this is a reality that can not be ignored, rather planners for low-income settlements should take this issue into account (ILO 1995).

This discussion has arisen also in the context of MV. Experts and promoters of the project recognise the very positive impacts that MV brings, not only to its residents but also to the neighbouring informal settlements. But they also are aware of the challenges that the families will face in the new livelihood scheme they are living now. They affirm that the truth evaluation of MV will be only realised when the time shows how will be the evolution of the houses and more over, which will be the impact that the house will cause into the families. Under the positive approach of De Soto, they also state that between the poor, the economic activities are steadily joined with the family and the links of solidarity within the community. While recognizing the bad effects of the informal city, they also mention the potential of welfare it has, which may not be underestimated. The mayor concern about the challenges that the families will face are those related with the benefits people used to have before moving to MV projects, in informal settlements. “In the informal settlements the incremental construction of the houses allows for the improvements to be done in accordance with the saving capacity of the householders. They build without engaging in credits, they have the possibility to have a job inside the dwellings, thus increasing their income. They build while living and they manage to construct the services within the neighbourhood, becoming into lively communities” (Metrovivienda 2002, foreword). They conclude that MV has accomplished the most effective policy when intervening in the urbanisation process, while taking advantage of the potential for individual development the families have. And this is referring to the improvement in the negative side of the informal settlements, while enabling the positive one.

1.2 Definition of problem

As the intervention of the state in MV projects end with the urbanization of globes of land, the private sector enters the process when designing and commercializing the houses. Areas, designs and plot sizes are restricted and spaces are reduced, in order to cope with affordable prices for the families and reasonable returns for private investors. As a result, the product delivered to the families is 80% completed house in which they have to manage to accommodate their livelihoods. The positive sides of the informal sector have to fit somehow in the structure of the newly built neighbourhood, but the question remains, whether or not this new built environment which has an individual and a communal scope, enables the practices of income generation within the community. The theoretical and conceptual framework structure the reasons for permitting and encouraging such practices in low-income settlements and their importance, as well as the current discussions in whether to encourage or stop them.

As the results of recent evaluations have only depicted the assessment of MV projects in terms of the improvement of the overall build environment, compared with the one in the informal city, nothing has been said about the way families are being capable or not to sustain their way of living by using the strategies of income generation they use to have at home. More over, it has not been yet assessed, whether the design of the houses is thought in terms of possibilities of income generating activities. The reasons for enabling such possibilities relay in the fact that
for the poor, the house is the most representative asset. In the survival strategies they use, the house represents the greatest possibility to generate and increase levels of income for the family. In that sense, the poor face the vulnerability to which they are exposed. “Income generating activities cushion households and limit the impact of external shocks” (Moser 2004, p. 5)

The importance of this acknowledgement relays in the fact that, for the government to design an appropriate housing solution that really could defeat the bad consequences that the informal city causes, it has first to understand its rationale and stick with the positive aspects, while changing the negative ones, in order to produce sustainable and suitable solutions. Moreover, in the process of bringing communities back into a formal scheme of housing and economy, special care is required in analysing and addressing the various impacts that such change may bring to residents. Income generating activities are only one of the components that are to be taking into account in this process. They have been claimed in the literature as one of the most important survival strategies that the poor use to overcome poverty and maximise their available capitals.

1.3 Aim and Objectives of the study

The aim of the study is to understand from the perspective of the residents, the extent to which the housing solution provided by MV allows them to implement income generating activities. This study does not pretend to engage in economic analysis of the behaviour in the income of the various households. It is to identify the challenges that residents have faced when moving to a designed and planned solution of housing and to understand which positive aspects could be picked up from the practices they use to have in the informal sector. It is also the aim of the study to support and understand the rationale of such practices from the debate that has arisen in the informal economy and to confront this discussion in the case of MV. In this sense, the objectives are as follows:

- To understand what is the importance that residents of Ciudadela El Recreo (CR) attach to the possibility of performing income generating activities (IGA) at home.
- To identify the link between the built environment of CR and the realisation of IGAs, from the perspective of the residents, both at the household level and at the neighbourhood level.
- To find the challenges that the residents have faced when trying to accommodate their practices of IGAs once they move to Ciudadela El Recreo (CR).
- To draw final recommendations for future projects of MV in respect to how to tackle practices of income generation within the community.

1.4 Scope and Limitations

The study is limited to the residents’ perceptions and experiences in terms of IGAs in the first project made under the scheme of MV. As stated in the aim of the study, the extent to which the housing solution allows for IGAs in CR is analysed in three dimensions that limited the results of the study as well as its conclusions and recommendations. The first dimension is the built environment provided by the project; this dimension is explored at the household level as well as at the neighbourhood level in terms of physical components of the project. The second dimension is the residents’ specific conditions, their willingness, and capacity and needs in order to understand the importance of such practices among this specific community and confront it with the literature. The third dimension has to do with the confrontation between the formal and informal practices in order to be able to understand the challenges and advantages that each one have in terms of IGAs. The overall functioning of CR is compared with the
informal housing dynamic in the resident’s previous settlement. In this aspect is important to 
clarify that this study does not pretend to analyse in depth the economic rationale behind 
informal and formal economies. The available data do not prove anything different that the 
residents’ experience, nor it goes beyond the scale of the neighbourhood as for being able to 
engage in a macro analysis of economic conditions and possible economic and policy measures 
in this respect. However economic concerns are raised as a discussion that can not be ignored 
when trying to define strategies of income generation in the context of poverty.

The study does not pretend to generalize its results and possible measures to be taken in terms 
of IGAs. The very small sample is meant to illustrate a dynamic that is being strongly discussed 
in international agendas for development organizations under the concept of Home-based 
enterprises. The sample exemplifies how IGAs are taking place in the specific context of CR 
and serves to raise very important issues that although not being able to generalize for the whole 
project, can illustrate a reality that has never been touched from the perspective of the residents. 
Residents’ answers set the basis for analysis in a permanent confrontation with the literature 
about the informal sector in which the discussion of home-based enterprises is merged.

1.5 Description of the research area

This study uses as a unit of analysis the overall functioning of CR. CR is the first complex of 
houses delivered by MV. It is located in one of the peripheral localities, of the city, the locality 
of Bosa³. Bosa has been characterised by the predominance of informal activities and illegal 
settlements, which have been resulted into deficient infrastructure systems and low quality of 
life for its residents. It has a population of approximately 440.000 inhabitants, mainly 
belonging to the lowest socio-economic strata in the city. With the introduction of MV, the area 
has become the subject for various kinds of interventions that go hand to hand with the 
construction of CR. New transport infrastructure, public space, rehabilitation of environmental 
protected areas, schools, hospitals, etc. to support the development of CR, which has also 
benefited the locality as a whole. CR is meant to accommodate 10.500 units of housing under 
the scheme of selling urbanised globes of land to private construction companies. The target 
population is those householder who otherwise would have come to the locality and found a 
housing solution in illegal settlements. So far, the first stage has been completed with the 
involvement of ten private firms and the construction of 5490 dwellings. Each company offers 
its own design under minimum standards of plot sizes and house total built areas. The families 
are given the house completed in 80% and they have the possibility of enlarge it. In the case of 
this first stage, all the housing solutions have been designed to attend the population targeted in 
the definition of VIP, with a cost up to 70 minimum wages. The financing consists of three 
components: the householder’ savings, which has to be controlled in an special bank account 
system that the local government has negotiated with the financial institutions; the subsidy 
given by the government under the accomplishment of certain requisites and a credit which has 
been also especially designed for the acquisition of housing units in the project. The project 
started to be occupied in the year 2001 and reports of evaluation and assessments are just being 
done.

³ Bogotá is divided into 19 localities which have a decentralized authority or secondary mayor, accountable for the main mayor of 
the city.
1.6 Research Question

To what extent does the housing solution enable income generating activities for the residents of Ciudadela El Recreo, Metrovivienda?

Secondary Questions:

- What is the importance that the residents give to the possibility of realising income generating activities at home?
- How have residents been affected by the built environment of CR in terms of possibilities of income generating activities at home?
- What are the challenges that residents have encountered when moving from an informal settlement to CR and to perform IGAs?

1.6 Research Methodology

This is a qualitative Case Study research. The unit of analysis is the neighbourhood Ciudadela El Recreo in Bogotá. The data collection was conducted by another person in Bogotá, to interview the some of the residents of CR in behalf of the researcher, due to time and resources constrains. The method is a semi-structured questionnaire designed according to the literature review and previous studies in the field of HBEs, as well as from the objectives and research questions of the study. The data analysis is done by using qualitative methods from the perception of the residents about the defined problem. The Case Study is used to explore existing theories about the positive practices in the informal sector, to figure out how these assumptions are taking place in the case of Ciudadela el Recreo. The study also engages a literature review to show the existing evidence of practices of IGA at home around the world. It serves to shape the context in which the Case Study can be explained and supported. The methodology is a series of steps in the analysis and use of different data resources and in permanent dialogue with the person undertaken the interviews in CR, Bogotá:

**The desk study**

The desk study and literature analysis from different theories starts with the informal sector discussion and definition. Secondly, the concept of home based enterprises (HBEs) is described as well as other related practices and concepts as the livelihood concept and gender discussions behind the income generating activities at home. The desk study also undertakes the revision and analysis of MV policies as well as the general retrospective in the history of low income housing solutions in Bogotá. This stage shapes the context in which the Case Study is merged and serves as a point of departure and confrontation for further conclusions and recommendations. It also helps to define the most relevant content that the questionnaire should have.

**The Field Work Strategy**

The first step was the selection of the interviewees. According to the characteristics of CR, some indications were given to the kind of different population groups and different housing circumstances that were the starting point for the selection criteria: The different type of houses and the time of occupation. For the first one, different sizes and designs provided some degree of heterogeneity of the sample and served as an important factor to draw conclusions for further

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3 Bogotá is divided into 19 localities which have a decentralized authority or secondary mayor, accountable for the main mayor of the city.
design. The time of occupation was an interesting factor to look at the maturity and consolidation of the process in time of having income generating activities at home. On the other hand, the related literature also specifies the importance of looking into different kind of activities to understand the needs in terms of space, infrastructure and work, as well as the effects different activities may have. Finally, the opinion of residents not having HBEs was also important to understand the levels of acceptance of such practices and its effects in the neighbourhood.

Having the selection criteria in mind, the interviewer started the walking through the neighbourhood and the identification of possible families to be interviewed. People were very reluctant to give information about the activity since the introduction of business inside the houses is not allowed in the settlement that has dedicated areas for commercial uses. Residents felt threatened by the construction of such commercial corridors. The interviewer overcame this obstacle by entering in a network of residents by a neighbour who was well known in the community and introduced him into the residents. Despite constrains and difficulties to accomplish the selection within the criteria, the sample ended up being heterogeneous and representing all the circumstances described above, unless for the one of time of occupancy. It was interesting to find that those families who have established their business in the very early times, thus having the biggest and most consolidated ones, where the most reluctant to give information. The interviewer affirmed that such families enjoyed of certain privileged position in the neighbourhood, that they did not want to jeopardize as well as their business, whereas the newest occupants where more opened.

Finally the interviews where undertaken in 23 families of CR which were chosen according to the selection criteria and in a period of three weeks.

**The desk study (data analysis, conclusions and recommendations)**

Finally the desk study engages the data analysis using mainly qualitative methods. Categories of analysis are drawn out of the residents’ answers and the guidance from the literature review. Quantitative data is also used when necessary to depict general figures and proportions from the population interviewed. Conclusions and recommendations are stated within the scope of the study and according to the needs and expectations from the residents and to the discussions in the literature review.

### 1.7 Thesis Structure

The document is laid out in five chapters. Chapter 1 includes the introduction and the research methodology. The aim is to give the reader a general picture about the main purpose of the study, the relevance and background of the research topic and the explanation on how the study was carried out through the research methodology. Chapter two engages the discussion of concepts and literature review about the informal sector and the concept of home-based enterprises. The first one serves as a general framework were to locate the rationale of HBEs. Concluding comments are drawn to explain how the literature will lead the design of the field work strategy and further analysis of data. The third chapter is to give the reader a description of the Case Study and to shape the context of housing policies in Bogotá to understand the background of the Case Study. After this section and having a clear picture of the project, a description of the data collection is explained as well as the questionnaire design. Then the profile of the sample is depicted so the reader can have at this point the basis for understanding the context in which the analysis is merged, what kind of information came out from the interviews and the logic of the analysis structure. The fourth chapter follows the description of the sample with the qualitative
analysis that consists in a group of categories that are drawn according to the literature review and the pre established sections in the questionnaire. Nevertheless, some of the unforeseen answers and topics raised in the interviews also formed groups of analysis in an attempt to combine the claims of the literature in the HBEs concept and in the informal sector discussion with the specific findings in the sample. Finally chapter five concludes the most outstanding issues from this confrontation of field work findings and literature review, as well as the final contribution of the study. Conclusions and recommendations are drawn in two scenarios, the short run and the medium and long run.

2. Theoretical and conceptual framework

2.1 The Informal Sector discussion

This study is embedded into the general discussion about the informal sector (IS). The assumption behind the possibility of implementing income generating activities in low income housing projects lies on the debate of the potentialities and negative effects of practices in the IS. Therefore the first discussion in the literature review addresses the different definitions and points of view from the perspective of various authors and organizations about the IS. The aim of this first section is to understand the background of informal activities as well as the current discussions in the issue. It is also to shape and support some of the potentialities that the informal practices claim to have for the poor. Different authors have developed their own concern around the IS as such. This section will include the various definitions of the “informal sector”, the discussion about certain positive effects and reasons way to understand and better address these practices from the side of policy makers and regulatory frameworks.

2.1.1 Definitions and Facts

The informal sector (IS) is a very broad term since it embraces a huge world of activities that constantly overlap with each other and even with those of the formal sector. It also involves numerous groups of actors that range from the workers themselves to the high spheres of the government in a permanent negotiation with each other. Therefore, experts in the topic are struggling to depict the most complete and comprehensive definition of the IS, but they have found the difficulties of this task due to the various faces it has, making it almost impossible to define and measure. For the purpose of the study, the definition of the IS as such is of great importance since it touches the dynamics that the poor develop in their natural environment that are, in most of the cases, embedded in informal practices or outside the law.

As a starting point, and before engaging in the discussion of the various perspectives and aspects that have been debated by many authors, a pure definition of the IS is needed. Different authors offer a range of definitions that share a common terminology, although their understanding about the causes and consequences of the IS vary. Experts have not yet agreed in a simple and comprehensive definition of the IS; they engage in discussions of macro economics, policy measures, workforce rights, gender issues and poverty. They examine in detail the different actors that may take place in any degree of informality, while concluding that IS is heterogeneous due to the large amount of activities it can embrace, as well as the different interpretations it may have and the degrees of informality than can be found.

The definition given by John Cross is perhaps the one that limits itself to a description of such practices, before starting judging its causes and blaming for its consequences. In this respect,

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4 See for example Sida, 2004 “The Informal Economy”. “… the informal sector is largely characterised by low entry requirements… small scale of operations… labour intensive… skills often acquired outside of formal education…”
this definition is useful as a starting point for the clarification of the term. “The informal sector describes economic activities that take place outside the formal norms or economic transactions established by the state and formal business practices but which is not clearly illegal in itself. Generally, the term applies to small or micro-businesses that are the result of individual or family self-employment. It includes the production and exchange of legal goods and services that involves the lack of appropriate business permits, violation of zoning codes, failure to report tax liability, non-compliance with labour regulations governing contracts and work conditions, and/or the lack of legal guarantees in relations with suppliers and clients.” (Cross 1998, p. 1). This definition depicts the key factors that have been subject of debate: first, the economic activity itself; second the bunch of laws that are determined by a certain government; third, the range of possible degrees inside the IS and its possible overlapping with the formal sector; fourth the size and scale of the business and the characteristics of the population involved as well as their labour relations and conditions.

Although different authors entered into a philosophical discussion and they seem to disagree in the most fundamental factors -as it will be discussed in the next section-, the current discussion relays on a common understanding of facts that are based in research and decades of work in the field, especially in developing countries. Therefore it is extremely necessary to recall the work of the International Labour Organization (ILO) which is the leader organism that first started describing and conceptualizing the IS in 1972. From that period onwards, the IS concept is in a constant debate. In 1993 the ILO adopted a definition that refers to “the characteristics of an economic unit, enterprise or business, identified as a set of units of production of goods or provision of services that function in a small scale, with an elementary organization and not much of a division between work and capital, and where employment relations (if any) are not covered by formal contracts involving guarantees and rights” (Trejos 2002, p. 1). Later on, in the frame of the 90Th Labour Conference, ILO re-defined the concept of IS and adopted the term “informal economy” instead, while recognizing the great heterogeneity of informal activities and that the informal economy needs to be seen not as a marginal or peripheral sector but as a basic component of the total economy (Chen 2004).

Numerous authors have written their papers and led their research, based on the findings of the ILO and it has been useful to generate an initial agreement on the basis of the most visible issues in the IS. All of them have started by “demystifying” –as named by the ILO- or depicting the “Old and News” –as by Martha Chen (2004)- or showing “the new findings” (Sanyal 1991) concerning the IS phenomenon. This trend appeared together with the acknowledgement of the dramatic growth of the IS in world’s economy as well as its contribution on the welfare of nations and provision of jobs, especially for the poor. The discussion turned into a more positive tone after having been considered it as an illegal practice that could threat the modern economy because it violated its rules or because it showed its failures (Cross 2000). On the other hand, the ILO entered into the dilemma of the informal sector and the question was whether to support the IS and promote its potentialities, or to enforce regulations and bring it to the formal economy. In this scenario, the new perceptions or findings about the IS were described. They constitute a list of affirmations based on the outcome of several researches, and therefore, are very useful to understand the current frame in which the IS is merged. For the purpose of the study, these statements are called the “facts” that seem to be widely agreed and common, before starting debating on the different points of view.

- The first common finding is the unregistered size and statistics about the IS. This fact emphasises that the size of IS is larger than official statistics suggest, due to the fact that many of the unpaid housework, especially the one carried out by women, is not counted. (Chen et al. 1999). Moreover, there is evidence that shows that women are overrepresented in the informal sector, what makes the accountings even more mistaken. Due to the heterogeneity and different faces the IS has, it has been also very difficult to reach an
agreement between nations to depict internationally comparable statistics under the same definition of informal sector activities and including all the possible groups.

- The second fact is the realisation about **the tremendous growth that the informal economy** (IE) has experienced, even larger that the formal one. Contrary to earlier predictions, the IE has been growing rapidly in almost every corner of the globe, including industrialised countries –it can no longer be considered a temporary or residual phenomenon. The bulk of new employment in recent years, particularly in developing countries, has been in the IE (ILO 2002). Furthermore, some affirm that not only the IE is growing, but that it is here to stay, contrary with the previous assumptions that ensured that the IS was the traditional economy that will wither away and die with modern, industrial growth; or a transitory phenomenon that would disappear with economic and political modernization (Sanyal 1991). Due to its fast growth and apparent success amongst the poor, the new findings affirm that rather the IS is expanding with modern, industrial growth and is becoming a permanent feature of capitalist development (Chen 2004).

- The third point of agreement is **the relation between poverty and belonging to the IS**. Although there is evidence showing that the average income is higher in the formal sector than in the IS, there is also a significant variation in wages and earnings within the IE (Chen 2004). Many IS operators and workers are indeed poor… but the IS as a whole is not synonymous of poverty. It has a highly heterogeneous structure: the very poor are engaged in subsistence activities at the bottom of the ladder, while at the top are some very profitable economic ventures. In this point the literature makes distinctions into the different kinds of actors that form a hierarchy which is visible in the level or earnings, -and is the issue in the fourth fact described above. Nevertheless, there is also a common agreement that affirms that, although being poor does not mean entering the informality or that all involved in informality are poor, the IS is the alternative for the most vulnerable. As they evade regulatory costs on labour while their capital is subject to much greater risk (because of lack of legal protection), informal workers and enterprises are optimised when they substitute labour for capital and remain small enough to capture economies of flexibility (Cross 1998).

- This fact leads the discussion to the fourth fact which explains **the heterogeneous character of the IS**. The numerous amount of actors involved, different kind of activities and different degrees of informality can vary inside the IS. Starting with the actors involved, the literature describes a large ladder of possible actors: the micro-entrepreneurs - those who hire others-, the heads of household business –who do not hire others-, single person operators, employees of informal enterprises, casual wage workers, unpaid contributing family members and formal entrepreneurs who subcontract informal workers and home-based workers (Chen 2004). Depending on the relation employer-employee, the degrees of risk and control may vary while the relation between labour and capital differs within each different agreement. Here is the point where the heterogeneity also applies for the wide range of earnings that can be found within informal enterprises, informal jobs and informal operators. This realisation has led to describe the activities in the IS both as an entrepreneurial practice, from the side of informal entrepreneurs that have a potential for welfare generation, and also as an exploitative form of economic activity, for those at the bottom of the hierarchy who bear the burdens of lack of job regulation and labour exploitation, without the protection of the law (Cross 1998).

- The fifth fact, and perhaps one of the most controversial is the acknowledgement that **the IS is not disconnected from the formal sector**; rather they agree that the IS produces for,
trades with, distributes for and provide services to the formal sector (Chen 2004). The relation between the informal and formal sectors is described as a continuum of employment, production and distribution relations with the two poles being the formal and the informal, and many categories in between. Many subcontracting and informal agreements might be found in the formal sector that is in permanent dialogue with the informal one. This reality makes the rationale of the IS even more complex, since the limits of legality are very difficult to trace. There are also political implications to such working relationship… it creates the basis for a commonality of interest between firms in both sectors, but it can also turn sour under certain circumstances, creating antagonism between the two firms (Sanyal 1991). This antagonism will be described in the debate, where different authors make an attempt to define, who benefits from whom and to what extent one can blame, each other for the failures of its economy.

- The sixth agreement is the realisation of the huge contribution of the IS in the economy of nations. This argument relays on the tremendous growth of the sector itself as well as in the extension of the term into other kind of micro-enterprises, which, although not completely illegal, fall into the IE, due to the permanent links with informal workers and enterprises. The sector represents a growing proportion of economic activity particularly in less developed countries… it appears to provide at least some economic opportunities for the urban poor and particularly for women (Cross 1998). More over, it is the major provider of employment, goods and services for lower-income groups (Chen 2004) and being more specific, the ILO affirms that the IE contributes to economic growth in at least two ways. First, the output and the low wages of informal workers assist the growth of industries, including key export industries, in many countries. Second, the output of informal enterprises also contributes to economic growth (ILO 2002).

- Finally, there is a clarification about the assumption that the IS is illegal since it engages in economic practices outside regulations. Before entering in the debate about this significant issue, it is important to clarify that although they are not registered and regulated, the majority of goods and services produced in the IS are legal. Public authorities some times confuse them with criminal activities, and subject them to harassment, bribery and extortion (ILO 2002). More over, in the case of informal wage work, it is not the workers but their employees, whether in formal or informal firms, who are avoiding the costs of regulation and taxation (Chen 2004). Therefore, when defining the status of legality, authors claim for especial attention in unbundling all the processes to better identify where the problems are being encountered and where to implement their policies.

The facts described above serve as a basis for the debate. Although these facts have been tested and supported with a large number of studies in different countries, authors still struggle to discuss the more basic issues for the purpose of policy measures. The previous section is the definition of the new profile that the IS has acquired in the last decades, which represents a huge step in recognizing the real characteristics, actors and roles of the IS in the economy. It has been demonstrated that, although the agreement in the main issues is wide, still the discussion is complex and the sector itself is so. Nevertheless, the dilemma posed by the ILO on whether or not to promote the potentialities of the IS is the most important question, since one can recognize from the description above, that the IS has two main faces: the survival strategy for the poor, where they can find easy access and where the conditions for income generation, according to their low access to capital, suits better; but on the other hand, where they encounter also low quality of labour conditions, unprotected by regulations and subject to exploitation. And the other face is the one of those having and entrepreneurial spirit with a huge potential of welfare, by entering the market and avoiding the costs of regulation.
Authors do not recognize these two sides; instead, they attempt to stick to one or another and propose extreme solutions that may increase the problem when not comprehensively and widely understood. What to promote, and what to regulate is the approach that the ILO has implemented when one takes a look in their policies which are currently the main issue in the agenda, “The Decent Work”. The two folded strategy consists in emphasising the promotion of the sector’s productive potential by stimulating and supporting small and micro-enterprises, reducing existing constrains -as excessive and unaffordable regulations, access to credits, education, technology, etc. - while improving the working conditions of informal workers by compliance with basic human rights (ILO 2000).

2.1.2 The Debate

After having described the widely agreed characteristics of the IS and setting the base for a common understanding of definitions and current trends, the debate that has taken place amongst experts dealing with the IS will be exposed. It has been described above that the proportion of this economic practices, now recognized as a permanent feature of capitalism, is becoming more and more visible in the world. How to tackle this phenomenon is a very complex decision and it requires the carefulness in understanding the two opposite figures the IS has, the entrepreneurship on the one hand and the exploitation on the other, which are the subject of the ongoing debate. Subscribing to one or another of these perspectives, policy makers have tended to over-react to the IE, trying to discourage it altogether, to treat it as a social problem or to promote it as a solution to economic stagnation or employment creation (Chen 2004). This statement is to realise, that, what ever the theoretical discussion is in the debate, there are facts in the IS that can not be denied, as well as the importance of a comprehensive understanding of the phenomenon. However, it is interesting to expose the points that authors have discussed, despite the clear evidence about the most relevant issues and the urgent need for action in solving the problematic of the IE as a whole.

The debate is everywhere in the related literature about poverty reduction, human rights and informal activities; it seems that almost nobody focused on the issue of whether informal economic activities could organize and define their own needs and agenda. They were there to be discussed, not to enter the discussion (Cross 2000). This is the criticism made from the side of those more interested in the empirical definition of the IS, in order to be able to better recognize its dynamic and tackle the main problems, rather than in the discussion of concepts, that at the end, might converge into one understanding of its complexity and heterogeneity.

Perhaps one of the most controversial issues in the debate has been the status of legality in the analysis of the IS. Along the discussion of legality, other related issues will appear. Is legality a competitive advantage or a disadvantage for informal workers and enterprises? What should be the role of regulatory frameworks and laws regarding the IE? Is legality the cause or the solution for the IE? To what extent the status of legality matters? There are several points of view when trying to answer these questions. The author that explores more in depth the issue of legality is Edésio Fernandes, who takes part in the debate from the perspective of a lawyer and has written about the dualism between the illegal and the legal city. His contribution in the debate is crucial, since he brings the importance of law in the production of urban space, especially of illegal settlements, whereas arguing that there is a huge gap between the fields of urban development and legal studies (Fernandez and Varley 1998). The authors claim that law has been neglected from the process of urban change that most of the cities in developing countries have experienced. More over, they assure that the role of law in urban processes can not be separated from other processes that govern urban areas, as the social, economic, political and cultural.
The failure of states in regulating all the processes in cities is due to this individualistic approach with respect to law, which has been seen as an independent and autonomous discipline. To some extent, they blame this misconception and isolation of law, for the appearance of illegality, as we can notice from his description about the regulatory system in developing countries: the elitist and exclusionary legal and institutional frameworks of these countries (Fernandez and Varley 1998). Moreover, when naming the previous trends that legalists have used to rule cities, they affirm that “they tend to focus exclusively on the legal city, ignoring the illegal city where the majority of the city’s residents live, daily reinventing their social practices in response to the exclusionary system” (Fernandez and Varley 1998, p. 9). From this statement, one can assume that their definition of illegality is the response of the less favoured groups of societies to the wrongly performed and isolated role of law. Furthermore, they affirm that, in this response, the proliferation of illegal practices enjoy greater social and political legitimacy than the official, legal ones. They also name these trends as “informal law” or “informal justice”. However, they recognize in their approach that the informal law is in permanent dialogue with the official legal system. Despite their assumption about the failures of regulations and law, they do advocate the important role that law plays in the social production of urban space while recognizing that the law is a key instrument for urban and social change if comprehensively integrated and widely opened to the new forms of production that have appeared in the cities.

These concepts related to law are an important point of departure for those who blame entirely the law for the problems found in the IS, or on the other hand, those who believe in the enforcement of law as a solution for the same problems. It becomes clearer that there is not a single and extreme approach to opt for, but a careful examination of the instruments that the law can offer as a discipline in the context of the IE, and how these instruments might be integrated with the rest systems in cities and economies.

Despite the acknowledgement of the great importance of comprehensive systems of regulations and law, there is still a huge criticism about the role that such regulations have played so far when dealing with the IS. Continuing the debate with the point of view of the ILO with regard of regulations, although having a more negative image about them and somehow blaming regulations as an obstacle for the entrepreneurial spirit of the IE, they do have a more realistic thought about what should be the role of law. Their definition tackles the two folded character of the IS (entrepreneurial and exploitative); on the one hand they affirm that “rules and regulations concerning the registration of enterprises and taxation should hence be streamlined, simplified and relaxed by the authorities to facilitate the growth and transformation of informal sector enterprises...” and on the other hand “there is also an urgent need to sensitize governments to the need to promote and enforce regulations governing subcontracting relationships between formal sector enterprises and informal sector operators... the number of subcontracting arrangements has increased, and their non-regulation has considerably increased the vulnerability of informal sector operators, particularly women” (ILO 2000, p. 19). From that approach it can be concluded that the ILO recognizes the role of law both as a facilitator for the entrance of micro-enterprises in the formal economy by using the correct enabler instruments, and also as a safeguarding tool for the possible actions of exploitation. More over, they recognize in a very realistic way that the implementation of such laws must be done in a progressive manner but without compromising standards concerning basic human rights and exploitative forms of employment (ILO 2000).

Other authors have only committed their discussion to one of the sides that the law deals with in the IS phenomenon. This is the case of Hernando De Soto who has put emphasis in the negative output that regulations pose to informal workers. He affirms that “the informals are forced to extra legality (and poverty) because of discriminatory state regulations and costs that advantage powerful economic interest groups that compete unfairly with informals who have no
property rights and no access to credits” (ed. Rakowski 1994, p. 40). There fore, legality is seen as a privilege for the powerful groups since their assets are registered and legal, thus having access to credits to start a formal enterprise. His criticism about regulations is that they are so costly and bureaucratic, that the poor ended up avoiding them in their efforts of income generation and expenditure saving practices. De Soto blames the state for its intervention in the market with bureaucratic procedures and exclusionary regulations, and on the other hand, for its incapacity to satisfy the basic needs of the poor. Following this accusation, he defines informality as the spontaneous and creative response to this incapacity that makes informality a rational economic strategy (ed. Rakowski 1994). De Soto ends up blaming regulations for the appearance of informality, but at the same time he believes in the legalization of the poor assets as a solution to promote their huge potential of welfare generation. He assures that ones the poor have access to the exclusionary benefit of legality, the economy will foster their hidden and underestimated entrepreneurial spirit. In his approach, also named as “legalist approach”, De Soto describes informality only as a response from the side of the poor. He does not recognize the different variations that can be found in the IE. The facts that informal practices are also present in the relationship between formal firms and informal operators, or even more, the realisation of the heterogeneity of the IE in terms of the wide hierarchy of actors and earnings that can be experienced, are not taking in to account in his approach. As it has been exposed in the previous section, informality has a lot of facets, not only the one of the survival strategy for the poor.

One of the strongest critiques of De Soto’s approach is the one posed by Alejandro Portes, who undertakes the informal phenomenon from the opposite side, the side of the large firms that avoid costs of regularization and labour rights, for which the poor ended up being exploited. He defines workers in the informal sector as “downgraded labour” when receiving few benefits, low wages and poor working conditions. There fore, he recognizes that in fact informality equals lack of regulation, but from the side of large firms. Nevertheless, he also blames in part the legislation for the appearance or informal practices: Informality is maintained and grows through the “juxtaposition of extensive labour legislation…and an abundant labour supply” (ed. Rawkoski 1994, p. 38), that force firms to avoid its costs, whereas encountering a labour supply willing to work under low quality conditions. In his approach, which has received the name of Underground Approach, he makes a differentiation between being poor and opting for the IE, although he also recognizes a link between informality and impoverishment of workers: “the informal economy is not a set of survival strategies performed by destitute people on the margins of society... It is a specific form of relationships of production, while poverty is an attribute linked to the process of distribution” (ed. Rawkoski 1994, p. 37). So the Underground approach is therefore defining informality as a set of relations of production, circuits of accumulation, links between informal activities and large firms and reorganization of production (Rawkoski 1994). Is not a small scale, easy entrance way of doing things, as defined by the ILO, but is has to do with the status of labour, the conditions of work, the forms of management of some firms which some times go “underground” by fraud, tax evasion or non-compliance with labour legislation and the nature of work. All together, causing a negative impact in the welfare of workers. When De Soto blames the bureaucracy that systems in developing countries have to enter into formality, Portes critiques that De Soto does not take into account that bureaucracy exists every where. More over, he confronts the issue of legality being a competitive disadvantage for the small, micro-enterprises held by the poor, by arguing that costs of regulations, taxes and labour legislation constitute a competitive advantage of the informals over the formal firms, when the firsts make savings by avoiding them.

To conciliate these contradictory ideas, the point of view from John Cross, seems to be useful since he recognises that both sides enjoy the benefits according to their own relationship with law. “The informal economy as a whole is a set of economic actors that are able to compete
with larger businesses precisely because of this system of “informal subsidies” that parallels in a certain sense the formal subsidies available for much larger companies” (Cross 1995, p. 2). In his definition he stresses on the first place, that informal and formal firms interact and compete in the economy; on the second place, that this interaction is present thanks to the fact that informals reach the point of competition with formals, when taking advantage of the avoidance of costs of regulation, but in the description, there is an implicit fact, that the formals enjoy the benefits also, that others describe as protection from the side of law, access to credits and information, power and political influence, etc. It seems that in this game of competitive advantages, each side has its own stake, which allows for their permanent dialogue and subsistence and with legislation being the central point. That is why most of authors affirm that the IS is not an isolated and residual phenomenon that will die, but a feature of the economy as a whole. Whether legality is a competitive advantage or disadvantage for large firms or for more informal, small scale businesses is a question that seems not to be the greatest concern when thinking in how to tackle the more complex causes and consequences of IE. It has been discussed that the phenomenon engages a wide package of issues and that regulations could play a crucial role in redefining and conciliating formal and informal practices.

Despite the points of disagreement, it can be recognized that what authors are debating, takes the discussion back to the visible and undeniable facts about the positioning of the IS in the world’s economy. Having huge potentialities for welfare and job creation, alleviating the urgent needs for the most vulnerable and also interacting in a constant relationship with the formal economy, informal practices seem to be waiting for a regulatory system that is able to include them into the functioning of the economy in a legitimate and protected way, while ensuring the quality of work conditions for operators. Law appears to be a crucial instrument in this process as Fernandes claims; and no matter how spread the debate might be amongst countries, experts and organizations, the IE and the formal one continue making transactions and interacting with each other. No one of each seems to be threaten by the other one, both are still alive in a permanent dialogue; more over, this relation, contrary to what authors debate, is more likely to constitute a mutual benefit –rather than an obstacle. However, is has been already exposed that the negative impacts that such informal practices have, especially with regard of unprotected workers, must be addressed by policy measures as a priority and in this point is where the importance of the discussion relays: in finding the most suitable and adequate solution, never without understanding the complexity of the phenomenon.

### 2.2 The Home-based Enterprises (HBEs) rationale

After having described the informal sector potentialities, at this point the definition of the HBEs practices can be drawn amongst one of the most remarkable potentials within the informal activities as a survival strategy for the poor. Definitions and some examples will be depicted of such practices around the world. These experiences have encountered from the perspective of the people, that HBEs have both positive and negative effects, but also, that the first overweighed the second (Tipple et al. 2002). Policy measures will be exposed regarding the enabling regulatory frameworks to support such practices, while reducing the negative impacts they cause. The nature and different kinds of HBEs will be described, and the link with the

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3 Bogotá is divided into 19 localities which have a decentralized authority or secondary mayor, accountable for the main mayor of the city.

5 Cross defines the system of informal subsidies when describing the situation of street vendors in Los Angeles, as follows: “by remaining in the informal sector in essence what the vendors obtained was a form of subsidy of their activity – an informal one that they appropriated illegally by the simple fact that they did not pay the costs of formalization” Cross, J. 1995. “Informal Leverage and informal subsidies.”

4 Sanyal (1991) claims that formal and informal workers share a “commonality of interest” and he mentions a set of points of convergence which he has named as “Axes of commonality” and “Axes of discord.”
physical environment and design of the houses will be explained. Other related issues will come up in the discussion and those are the ones related with “The livelihood concept” and some gender debates.

2.2.1 Generalities

Working at home has become a strategy to reach flexibility of production in the context of globalization. This practice has been associated with low-productivity activities engaging principally non-organized female labour, in situations of over-exploitation, precariousness and poverty. Today, however, it is emerging also in cutting-edge sectors and absorbing qualified manpower with substantial bargaining power (Tomei 2000). The literature is clearly segmented into the different facets and practices that the home work can embrace: First, there is a definition that describes the work carried out by a person in his/her premises, for remuneration and with certain degree of subordination to the employee. These practices were very common in the manufactory industry, and especially for women. Although this is not the category subject of this study, it is important to mention this literature since it also describes the reasons, advantages and disadvantages of working at home. Second, the other facet is the one adopted as a survival strategy and complementary source of income for the poor. Both share the fact that they use worker’s home to perform whatever kind of income generating activity different from the domestic one. In this respect, both involve all the conflicts that may appear when blending the two activities: working and living.

Since the 1990s there has been great attention in home-base activities; home business, telecommunications among others, has been regarded as very profitable and flexible way of working that many preferred over the traditional dynamics. However, very little attention has been given to the prevalence of self-employment among working and lower income householders who often establish their businesses at home due to capital constraints as well as household needs and preferences (Ahrentzen, 2000). More over, planning regulations have dictated the strict separation of residential activities from those related with industry or commerce, and the reality of the poor makes it dramatically clear that such separation is not any more suitable for their livelihoods.

Using home as a place for work is one of the practices that the literature on the informal sector, claims as a genuine and entrepreneurial response that the poor have created, to the incapacity of the formal sector to provide for other ways of employment as well as to their low access to capital. Despite the positive impact that such activities bring to poor families, there has been a lot of criticism that attributes to home based enterprises the negative externalities affecting the environment, overloading the infrastructure of settlements, exposing residents to dangerous substances and machinery and blurring the limits of the domestic domain and privacy. Even stronger has been the criticism from the side of those who affirm that home work activities can exert exploitation to home workers, since they are not protected from labour regulations and they are exposed to dependency with the employee.

Nonetheless, experts in the field of home-based enterprises (HBEs) have started to reach awareness about the urgency of formulating “joined up” policies (Tipple 2001) in housing and employment issues to recognize the importance of such practices among the poor. The Centre for Architectural Research and Development Overseas (CARDO) has developed a conscious

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5 This is the definition that the ILO adopted in 1996 during the Convention No. 177 and Recommendation No. 184. (See Tomei, 2000)

4 Sanyal claims that formal and informal workers share a “commonality of interests”, and he mentions a set of points of convergence which he has named as “Axes of commonality” and “Axes of discord”. (Sanyal, 1991)

5 This is the definition that the ILO adopted in 1996 during the Convention No. 177 and Recommendation No. 184. (See Tomei, 2000)
interest in the issue of HBEs and they have also engaged in several studies in some developing
countries in order to start trying to measure and understand the complexity of these practices.
Its director affirms that “if, in the attempt to improve the housing environment, livelihoods are
destroyed, through inappropriate attitudes towards HBEs, whether the improvement will be real
for the residents. On the other hand, if improvement policies assist the viability of HBEs, and
accept them as a component in the quality of life in a neighbourhood, then settlement
improvement and poverty eradication can be achieved together” (Tipple 2000, p. 2)

For the purpose of the study, it is important to understand the dynamics of home-based
enterprises amongst the poor, in order to be able to enhance its potentialities, while avoiding and
regulating its negative impacts.

2.2.2 Characteristics of Home-based Enterprises

One of the studies made by the CARDO in a squatter settlement in Delhi, India, depicted a
series of assumptions and hypothesis as a result of a very comprehensive field work, in which
50 householders having HBEs were interviewed. The bottom-up approach used by researches,
by recording the experiences of families and describing word by word their daily routine in
performing income generating activities along with the domestic ones, gave a clear
understanding of the phenomenon and served as a basis for recommendations and guidelines in
dealing with such practices. In the research report, the CARDO also enumerated a list of
common characteristics of HBEs which will be very useful for the purpose of this study in the
clarification of concepts and definitions. The profile of HBEs according to CARDO is:

- They are family based with the family controlling the land and/or space and providing
  most of the capital and the labour for the enterprise.
- Most of the family’s labour and time is used in the enterprise.
- Resources are treated as interchangeable between the enterprise and the domestic
  sphere. Space in the house can be converted between the two spheres: time can be
  given by all family members (even children when needed); and money and other
  resources (food, clothing, furniture) can easily be transferred between the spheres
  because of the absence of formal divisions between home and the enterprise.
- There is widespread official disapproval of HBEs. Town planners… usually favour
  single-use zoning of land. They believe that residential areas should not be sullied with
  commercial or industrial land use.
- Strict control over HBEs is virtually impossible because, by their very nature, they
  are integrated into the residential environment as much as possible. They are also very
  widespread in poor urban areas. (Kellett and Smith 2000, p. 1)

These characteristics touch the rationale of HBEs. First of all, the issue of flexibility in
interchanging resources is one of the most visible points that the poor have on their favour with
HBEs; it constitutes also one of the most important reasons why the poor engage in HBEs, as it
will be described below. Second, it mentions the dimension of space, which is the key element
that could serve either as an enabler or as an obstacle to better perform HBEs. Third, it relates
to the very difficult identification of boundaries between the working and living spaces, which
is the issue that will produce the potential conflicts within members of the family and between
the two activities themselves. And finally, it expresses the misleading approach of planning
rules in under recognizing the reality of communities, but also the potential negative
externalities that HBEs may bring. To better explain the issues that HBEs embrace, the
following section will expose all the related dimensions that influence the performance of
HBEs.
2.2.3 Dimensions

**Flexibility**

For the majority of the poor, it is very difficult to enter into the formal economy; it has been discussed in the previous section that the costly and bureaucratic procedures of legalization are not affordable for them. However, it has been demonstrated that they have managed to create another mechanisms to make their living where the flexibility with which they can arrange their time and resources constitutes on of the most important competitive advantages they find in the informal sector.

When describing the reasons why the poor engage in HBEs, Sherry Ahrentzen affirms that the alternative with which the poor have been left have as a common characteristic of being flexible in any situation: “There exist a multitude of reasons for self-employment and home businesses among the working poor: few formal employment opportunities because of minimal skills and work experience; preference for work flexibility because of lifestyle or domestic demands; need for multiple jobs to provide a minimal household income; increasingly fewer employment centres located in the central city where many such households reside” (Ahrentzen 2000, p. 1).

For all these constrains posed by their situation, the poor have learnt how to organize their limited amount of money, their scarce assets, being their home and living space the most valuable, and how to optimize their time. All of these resources change in time with the flexibility that can be only found in informal practices (Kellett 2003). Starting with the money, Kellett (2003) affirms that is one of the most flexible since it can be used to supply the household with the daily needs as well as the improvement of the house. By operating in the informality, in this case the poor benefit from having their money available as they daily accumulate it from their sells, without having to pay the costs that formality includes. They manage their resources according to their daily needs. The time is other resource that the poor use in a flexible manner, when being able to supervise their business at home and at the same time performing their home chores. The last dimension consists on the flexible use of space which is of great importance in the context of HBE.

**The Space**

“Space is a fundamental resource for the operation of micro-enterprises in the domestic context” (Kellett 2003, p. 4). When establishing any income generating activity at home, families use creative arrangements in their living space to accommodate such activity. The activity becomes completely merged into the domestic routines, to the point that most members can not distinguish from the two spaces or the two activities (Kellett 2003). In most of the cases, poor families can only afford a very limited living area with generally small sizes of plots. The situation often brings overcrowded living conditions and it is exacerbated with the daily routine of the HBE. However, in another study carried out by CARDO, the results showed that families having HBEs enjoyed more living space than those not having any. In that sense, such dynamics claim to increase the housing stock, but not necessarily solving the problems of crowding. The study also showed that, though having more built space, the living area per person was less in the case of HBEs (Tipple et al. 2001).

The conflicts that emerge from this situation are of various kinds: the operational requirements of the activity itself may interfere with domestic activities; privacy and security at home is affected when engaging in activities that have permanent contact with clients; the appearance of the business itself turns out to be a messy and disordered panorama, for which families affirm that it contributes to the bad image of the business. For the particular context of the study made in India, other conflicts appeared related with religious practices, that where traditionally meant
to be at home and in a clean and sacred atmosphere (Kellett 2003). In the presence of any kind of business the space has to be flexible enough in order to allow for the permanent interaction of the two activities.

Having the dimension of space as an apparent constrain, it has been also demonstrated that poor families manage to accommodate working and living activities in the same space, by using other factors as changes in time and flexibility of resources. Describing the narratives that interviewees gave in the same study by CARDO, Kellett (2003, pp. 9-11) mentions the different alternatives that poor families use in the utilization of reduced space to better perform HBEs:

- When the possibility of enlarging the house is present, the residents express their desire of separating the living from the working – the fact that they have managed to creatively accommodate both, does not mean that conflicts in space are not present and they are not looking forward increase their built area to have better quality of life. More over, it is demonstrated that with the presence of the business, families have and incentive to improve the conditions of the house and make future enlargements.
- Another strategy is the relocation of furniture and equipment during the day in order to be able to dedicate different kinds of activities in the same place, but at different times. In this case, the limits between domestic and business activities are traced by time. By using this strategy, it is argued that the space is used more intensively and more efficiently that planned. This is possible due to the symbiosis of activities that make effective use of reduced spaces. For many poor, the fact that they can use a certain space for a single activity or member in the family is considered as a luxury.
- When the size of plots is big enough, the use of space outdoors is also a possible strategy to better conciliate the two activities. However, this is not very often the case, and such business end up causing conflicts with neighbours and/or invading the public space (Tipple 2001).

In the dimension of space, it is also important to recognize the different kind of activities that the studies have shown to be the most frequent in low income settlements. Since each activity requires different needs of space, infrastructure and lay outs, as well as, the different consequences each of them may cause in the living space. Kellett (2003) provides for a list of possible activities in HBEs:

- Selling shops: Those are the most common business that provide for basic goods in the neighbourhood, especially in the absence of refrigerators and storage capacity of houses. There are also shops that sell products to consume in like bars, cafeterias, etc.
- Production of goods to sell: mainly clothing, preparation of food to sell out side the neighbourhood, crafts, shoes, etc.
- Services: this include beauty saloons, reparations, and dentists, photocopy machines, telephone cabins, tailors etc.
- Social related services: like day care centres, schools, community offices etc.
- Activities related with the plot outdoors: like orchards, animals breeding etc.

**Gender issues**

Working at home has become for many poor women the only alternative to engage in a productive activity. In the literature regarding the exploitation of home workers in the manufactory industry, it is mostly referred to women that are subcontracted by large factories to perform their work at home. However, when the initiative of having any kind or income generating activity is managed as a self-employment, it is likely that for many women, working at home constitutes the most suitable choice.
For poor women, the double burden of taking care of the household and the children, while having to complement their husband’s income, HBEs have a substantial impact and constitute a routine of their daily lives. However, there is still a strong criticism about the unregistered contribution of women when engaging in HBE, and the way in which homework is regarded:

“The perception of women and of other members of the family regarding the value or economic importance of women's productive activity also has obvious implications in terms of whether this form of work is registered. Frequently, home workers do not consider themselves to be workers. This is true, in particular, when the work is assigned to them by another member of the household and/or they receive no compensation for the task carried out. This type of economic activity is perceived as an extension of their domestic tasks or as a contribution to the family budget rather than gainful employment” (Tomei 2000, p. 9).

In 1997, the Labour Directorate of the Chilean Ministry of Labour, in cooperation with the National Statistics Institute (INE), developed and employed a module, on an experimental basis, intended to ascertain the magnitude and other characteristics of home work in Chile. The results from the women interviewed, depicted the opinion and preferences of women regarding their home work:

“It is generally accepted that the main attraction of home work lies in the fact that it permits domestic responsibilities, such as caring for the home, children or sick or elderly family members, to be undertaken in conjunction with income-earning activities. This form of work is also attractive for individuals with physical disabilities for whom it may constitute the only means of access to the labour market… Although the majority of women home workers interviewed, and particularly those engaging in activities requiring minimum or no skills, recognized the advantage of being able to work and simultaneously attend to their household tasks, in a context in which child care services are scarce and excessively expensive, they nonetheless complained of the stress and isolation experienced in this form of work…Home work tends to remove the separation between working life and the personal sphere”(Tomei 2000, pp. 23-24)

The perspective from different family members is therefore very important, since HBEs seem to bring different effects and meanings for each member. Nevertheless, it has been demonstrated that being the women the most present at home, the daily impacts that HBEs bring into the domestic sphere are borne by women.

2.2.3 Reasons for having HBEs

It is clear that the most important reason for having income generating activities at home is the need for maximisation of limited resources, named time, space and money from the poor. In that sense the flexibility for managing these resources is met when poor families are able to accommodate their income generating activities in the same place where they live.

Concepts and frameworks that have been developed in the field of poverty reduction, appointed the practice of HBEs as one alternative to overcome poverty. These concepts are “The Asset Vulnerability” (AV) and the “Sustainable Livelihood Approach” (SLA). Under the first concept, it is assumed that the poor face vulnerability since their assets, and there fore, their likeness to respond to changes and harmful circumstances are limited. The AV concept defines a series of assets with which the vulnerable confront these circumstances. One of the most important assets is the one of Labour, and one of the strategies under the maximisation of this asset that the poor use to decrease vulnerability is exactly the introduction of HBEs. “The ability of households to avoid or reduce vulnerability and to increase economic productivity depends on their initial assets and on their ability to transform those assets into income, food or other basic necessities, by intensifying existing, developing new, or diversifying their strategies”(Rakodi 2002, p. 15).
“Sustainable livelihoods are derived from people’s capacity to make a living and overcome shocks and stress without jeopardising the livelihood options of others, either now or in the future. This requires reliance on both capabilities and assets for a means of living” (Majale 2002, p.3). SLA also points out a series of assets with which the poor overcome poverty. These assets constitute the different kinds of capitals with which the poor count on. Amongst the Physical Capital, the house represents one of the most significant assets to cushion shocks, under the theory of SLA. The possibility to generate income in the house is also regarded as a strategy that the poor create to make their living in a sustainable and innovative way.

The effects of HBEs

From real life experiences there is also a bunch of reasons for having HBEs. The positive effects that HBEs bring to the most vulnerable groups in society have been depicted out from the results of the several studies carried out by the CARDO. Their assumptions have been tested in the field and drawn out from the experience of residents. There are a lot of positive effects that people have recognized and mentioned from having HBEs. However, conclusions about the suitability of HBEs are not straight forward. It is important to understand that they are likely to be the most appropriate strategy to overcome vulnerable situations that the poor encounter; but that, as such, HBEs also bring challenges to families and some negative effects that may affect not only the family, but the whole neighbourhood. It has been also recognized that people having HBEs earn less than other operators that engage in the same kind of business, but in the schemes of the formal sector. More over, some authors have also pointed out that HBEs are not the panacea for poverty, and the question still remains whether they can constitute the most sustainable dynamic among the poor as a solution to overcome their constrains. “While a home business can be viable for many working class and low-income households and communities... it is not the sole answer for all those who are attempting to become self-sufficient or for all communities that are experiencing disinvestment” (Ahrentzen 2000, p. 6).

CARDO’s studies have also concluded that “the absence of HBEs in many dwellings, demonstrates that they are not a universal solution to even part of the income gathering function of households. Some households are content with, or prefer the separation of work and home…” (Kellett and Tipple 2000, p. 206). Therefore, HBEs must be analysed within the scope of families that have adopted them in a very specific set of circumstances, for which HBEs are likely to be suitable. Is in that sense in which their positive effects must be regarded as well as the negative externalities they have also demonstrated to bring.

In general, the results of the study made in some cities of Bolivia, India, Indonesia and South Africa demonstrated that, although some negative externalities where encountered in practices of HBEs, these effects where outweighed by the positive ones recognized by inhabitants of low-income settlements (Tipple et al. 2001). The following list shows these two possible effects that HBEs have, not only as a result of CARDO’s studies, but also claimed in other literature.

Positive Effects

- HBEs have a positive effect on family’s income. Cases demonstrated that a significant proportion of families show respectable increases in their income, compared with those not having any HBE. More over, income generated by HBEs seemed to be an important share of the total household income.
Authors claim that HBEs **improve the housing stock**, encountering more valuable and better dwellings, with more floor space than those not having HBEs. This trend is due to the assumption that the demands of the business can encourage families to make changes and improvements in their homes to better accommodate the activity (Kellett 2003) However, CARDO’s results did not give any signals to affirm that trend, neither the worse quality of houses having HBEs. Nevertheless, it is very likely that among the poor, the process of using the house to generate income goes hand to hand with the one of enlarging and improving their houses in time.

HBEs constitute an important opportunity for **employment**, especially for woman, elderly and the disabled. For this group, Ahrentzen (2000) affirms that “the parameters of a traditional job are unsuitable”, therefore, the possibility to stay at home while generating extra income has a significant effect. For example, the majority of women in poor settlements can not afford to be absent from home during the normal working schedule.

HBEs also contribute to **community development** in various ways: they have a multiplier effect in local economies, since a portion of residents wages is expended locally. They also provide for basic services that better suit the preferences and needs of the community, while avoiding **transport costs** by offering those goods and services within the settlement. It is also claimed that by the existence of HBEs in the neighbourhood, communities develop a sense of trust and solidarity amongst residents, when for example, women establish day care centres for other’s children, or when business owners hire their neighbours. All in all, it appears that HBEs strengthen community cohesion and liveliness in the neighbourhood.

**Negative effects**

- One of the strongest criticisms about HBEs is the fact that they are prone to **exploitation** when home workers are hired by an employee. It is argued that workers do not enjoy from benefits of labour regulation and labour protection. However, in the case of poor families establishing their own business at home, they are more likely to operate in an independent routine that fits their time, space and resources needs and constrains.

- Perhaps the most negative effect for families is the one of **crowd living conditions**. Although the results from the field show that houses with HBEs were bigger than those without, it was also concluded that the area per person was smaller. More over, people have to sacrifice a significant portion of their living space and functions to accommodate the working activity.

- One of the major concerns about HBEs is the one of **pollution, waste generation** and sanitation, both for the household and the neighbourhood. There are some activities that produce chemicals and hazardous substances as for example beauty saloons, welding workshops, etc. However, the amount of such substances is not big enough as for to produce severe damage. More over, the number of activities of this kind is not likely to be the most frequent. The concern about waste generation has been torn down by ensuring that very little is thrown away in these communities. Waste is disposed together with the domestic one. Food is often used to feed animals and other waste is use as a raw material for other kind of activities. Therefore the kind and size of business with which these communities engage are not likely to be harmful. However, it is also affirmed that in places where the waste collection system does not work efficiently, the presence of HBEs exacerbates the problem.

- It is likely that the presence of HBEs requires more **capacity of infrastructure** networks. Therefore the issue of infrastructure overload has been also regarded as negative effect of HBEs. **Traffic generation** has been also pointed out when some activities require the trade of goods and supply of inputs in a large scale as for to imply
loading space for extra vehicles. Again, it bring us back to the issue of kind and size of business, that in most of the cases has been demonstrated to be in a more local, micro scale of operation. More over, amongst the benefits, traffic reduction has been pointed out when services and goods are provided locally by HBEs.

### 2.2.4 How to promote HBEs? Strategies and Policy Measures

Authors and institutions in favour of HBEs advocate the comprehensive measures that must be adopted in planning and policy legislation to act as facilitators of HBEs, after having proved the relevance of such practices amongst the poor. They go further by affirming that not only planners and policy makers should tolerate their presence, but they must also encourage and support HBEs (Tipple 2001).

Under the recent trends in the world’s economy ruled by the free market, privatization and economic re-structuring, it is very likely that the poor will continue being affected, so that the appearance of innovative strategies of income generation will increase. More and more practices of income generation by using their own resources and social networks will continue emerging. There fore, there is a need that the authorities become more flexible and creative in the design of legislations that allow for such practices to enhance the productive capacity of the poor (Kellett 2003). Some crucial factors are the most likely to be needed to promote such initiatives: accessibility to credit, saving schemes and infrastructure networks (Kellett 2003). Similarly Ahrentzen (2000, p. 6) calls for attention in the point that “Home business is neither a broad solution to poverty, nor something that can be successfully implemented without adequate training and loan programs...micro-enterprise development shows promising results when the knowledge, skills and capital that workers need are made available. As such, implementation of home businesses needs to be coupled with supportive policies and programs to be viable”.

There is a strong criticism from the side of advocators of HBEs about the planning standards governing housing projects. Tipple (2001, p. 3) affirms that “there is a difference between the intention of the policy-makers and designers and the needs of the occupants. It also shows that, while changes made by occupants are in breach of current regulations, they do not constitute unbridled chaos but merely a shifting of the boundaries of acceptability in a people-ward direction. They demonstrate the need to take account of many facets of life that occur in housing”. At the same time, he claims that the enabling process regarding HBEs should set regulatory measures that are realistic and sustainable, which directly means the reduction and adaptation of standards. The prohibited standards hindering the realisation of HBEs are those related with building and zoning regulations.

Regarding building regulations it is very likely that plot sizes, plot lines and construction materials are restrictive and unrealistic with the specific condition of low income settlements. The concern about plot coverage and building lines is expressed by Tipple (2001, p. 9) as follows “Many city authorities stipulate maximum percentages of plots that can be built upon. The reasons for these limits are mainly about circulation, ventilation and day lighting. However, they may also take account of aural privacy and may be involved in establishing or maintaining the neighbourhood character, especially in higher-status areas. Thus, coverage regulations may change from one type of residential area to another, with lower income areas being allowed greater coverage”. It has been also argued that when in low income settlements plot sizes are very small, problems of crowd and contamination exacerbate with the presence of HBEs. More over, the flexibility that families look for in terms of accommodating the HBE in their space also decreases when plots are very small.
Zoning regulations often dictate the separation of harmful industries and commercial activities from residential areas. However, income generating activities that appear in low income settlements have other character different from being as harmful as predicted by planners. “We have found that the environmental threats posed by most HBEs are not as serious as the drafters of regulations may have feared. Thus, enabling HBEs rather than harassing them can bring many potential economic and lifestyle benefits without serious danger to the environment. We are convinced, however, that there are uses that should not be allowed in homes or residential areas and there are those for which a level of safety should be a prerequisite to their being allowed” (Tipple 2001, p. 16). In that sense it is also claimed that the community has a very precise and conscious image about the kind of activities they may accept within the neighbourhood. Community participation in deciding which activities may be allowed is also important. There is a strong community control amongst neighbours about the activities they tolerate. So in that sense, standards should be designed to promote the good practices, while regulating the potential harmful ones.

Infrastructure load is one of the effects that should be foreseen, if planners have in mind the likeliness of appearance of HBEs in low income settlements. It is important to recognize that the problems caused by HBEs could be minimized if appropriate levels of services are installed in such settlements. It can be expected that higher levels of waste generations, electricity, water, etc. will appear with the implementation of HBEs. Thus infrastructure should be designed taking into account the present needs and practices that poor groups have.

Tipple et al (2001, p. 74) suggested a set of strategies to facilitate income generation at home that summarize the measures that should be taken in terms of standards:

- Service levels suitable for the loads required by small enterprises
- Plots large enough to work on
- Dwellings a whole room larger than planned for occupancy rates would indicate
- Dwelling costs that take account of the potential income from a HBE

Unfortunately, when governments in developing countries engage in the construction of a low income settlement, it is very likely that budgets are limited to the traditional thinking on building. Land scarcity is another constrain that impedes for larger plots sizes. Costs are to be reduced to the possible extent that it is very unlikely that such costs are allocated for expected needs, such as possible infrastructure overloads and so on. Therefore, perhaps the most important element that has to be encouraged in the facilitation of HBE is—as named by Tipple et al. (2001, p. 74)—“the acceptance of HBEs as valuable to the national, city, neighbourhood and household economies and a change in the mind-set that sees them as anti-ethical to residential peace and quite”.

Finally, some specific recommendations regarding the design of houses in order to facilitate flexibility and achieving to the possible extent the separation of functions when accommodating income generating activities at home, are depicted. The space, as one of the most crucial dimensions in the HBEs rationale, could appear as a facilitator, when the design is thought in terms of making efficient use of reduced spaces; or as a constrain when houses are designed in a traditional way, when elements are build in fixed designs and with regulations does not allow for modifications. Very small and simple modifications and details can be crucial in terms of lay outs, collocation of objects like doors, stair cases, etc. Ahrentzen (2000) offers a list of possible design measures that could diminish the negative interferences of the working activity in the daily life routines or vice versa. (See Annex I)

### 2.3 Concluding Remarks
The context and theoretical discussions in which HBEs are merged have been explained when understanding the new trends about the informal sector. Informal practices that the poor have developed to overcome poverty have been exposed, as well as the new perceptions that have demystified the previous conception about such practices. The realisation that informality has to do with more than being outside the law or entering in illegal practices, have turned the attention in understanding the dynamics, the causes and consequences of such alternatives that today constitute another feature of the economy, not a residual phenomenon.

The facts that have been explained in the informal sector discussion constitute the present international agenda for policy measures and development organisations. This facts shape the overall context in which HBEs fit. When comparing the specific characteristics of HBEs, it can be noticed that they fit in the more general picture of the survival strategy the poorest adopt by using their available resources. Home based enterprises are being encountered into one of these innovative practices that due to their character, way of operation, distribution of resources, scale and relation with capital can be characterised as informal or outside the formal schemes of the economy. HBEs are therefore, unregistered, neglected and somehow unaccepted by policy makers and planners. On the other hand, they also contribute to the welfare of cities and represent an important portion of employment for those that, for several reasons, cannot enter in the formal economy. In this sense, the elaboration of the informal sector discussion serves as a general framework where to locate the HBEs, as well as a guideline for possible policy measures that better suit this informal sector reality.

The practical description about the specific characteristics of HBEs as well as the results of previous studies shape the qualitative analysis out of the information collected in the field. It has been described that HBEs have a reason for existence, caused by some specific circumstances and resulting in a very complex set of spatial, economic and social consequences. Although the existent theory has been in a great extent drawn out of the people’s experiences and field work findings, there is still a possibility to confront this findings and theoretical elaborations with the specific experience of the case study in question. On the other hand, the informal sector discussion exposed the more macro level debates related with the consequences of operating outside the formal economic schemes, thus arguing whether such way of operation could be considered as a competitive advantage or an exclusionary benefit for those who can afford it. In this sense HBEs are merged into the economic rationale of the way of doing things aside the formal economy, enjoying some benefits but also facing its negative effects. Although is not the purpose of the study to analyse such factors both in the informal and formal economies, the more macro level of the discussion will serve as a point of reference where to permanently look at and have in mind in the analysis. Nevertheless HBEs have a specific rationale which will enlighten the categories of analysis from where to elaborate an argumentation out of the specific experiences of residents, as the main objective of the study.
3. Description of the Case Study

3.1 From the Low income housing policy in Bogotá to the realisation of Ciudadela El Recreo

3.1.1 Low income housing policy

The provision for low income housing (LIH) in Colombia has changed into an innovative and progressive policy since 1991 with the establishment of the system of subsidies to the demand. The state abandoned its role as a direct provider and constructor of LIH, and state institutions entered in a drastic reform with the inclusion of enabling policies and financial mechanisms. The aim of the system of subsidies was to target the financial aid to the less favoured groups in society in order to support their affordability capacity in the acquisition of a formal housing solution. The subsidy was meant to complement the total financial package in the scheme of credit and family savings.

In the context of a very high demand for LIH, together with the scarcity of urbanised land, LIH supply ended up being unaffordable even with the financial support of the subsidy. Families rejected such subsidies since they could not afford housing prices, neither the access to credits nor their saving capacity. The target population ended up being excluded and entering the market of illegal settlements. During the last decade it was estimated that the urban growth of main cities in Colombia was between 30 and 50% in the illegal market (Chiappe 1999). In order to overcome this situation and in an effort of better target the poorest of the poor, the government re-addressed the subsidy system by creating the program of Housing Improvement. The program was created to improve the existing living environment of the most precarious settlements in terms of infrastructure, risk mitigation and housing minimum technical standards. The idea was to bring a substantial impact in the overall living conditions of the settlement. Nonetheless, the subsidy system for the acquisition of housing continued functioning for the less poor families for whom it could still suit.

On the other hand, the state continued reforming the system in order to overcome the bottlenecks that constituted the lack of urbanised land for the supply of LIH. In the case of Bogotá the rapid urbanization brought a substantial increment in land prices along with processes of land incorporation into the urban perimeter, building licences expedition and related costs (Chiappe 1999). As a result, the government designed in 1995 a policy for urban
land, supported with the expedition of the so-called “Law of Territorial Development”. The law states three enabling instruments for the cities to acquire and legalize land and make it available for further growth, specially for LIH projects: the first instrument is the definition of each city’s Master Plan as a compulsory task for every municipality, in order to define the areas for the future construction of LIH projects and provision of basic services. The second instrument is municipality’s participation in the system of added-value generated by the incorporation of new urbanisable land into the urban perimeter, authorization to increase density and execution of public works that could generate betterment. The third instrument is the right to expropriate private land under the concept of public utility in which LIH is included.

Later on in 1998, the expedition of an agreement in the City Council of Bogotá introduced a new definition or category in the concept of LIH, the so-called Low income-priority housing that established a lower ceiling for housing prices up to 70 minimum wages (Metrovivienda 2002). All this reforms were brought to encourage and facilitate the formal provision of LIH in order to offer affordable prices for the poorest. Despite all this efforts, the housing deficits are still significant; for the case of Bogotá, the deficit reached 592.093 units in 2003, and according with its Master Plan, Bogotá has to offer 360.000 till 2010 to accommodate 1.800.000 new comers (Metrovivienda 2004).

The present housing program from the municipality of Bogotá is comprised of six policies to address in a comprehensive and integral way the housing deficits, both qualitative and quantitative. “The policy for new housing” has the general aim to build housing projects to accommodate the future population growth (mainly under the new category of LIH). “The policy for the vulnerable population” is meant to solve the housing problem for those located in risk prone areas without possibilities of mitigation, as well as for the population that were evicted from the rural areas as a result of the internal conflict. “The policy of settlement improvement” is meant to original illegal settlements with the purpose of improving the physical environment and the provision of basic infrastructure. “The policy of urban renewal” aims to promote the massive supply of land in urban areas subject to renovation, for residential purposes. “The policy of legalization of plots and expedition of titles” is to clarify the legal situation of settlements and include them into the cadastral system. And finally, “the policy of prevention and control of illegal urbanization” by offering a competitive and affordable formal alternative and reforming restricting urban norms to better compete with the informal developers.

3.1.2 Metrovivienda Background

Metrovivienda (MV) is the public enterprise that the municipality has created in order to put into action “the policy of new housing”. It works under the set of strategies that the policy has designed to its accomplishment and is expected to bring an impact for the vulnerable population, direct and indirect employment creation in the building sector and fighting the illegal way of urbanization while contributing with the comprehensive urban growth. The policy for new housing is meant to target mostly informal and independent workers and seeks to address resources for the construction of low income-priority housing. Amongst practices in the informal sector MV is meant to fight illegal developers that have brought negative effects to the city. Apart from the creation of temporal employment in the building industry and the revitalization of the localities in which projects are located, the scheme does not include a wide policy for employment creation for the informal and independent workers for which the project is meant.

MV started in 1999 with the main objective to contribute to the comprehensive urban expansion of Bogotá in a context of great demographic pressure. It constitutes a bank of rustic land acquired under the instrument of “public utility” or expropriation created by the “Law of
Territorial Development”, to further conform globes of land. The row land is urbanised and provided with infrastructure networks to conform urbanized blocks. The package of serviced land is sold to private constructors who further build and commercialise the houses. The main objective of this specialization of tasks between the private and the public is to minimise costs that will result into affordable units for LIH clients. The big scale, in which the scheme of land production works, is to facilitate the supply side the acquisition of land and to cope with the unsatisfied demand. The public enterprise in the local level is financed with local resources, product of the selling of part of the equities of the electric system of the city to private operators.

MV stated objectives are:

- To promote the massive supply of urban land to facilitate the execution of integral projects of LIH.
- To develop the functions concerning banks of land regarding the properties particularly designated to urban projects that foresee LIH provision.
- To promote the organization capacity of low income families to facilitate their access of land designated to LIH.

MV does not sell or build houses; its contact with the final recipient is indirect. But it does facilitate the financial schemes, the organising capacity of the community and all the support for families in general. The families have to enter into a program of saving bank accounts, in order to be eligible for the subsidy as well as for the credit. In general the requisites to be able to buy a house in a MV neighbourhood are:

- None of the family members may have a house
- The household income may be less than four minimum wages.

After having been eligible to apply for a house, families have to complete the amount for the first payment by opening a programmed savings bank account. They have to save 10% of the total value in special financial institutions that have been created to study the saving capacity of families for further provision of credits. The achievement of the 10% in the saving account is the first requisite to apply for the subsidy. Then families apply for the subsidies, having the same requisites as mentioned to buy the house, but additionally, the family can not have been allocated a subsidy before. The remaining amount is subject to credits.

In the adjudication of subsidies, there are some cases that have priority as well as some situations in which the family can gain more points to be eligible: cases that have the first priority are single mother headed families, older than 65 or disabled; bigger household sizes and lowest socio-economic strata families, with less than two minimum wages. Circumstances in which families get more points for eligibility are the number of times the family has applied, families applying for the smallest and cheapest houses, the longest periods of savings time and the biggest amount of savings. In that respect the scheme targets the subsidy to the less favoured and more urged, while stimulating families that have saved in a regular basis, to encourage their effort and minimize the amounts of subsidies and credits.

MV started a careful selection of possible location of its projects that took into account factors like land prices, urban restrictions and normative, costs of urbanization, pressure from the side of the illegal urbanization and the future benefits for the sector. The projects were allocated after a national contest with private constructors and ended up being built in the peripheral areas.

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8 Metrovivienda web site www.metrovivienda.gov.co
6 Metrovivienda web site www.metrovivienda.gov.co
of Bogotá where the shortage of housing, infrastructure, open and public space was more critical. The localities chosen for the projects were also the most affected by the illegal urbanization and low quality of built environment. After the selection process, the first project started to be idealized in the locality of Bosa and a contest took place amongst architectural firms to select the most suitable urban lay out.

3.1.3 Ciudadela El Recreo

Ciudadela El Recreo (CR) is the first project implemented under the scheme of MV. It is located in the periphery of Bogotá in the south-west side (See Pictures 1 and 2). The area was chosen for having potential land for expansion, good results in the financial evaluation, and great benefits for the community and high potential for illegal developments. Bosa has been characterised by the predominance of informal activities and illegal settlements, which have been resulted into deficient infrastructure systems and low quality of life for its residents. It has a population of approximately 440,000 inhabitants, mainly belonging to the lowest socio-economic strata in the city. With the introduction of MV, the area has become the subject to various kinds of interventions that go hand to hand with the construction of CR. New transport infrastructure, public space, rehabilitation of environmental protected areas, schools, hospitals, etc. to support the development of CR, which has also benefitted the locality as a whole. The locality is also subject of two more projects of MV that are currently under construction. Bosa has become a pole for development to accommodate the future growth of the city and its housing deficits. Therefore, a great amount of investments at the city level have been done to incorporate the locality into the urban fabric which previously was completely isolated from the rest of the city.

![Picture No. 1](BOGOTÁ)

![Picture No. 2](BOSA)

![Picture No. 3](EL RECREO)

Source Metrovivienda 2002 “Ciudadela El Recreo: Memoria del modelo de gestión de Metrovivienda”
The project has 115.8 hectares, with 48.37 dedicated to the construction of 12,000 housing units and communal buildings (schools, commercial and institutional buildings). And the remaining area is dedicated to open public space and the motorised and pedestrian network, as well as the area for reserve and protection of the river Bogotá. The urban design specifies a double road network composed by pedestrian and cycle paths and secondary roads that connect the settlement with the main network of the city. A system of open and green public space that crosses the settlement till the point where it reaches the river. Along the main avenues, plots are dedicated to accommodate commercial buildings and multi storey residential buildings that are meant to housing low-middle income families in an effort to create a mixed socio-economic community. In the interior of the globes of 1 hectare big, the two and tree floors houses are located. These globes can be grouped into 2, 3, 4 or 6 globes to conform the so-called super globes, according to the design of each constructor. Every four globes a central space is dedicated to allocate schools, community centres and other communal services. (See annex II)

By the end of 2000 the first globes of urbanised land were sold to private constructors who started building the houses that were occupied in the first time in 2001. Nine private constructors have been involved and have provided for different lay outs in each globe and different house designs, respecting the general normative established by MV in terms of building ratios, plot sizes and technical standards. Almost 80% of the total amount of houses is built under the concept of low income-priority housing. Houses are delivered as basic units for further enlargements from the side of the families, starting in a range of 37 m² and 46 m². Currently 5482 units have been delivered out of 7079 already built.

One of the requisites in the selection of projects was that the physical solution had to take into account the possible spontaneous appearance of commercial zones out side the commercial corridor located in the main road from north to south, were the public square is located (See Picture 3). MV scheme recognizes the likeliness of informal commerce both inside houses as well as in public and crowded spaces. Although the category of land use is residential, they acknowledge the fact that in low income settlements people make use of this kind of dynamics and they recognize it as a habit that should be taken into account in the urban design of CR. The aim is to foresee and regulate this dynamics rather than to control or stop them (Metrovivienda 2002). The final design addresses this issue by the creation of physical barriers and strategies with the aim to try to order the appearance of commerce in the most transited pedestrian roads complementing the planned commercial corridor. In this respect the project does recognise the possible appearance of HBEs but at the same time it pretends to regulate this spontaneous dynamic without understanding the complexity of its rationale. Moreover when making the step from the urbanism to the private, individual housing solution, this attempt to foresee and somehow regulate informal commerce zones is diluted since the different housing designs do not respond to the characteristics for location of commerce that the urban lay out meant. Housing designs do not differ or adapt to the foreseen commerce stipulated in the urbanism; houses located in the predefined commercial sides do not differ from those which are not meant to have commerce, according to the plan.

3.2 Profile of the sample

After having described the specific conditions of the settlement and before explaining the analysis it is important to give to the reader a clear picture of the profile of the sample, the
heterogeneous combination of different conditions like type of houses, kind of activities and years of occupation (as meant in the selection criteria). A brief comparison with families’ previous conditions in informal settlements contributes also to depict the kind of population and specific characteristics that will be tackled in the analysis. The aim of this section is also to serve as background information to understand the way in which the analysis is undertaken. In that respect the content of the questionnaire, as the main tool for data collection, as well as the rationale of its design could give to the reader a clearer understanding of the kind of information that was collected in the field work and which is the subject of the qualitative analysis (See annex V).

The Questionnaire design

Parallel the selection of families, the questionnaire was designed according to the literature review, the objectives of the study and the research questions. Regarding the literature review, the HBEs rationale describes the reasons why poor communities engage in income generating activities at home. It claims the positive effects that such practices bring to families, but also the possible negative externalities that can be encountered. These aspects are enumerated in the literature, but as the aim of the study was to get an understanding from resident’s experiences, none of these possible aspects were suggested in the questionnaire. However, the interviewer was trained to put especial attention when these issues came out in the interview that was conducted in an informal way as a face to face conversation with the family member engaged in the activity, to the possible extent.

From the side of the objectives, the first one regarded the understanding of the importance of income generating activities (IGAs) for the residents. To fulfil this objective, questions were asked in terms of why families decided to introduce IGAs at home and what their main reasons were and whether or not they really did need them. Some indication about the share in the household income from the side of IGAs was useful to understand this importance. In this respect, questions avoided to the possible extent to inquire about incomes since the likeliness that the data are precise is very low. Nevertheless, when interviewees were willing to answer, these data were used as an approximation for estimate income generated by the HBE. The second objective was the understanding of the links between the design and size of the house and the realisation of the IGA. In this case, the residents were asked to describe how the activity took place in the space, what changes had been made to accommodate the activity and their assessment of the space for the activity. But it was also to discover the extent to which spatial conditions constituted an obstacle, and if so, how families had managed to overcome it. In the issue of space, the observation, sketches and pictures from the side of the interviewer were also important tools to transmit the spatial conditions and the coexistence of the working and living activities. The third objective was to find the challenges that residents had encountered to realise IGAs at home. In general residents were asked to mention the difficulties of all kinds that they had experienced when performing HBEs. As explained above, none of the suggested difficulties mentioned in the literature were put in the questions. People’s perception was the main target of the questionnaire.

Finally, from the side of the research question. To what extent does the housing solution enables income generating activities for the residents of CR, MV?, it was discovered from the literature review that not only the built environment or the project itself does constitute the enabling atmosphere to realise HBEs. It was demonstrated that the specific conditions of the project is one of the aspects to be assessed in the possibilities for IGA; in this respect plot and houses sizes, project normative, zoning etc, were to be analysed. The second aspect is the specific conditions of residents, thus their capacity and willingness, their acceptance and needs
in the neighbourhood was also introduced in the questionnaire in order to assess the extent to which the housing solution enables IGAs for the residents in a much broader and comprehensive vision of the project as a whole. Finally, to assess the likeliness of CR as an enabler for IGAs, a comparison with previous experiences of HBEs in informal settlements was slightly done, again from the experience of residents and without engaging in an exhaustive analysis of HBEs in informal settlements as this was not in the scope of the study. However, the residents may have a perception of such practices in their previous settlement, which could be useful to compare with CR.

The questionnaire had the same content for the two main groups: families having HBEs and families not having HBEs. It was laid out in six sections regarding the main issues in the HBEs rationale:

- The first section comprises the general information about the household and the identification of the house in the settlement and different designs.
- The second section aims to identify the conditions of the previous dwelling that in most of the cases had an illegal origin, as well as the family’s previous experience with HBEs before arriving to CR.
- The third section touched the core of HBEs literature, the main reasons that led families to have HBEs, the persons involved and time dedication; the positive and negative effects for the family, the main difficulties encountered in the realisation of HBEs and finally the importance in terms of family’s livelihoods and HBEs. This section was the only one that differed for the “not havings” and it was addressed to find the reasons for not having HBEs.
- Next, the fourth section was directly related with the use of space for the HBE and description of the activity and its spatial relation with the domestic sphere.
- Finally, the fifth section was meant to discover the effects that HBEs brought to the neighbourhood as well as acceptance of such practices and the tolerance of certain activities. (See annex III)

**The Profile**

Having the questionnaire designed, it was tested with two residents and discussed with the interviewer. The interviewer managed to find 23 family members that were willing to cooperate with the information. The permanent contact with the interviewer, the discussion about the obstacle encountered in the way and his commitment and dedication with the field work were the crucial aspects to the success of the data collection. The interviews were done in a period of two weeks and a total of three weeks regarding the walking through the neighbourhood, the process of identification of families and the testing of the questionnaire. Families are divided into two main groups: families having IGAs, and families not having IGA. For the first group 15 families were chosen and the rest 8 for the second group. The group of the “havings” doubled the number of the “not havings”; the reason being that the main objective was to have information about the performance of IGAs, its effects and main difficulties. The “not havings” could not give very much input about this experience, however, their opinion was important about the acceptance of such practices in the neighbourhood as well as the reasons why they did not engage in any IGA to discover and address the possible constrains.

It is not the purpose of such separation of groups, to compare whose housing or income condition is better, and to attribute this situation to the existence of an IGA. A much more rigorous income and employment analysis would be needed to formulate such statement and hypothesis.\(^9\) It is only to get to understand the experience of the residents in terms of the

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\(^9\) More over, this hypothesis was stated prior the field work undertaken by the CARDO, and was already tested in the settlements, not encountering better or worse living conditions in the two groups. Only showing that where ever present, HBEs represented a very important component in family’s livelihoods.
reasons for having and not having IGAs, to identify the difficulties they have encountered and the level of acceptance and importance of IGAs in the neighbourhood. Moreover, the heterogeneity of the sample in terms of relations between the different aspects like kind of activity, size of houses, household sizes, previous experiences, family income and time of occupation, do not show any possible pattern, different from the complexity of the phenomenon and the acknowledgement that HBEs are just one of the alternatives that the poor find to overcome poverty, as discussed in the literature review. This heterogeneity is the evidence of this complexity as well as the innovative and creative ways families develop to accommodate these activities, regardless of possible groups of categories one could be tempted to fit in the cases and possible relations between them. Having this in mind, the purpose of this section is to give the reader a clear picture of the different aspects that will enlighten further the analysis and to describe the profile of the families.

Following the selection criteria to continue describing the sample, different kind of activities were found in the sample, the most common being the shop selling for basic needs like miscellaneous, groceries, etc. Some activities providing services like beauty saloons, tailoring and reparations. Production activities like glass factories and food preparation and only one social related service of child care. Different levels of consolidation and specialization of activities were found in all house sizes, all the activities and occupation of space having a permanent accommodation and furniture as well as a dedicated space with in the house, especially in the first floor and in the social area. The maturity of businesses was one of the factors to be analysed in the selection criteria, taking into account the time of occupancy. However, when inquiring about the number of years engaged in the HBE, the oldest activity was found starting in April 2003 and the newest in July 2005. Activities starting at the beginning of the occupation of the neighbourhood in 2001 were not possible to interview.

Although the data concerning household income and income generated by the business are not likely to be very precise, it was found that in half of the families having IGAs, the income generated by the activity constituted 100% of the total family income. In the remaining half, the IGA provided for 50% of the family income, especially when one of the parents was unemployed.

The type of houses is also very heterogeneous; seven different settlements were visited and houses sizes ranged from 36.76 m² to 80.18 m². The space dedicated to the IGA range between 8 and 22 m² encountering different business sizes in different type of houses. In most of the cases, enlargements and improvements of the basic unit were done by the family and according to the plan both in the group of “havings” and “not havings”.

Household sizes ranged from 2 members to 6, being the most common 3, 4 and 5 family members distributed heterogeneously in the different type of houses. Regarding household composition, different kinds of families where interviewed; single mother headed households, couples with and without children are present in the sample.

When comparing with house sizes they use to have in their previous dwelling, residents came from the lowest socio-economic strata localities in the city, both from legal and illegal settlements. The majority had more square meters and bigger plot sizes; however it is important to mention that although having more living space, families where very often tenants in a single

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9 More over, this hypothesis was stated prior the field work undertaken by the CARDO, and was already tested in the settlements, not encountering better or worse living conditions in the two groups. Only showing that where ever present, HBEs represented a very important component in family’s livelihoods.
room or shared house. This was the reason for which most of them could not have any IGA at home before.

4. Home Based Enterprises in Ciudadela El Recreo

The extent to which the housing solution enables income generating activities for the residents of Ciudadela El Recreo could be found in various facets. Regarding the specific physical characteristics of CR, the enabler role is meant in terms of housing designs, building regulations of the settlement, infrastructure, etc. The space is indeed one of the most important dimensions in the HBEs rationale. It constitutes the crucial element that should facilitate and conciliate the physical relation between the living and the working spheres. However, as claimed in the literature, the enabling environment is not solely constituted by the physical characteristics of the neighbourhood. There is a need to understand the characteristics and specific needs from the side of the residents. Their specific situation, the different kind of families and different kind of activities with which they engage, also influence the likeliness of a given settlement to allow for IGAs.

Therefore, it is important to understand the relevance for such activities by analysing from the literature of the HBEs rationale, the different aspects that lead families to engage with HBEs. After having clarified this aspect in the specific case of this sample the enabler environment of CR becomes clear, taking into account first, the specific conditions of the residents named their capacity, willingness and reasons for having HBE. Second, the specific conditions of CR, the built environment and overall scheme of CR under MV structure; and finally, a comparison with the previous experiences residents had with HBEs in other informal settlements to better assess the performance of CR in this respect and to understand the implications of each scenario in terms of performance of HBEs. There might be also other economic implications concerning the issue of formality and informality when families perform an activity that used to be a dynamic of the informal economy, but know in a formal physical and economic scheme.

4.1 HBEs meet the residents’ needs

The first argumentation from the information collected in the sample is the real relevance and importance of HBEs. The literature points out some positive effects and reasons way people engage in HBEs. These statements will support the circumstances in which HBEs are crucial
for the development of the family, taking into account the fact that they constitute a choice that families make according to their specific needs and preferences but not the solution that everyone opts for. The sample showed that there were specific cases in which families chose HBEs as an alternative and its impact was very representative in various aspects of family’s daily lives. But it also depicted situations in which families did not agree with such practices, and chose another alternative to generate their income.

Two big groups can be recognized for which HBEs exert an important effect in their specific situation which can be compared with the ones who could not realise HBEs for several reasons:

For the unemployed

As expected from the literature in the positive effects of HBEs being a source for job creation, unemployment was found to be one of the most important reasons for having HBEs. Although the literature also claims that these practices are not the unique solution for those facing unemployment, the sample showed that in that circumstance, the existence of HBEs brought a great impact in the families. Moreover, the families not having any HBE, assured that it was not needed or that they had never thought about having any since they were employed. Similarly, when asking about their previous experience before coming to CR, families affirmed that they did not have HBEs in their previous house, either because they had a business any where else and/or because they had a job. The overall situation of unemployment, absence of job opportunities in the formal economy and great amount of new comers in the city, seems to be reflected in the appearance of more and more alternatives from the side of the less favoured and unemployed, which have to use their own skills and assets to generate income.

The HBE is the sole source of income for half of the families on the sample of the “havings”.

In these cases family heads ensured that they chose to have income generating activities in their houses due to the fact that they could not find any job and the alternative of establishing HBEs was found to be the most suitable for various reasons: in the absence of job opportunities, the unemployed make use of their own skills and of their most important asset, the house, to perform it and convert it in the source of income for the family. It is interesting to find that is in this group where the most sophisticated HBEs were encountered. Activities of production, reparation, beauty saloons and the most developed shops are especially run by families who dedicate all their time and resources in the HBE; but also when these activities constitute all the family income and almost all members are engaged.

<table>
<thead>
<tr>
<th>No. Int.</th>
<th>Settlement</th>
<th>house/m2</th>
<th>Household size</th>
<th>Type of activities</th>
<th>Family income (a)*</th>
<th>HBE income (b)*</th>
<th>Rel. (a) and (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Kasay de los Venados</td>
<td>36.76</td>
<td>2</td>
<td>shop</td>
<td>$400,000.00</td>
<td>$400,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>08</td>
<td>Kasay de los Venados</td>
<td>36.76</td>
<td>2</td>
<td>Miscellaneous</td>
<td>$500,000.00</td>
<td>$500,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>21</td>
<td>Recreo de los Ángeles</td>
<td>37.52</td>
<td>4</td>
<td>hardware shop/glass factory</td>
<td>$800,000.00</td>
<td>$800,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>12</td>
<td>Kasay 1</td>
<td>60</td>
<td>5</td>
<td>Miscellaneous</td>
<td>$1,000,000.00</td>
<td>$1,000,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>23</td>
<td>Quinta del Recreo</td>
<td>53.8</td>
<td>3</td>
<td>bakery</td>
<td>$400,000.00</td>
<td>$400,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>05</td>
<td>Renacer</td>
<td>72</td>
<td>4</td>
<td>hardware shop/beauty salon</td>
<td>$230,000.00</td>
<td>$230,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>15</td>
<td>Casa Grande</td>
<td>80.18</td>
<td>4</td>
<td>bakery</td>
<td>$600,000.00</td>
<td>$600,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>16</td>
<td>Casa Grande</td>
<td>80.18</td>
<td>4</td>
<td>shop</td>
<td>$1,000,000.00</td>
<td>$600,000.00</td>
<td>60%</td>
</tr>
<tr>
<td>22</td>
<td>Alameda Sta Mónica</td>
<td>52.45</td>
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<td>shop</td>
<td>$800,000.00</td>
<td>$400,000.00</td>
<td>50%</td>
</tr>
<tr>
<td>03</td>
<td>Renacer</td>
<td>72</td>
<td>4</td>
<td>shop</td>
<td>$800,000.00</td>
<td>$400,000.00</td>
<td>50%</td>
</tr>
<tr>
<td>17</td>
<td>Casa Grande</td>
<td>80.18</td>
<td>5</td>
<td>shop</td>
<td>$800,000.00</td>
<td>$400,000.00</td>
<td>50%</td>
</tr>
<tr>
<td>18</td>
<td>Casa Grande</td>
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<td>5</td>
<td>shop</td>
<td>$700,000.00</td>
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<td>11</td>
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<td>5</td>
<td>Beauty salon</td>
<td>NA</td>
<td>$300,000.00</td>
<td></td>
</tr>
</tbody>
</table>

Different levels of income were encountered in this group ranging from less than one to three minimum wages. See table 1.

Different levels of income were encountered in this group ranging from less than one to three minimum wages. See Table 1.
The case of interview No. 05, a couple with two children introduced two businesses in their house: a hardware shop and selling of domestic tools, run by the husband who assured that he wanted to developed his acquired skills as an alternative for income generation; while his wife run a beauty saloon aside the workshop. Although their total income is the lowest of the whole sample (less than one minimum wage), they recognize that “all the income comes from the activities they do at home and that with out them, they could not survive”. Other cases are encountered when families facing unemployment have more than one activity in their houses, being the main characteristic that both parents participate in the business and dedicate the whole day in running it.

Another circumstance in which HBEs were the most suitable alternative to overcome unemployment was the case of single mothers. Two cases were encountered in this group of single mothers depending 100% on the HBE and they both assured that they need to stay at home because they can not find someone who takes care of their children. They also emphasised the fact that without the HBE they could not survive or they would be forced to look for another job, which would be not possible since they had to look after their children. Not because of their acquired skills or previous experience, but for the fact that they could not find a job that suited their schedule and necessities of being at home, they decided to introduce a business. In these cases businesses were less sophisticated, that in the previous cases having the two parents engaged, but were mostly selling shops. The fact that this households were just two member big, although living in the smallest houses of the neighbourhood, could allow also to establish a HBE with less complications that those having a complete family household size.

For women

The second big group, in which HBEs were found to generate a great impact, was the wives who had to complement their husband’s income while coping with household chores. This situation was found in the remaining second half of the group of “havings”, were the husband was employed. Nevertheless, the income generated by women at home was more than a complement of their husband’s but half of the total income in most of the cases. Women’s contribution to the household income was mentioned to cope with important expenses like education for children, monthly payments of utility services and urgent daily needs like medicines, groceries, etc. The unregistered character of women’s home work is claimed in the literature (Tomei 200) when stating that their work is regarded as an extension of their home chores and therefore underestimated. Surprisingly, in the sample of CR, HBEs run by women were well recognized as well as their important contribution for family incomes. The fact that they could better manage their time and run at the same time the home chores, did not mean that the HBE was not regarded as an income generating activity. On the contrary, they affirmed that they would have great difficulties to survive without the activity.

However, in cases where the contribution was less than 20% of the total income, women assured that their income was vital for their own necessities, since they wanted to be somehow independent from their husbands. One of them affirmed that although the income produced by her tailor workshop was very little, she wanted to contribute with the family’s expenses and not to wait till the end of the month when her husband would come with the money. She recognized that without the activity, she would not have her own resources any more and would become totally dependent from her husband. (Interview No. 07) In this case only 9% of the total household income was produced for the HBE run by this woman. Nevertheless it seemed to represent an important source for the most immediate and daily household expenses as well as for her feeling of autonomy in contributing with some needs while counting on her own money. Only one case was found of a woman who had physical constrains to perform a job; she
took care of a neighbour’s daughter while selling home made ice creams. Her contribution in the total family’s income was 20% and her only possibility of performing any job was by staying at home due to her illness (Int. No. 01)

On the other hand, the majority of the cases businesses run by wives contribute with half of the total household income. For these women the most important reason for contributing with the family income using the alternative of HBEs is widely agreed, to be at home. In their perspective, the fact of being able to stay at home while generating income was seen as a huge benefit as they recognize the possibility of taking care of children as a priority. The literature did suggest that in some cases women could feel isolated from the rest of the working labour when having to stay at home. Instead, women of the sample felt pleased to have found such an alternative; moreover they regarded their HBE as a possibility to interact and meet with their neighbours. The interviewer also observed in this respect that people running HBEs where found the most popular and recognized members of the community, and their houses, as a point of reference for the neighbourhood.

The literature identifies cases of women home workers that were prone to exploitation from the side of their employees, but in the case of Ciudadela El Recreo (CR) women working at home represented the chosen alternative, with the main reason being the possibility to look after their children. This fact is also pointed out in the literature, especially in developing countries where children care schemes are not set in the social care system, becoming very expensive for poor families to otherwise have to pay for child care services.

Although the main reason for which families engage in HBEs is the generation of income, there are different implications and characteristics that go beyond the extra money they get. There are other alternatives to generate income, but the HBEs rationale confronted in the field shows what are the circumstances in which the presence of HBEs makes a difference. Not only the generation of income itself, but the way this dynamic fit in a given situation and with different levels of impacts.

**For the “not-havings”**

In the criteria selection for the sample, some examples from families not having any HBE were picked up with the purpose of having their opinion about the relevance such practices as well as the main constrains and reasons they recognized for not having these activities at home. Surprisingly, it was found that the reasons encounter in the group of the “havings” were the contradictory constrains for those not having HBEs. In the two groups identifies above, HBEs was the source of income for the unemployed, meaning that the business at home constituted the alternative they chose to have income. Conversely in the case of the not-havings, they recognized the lack of economic resources as an obstacle to initiate a business and invest in it. Economic resources are therefore one of the most important reasons for engaging in a HBE, but are also the requisite without which the business could not start. In most cases families starting a HBE had before the same business, therefore the furniture, tools and other elements to install the business. They accounted also with their skills or some kind of previous assets with which to start the business. In the case of the not havings, most of them assured that they had never engaged in commerce activities, or simply never had liked to install a business inside their homes.

Similarly in the case of the importance for the unemployed, people not having HBE also pointed out as a reason for this the fact that both parents had a job and did not want to spend time in a business. The importance for women to be able to generate income to be at home was also pointed out for the not havings when they were asked that if in the case constrains of resources and time were to be solved, they would like to have a HBE; they answered that they would like
to, since one of the family members could stay at home and take care of the children and increase the earnings for the family, improving their living conditions. For the majority of the cases in this group, the desire of having HBEs was expressed if they could overcome some of the obstacles as the lack of resources, time and space, while recognising the advantages of working at home.

4.2 Squeezing families’ resources

The most important characteristic that make HBEs suitable between the poor, is the flexibility that allows them to maximise their scarce resources named time, money and space. The issue of flexibility is also named in the description of basic characteristics of HBEs and it refers to the way all kind of resources can be interchanged in a simultaneous way between the spheres of living and working. Other resources are mentioned as labour, furniture and goods.

**Flexibility of time**

Perhaps one of the most representative impacts in the maximisation of time is the one produced for women. It has been clarified how housewives can make use of their time in a flexible way when engaging in two activities, working and taking care of the household, in the same space and in the same period of time. In the sample represented by women, they mentioned among the most important reasons for having HBEs the possibility to work at home while performing the house chores. However, when men where engaged in the home business, they expressed their needs in terms of time in a different way. Most of them, performing their own skills and engaged in activities of production assured that they wanted to be independent to better manage their time.

But also men recognize the possibility to stay at home as an advantage. The case of interview No. 16 is a young man whose wife has an external employment. He decided to install a mini-supermarket and run it but himself with the help of his wife during weekends. He seems to be glad with the fact that now he can be independent, he is able to generate income without having to leave home and saving time and money in the public transport. He also recognises the importance of being close to his children while having his own business at home.

One could be tempted to conclude that by having their own business, the poor can better manage their time; not having to cope with pre established working schedules and having absolute control of their time. Indeed with the maximisation of time they can accommodate their activities in a daily and informal routine, but in some cases it was encountered that in order to survive and make enough earnings out of the home business, the income generating activity may end up consuming a greater portion of time, than if people were subject of a formal working schedule. It seems that in the blurring of the living and the working time, living conditions can also be affected. It was surprising to find how families also regarded the HBE as a very time demanding to the point to assure, like in interview No. 17 “…one becomes a slave of the business”. This case was a housewife running a selling shop who assured that for the business to be successful and to cope with the competition, the shop has to be opened all the time… otherwise clients go to another shop or goods get spoiled. She assured that even on Sundays she could not rest. Among the disadvantages of running HBEs, another woman expressed that by having to take care of her neighbour’s daughter, the time she could spend with
her own children was less; at the same time, she regarded the HBE as demanding all her sacrifice. Similarly, a woman running a miscellaneous shop with her two daughters assured that the family could not enjoy of their spare time together since every time and every day the business had to be attended by one of the members.

Comparing with the group of the not havings, some of them pointed out as a reason for not having HBEs the fact that the businesses require all the time and family members become dependent of it, dedicating all their time to costumers. The case of interview No. 20 the family decided to rent a local in a commercial area while explaining “if the business is at home, costumers see the business closed and start knocking the door, and they don’t leave time for one’s own time, whereas here (in the local) I close and leave the business and nothing happens”. Unfortunately not all families can afford to rent a separate local to have an income generating activity and therefore, have to sacrifice their privacy and time. But this testimony is to show that the assumption that with a HBE families are totally independent to manage their time, is therefore not true for all the cases, rather it can constitute also the total dependence and dedication of time.

In some cases HBEs can be a choice for those who prefer to work independently and manage their time by themselves. But for others the business may become an obstacle to make a differentiation between their spare, private time and working time. In the last case, the business is more than a choice to apply their own skills in an independent way or to run their own business, but the obligated source of income that compromise the time and sacrifice of family members.

The characteristics that activities in the informal economy pose, regarding the lack of working regulations, possible exploitation of workers, absences of labour rights, etc. show that as the most viable economic alternative for the poor, working in a set of informal income generating activities can be the most suitable choice, but not necessarily the most adequate in terms of living conditions and well being for the poor. The fact that they make more efficient use of all their available resources can lead, as in the case of time, to the saturation and over utilisation of such assets.

**Flexibility of money and goods**

By having an income generating activity at home, families have available cash to cope with the immediate expenses of the household. It has been exposed the way in which the income generated by the HBE can constitute the whole family income for some families, whereas for others is a complement of one of the member’s salary. For some families this income was the source for very important expenses as the monthly payment for the housing credit; for others this income represented the additional amount of money to cope with daily expenses.

The literature claims that this income flexibility allows for housing improvements (Kellett 2003). In the case of this study, there is not a straight forward co-relation between having HBEs and making improvements or enlargements to the house. Enlargements were found also in the group of the “non havings” and those practices depended on many other factors that will be analysed in the next section.

Apart from the available income and the flexibility with which this is used to cope with different expenses, it was more interesting to find how other kind of goods and resources were used in a flexible way between the living and the working spheres. In the first place, labour as one of the principal assets that the poor have in their account according to the concept of “The Asset Vulnerability”, is perhaps one of the most flexible resource which families use in an informal way. In many cases it was found that the children participated in the business,
specially the selling shops. As the business allowed accommodating their time, every one in the family had to put their available time, being after school or during the weekend to contribute with their labour. When describing his previous experience with HBEs in his last dwelling, a father recognized as an advantage of having HBEs that “the children got used to collaborate” (Int. No. 03) It also demonstrates that for the business to be successful, families regard the HBE as an activity for which they have to take advantage of all their available resources and in which all members have to participate.

Regarding the flexibility of goods, another interesting dynamic was found in one family who assured that by having a selling shop, groceries and goods were more affordable even for the family and that they also made use of the selling products to feed the family. This possibility was only mentioned in one case, but it caught the attention for the analysis in the sense that it is very likely that the family makes use of the product, service and/or goods they offer in the business. This is just another justification to support the statement that claims the blurriness of working and living spheres when having HBEs and the way it can be the case of money, time, labour, all kind of resources, and space (which is the subject of the next section). The activity seems to become completely merged in the daily routines, schedules and practices of all members in the family as expected from the literature in the description of HBEs (Kellett and Smith 2000).

Although families do not point out directly the effects of this blurriness, one can pick up from their narratives that in some cases the flexibility or maximisation of resources may represent an advantage that they have learnt to exploit and that seem to fit very well the specific needs and circumstances of each family. But one can also recognize the disadvantages when the flexible use of such resources end up being a representative sacrifice in families’ time, labour and effort. Whether the poor face vulnerability by making effective way of their assets and resources is a statement that does not consider the consequences of the dynamics they use, that may end up putting them in other kinds of vulnerable situations. The sustainability of such practices to overcome poverty is therefore an important discussion to put forward as a recommendation.

4.3 The Working and the Living space

The space is one of the most fundamental dimensions in the performance of HBEs. The concepts of flexibility and maximisation are crucial when families struggle to accommodate any kind of income generating activity in their living space. In the case of CR the space with which families count on can be analysed by taking into account various aspects. Seven different designs and house sizes were included in the sample with all the possible activities in combination. Perhaps the most important finding in the issue of space was that regardless the area of the house, families managed to accommodate whatever kind of activity. In general all the houses were two floors big, what in all the cases allowed at least for a vertical separation between the living and the working activities.

The heterogeneity of the sample in terms of being able to show all kind of possible combinations in terms of house area, household size and kind of activity contributes to the richness of the description and analysis of situations encountered. Apparently there is not a trend that could be concluded, different from the acknowledgment that every family has specific needs and preferences and this fact is reflected when observing the different area occupied by each activity and its impact on the net living area per person. As different household sizes are accommodated in all house sizes, each one having different kind and size of activities, the result in the level of crowd for each household does not serve as an assessment for each of the house types. (See Table 2). Therefore in this analysis, the most appropriate approach is to look at some
specific and interesting cases that could illustrate how families overcome the lack of space and which alternatives they use to accommodate the living and the working areas.

Table 2: Effects of HBEs used space in the net floor area per person. Data collected in the field by Javier Rodríguez Ciudadela El Recreo, Bogotá, July 2005

<table>
<thead>
<tr>
<th>Int. No.</th>
<th>Settlement</th>
<th>House/m²</th>
<th>Household size</th>
<th>m²/person</th>
<th>Type of activity</th>
<th>m² of HBE occupation</th>
<th>HBE occupation</th>
<th>Net m²/person</th>
</tr>
</thead>
<tbody>
<tr>
<td>07</td>
<td>Renacer</td>
<td>72</td>
<td>4</td>
<td>18.00</td>
<td>tailor</td>
<td>8.5</td>
<td>12%</td>
<td>15.84</td>
</tr>
<tr>
<td>03</td>
<td>Renacer</td>
<td>72</td>
<td>4</td>
<td>18.00</td>
<td>shop</td>
<td>9</td>
<td>13%</td>
<td>15.66</td>
</tr>
<tr>
<td>15</td>
<td>Casa Grande</td>
<td>80.18</td>
<td>4</td>
<td>20.05</td>
<td>bakery</td>
<td>20</td>
<td>25%</td>
<td>15.03</td>
</tr>
<tr>
<td>16</td>
<td>Casa Grande</td>
<td>80.18</td>
<td>4</td>
<td>20.05</td>
<td>shop</td>
<td>20</td>
<td>25%</td>
<td>15.03</td>
</tr>
<tr>
<td>05</td>
<td>Renacer</td>
<td>72</td>
<td>4</td>
<td>18.00</td>
<td>hardware store/beauty salon</td>
<td>13.7</td>
<td>19%</td>
<td>14.58</td>
</tr>
<tr>
<td>22</td>
<td>Alameda Sta. Mónica</td>
<td>52.45</td>
<td>3</td>
<td>17.48</td>
<td>shop</td>
<td>9</td>
<td>17%</td>
<td>14.51</td>
</tr>
<tr>
<td>08</td>
<td>Kasay de los Vena</td>
<td>36.76</td>
<td>2</td>
<td>18.38</td>
<td>Miscellaneous</td>
<td>8</td>
<td>22%</td>
<td>14.34</td>
</tr>
<tr>
<td>10</td>
<td>Kasay de los Vena</td>
<td>36.76</td>
<td>2</td>
<td>18.38</td>
<td>shop</td>
<td>8.5</td>
<td>23%</td>
<td>14.15</td>
</tr>
<tr>
<td>17</td>
<td>Casa Grande</td>
<td>80.18</td>
<td>5</td>
<td>16.04</td>
<td>shop</td>
<td>20</td>
<td>25%</td>
<td>12.03</td>
</tr>
<tr>
<td>18</td>
<td>Casa Grande</td>
<td>80.18</td>
<td>5</td>
<td>16.04</td>
<td>shop</td>
<td>20</td>
<td>25%</td>
<td>12.03</td>
</tr>
<tr>
<td>23</td>
<td>Quinta del Recreo</td>
<td>53.8</td>
<td>3</td>
<td>17.93</td>
<td>bakery</td>
<td>18</td>
<td>33%</td>
<td>12.02</td>
</tr>
<tr>
<td>12</td>
<td>Kasay 1</td>
<td>60</td>
<td>5</td>
<td>12.00</td>
<td>Miscellaneous</td>
<td>22.2</td>
<td>37%</td>
<td>7.56</td>
</tr>
<tr>
<td>11</td>
<td>Kasay de los Vena</td>
<td>36.76</td>
<td>5</td>
<td>7.35</td>
<td>Beauty saloon</td>
<td>10</td>
<td>27%</td>
<td>5.37</td>
</tr>
<tr>
<td>09</td>
<td>Kasay de los Vena</td>
<td>36.76</td>
<td>5</td>
<td>7.35</td>
<td>ice cream factory/child care</td>
<td>10</td>
<td>27%</td>
<td>5.37</td>
</tr>
<tr>
<td>21</td>
<td>Recreo de los Áng.</td>
<td>37.52</td>
<td>4</td>
<td>9.38</td>
<td>hardware store/glass factory</td>
<td>17.5</td>
<td>47%</td>
<td>4.97</td>
</tr>
</tbody>
</table>

The general feeling amongst families about the space is that the area is very limited and almost all of the interviewees expressed their desire to have a bigger space. Despite this widely agreed concern, limited space did not impede the realisation of HBEs. When comparing with families not having HBEs, they expressed amongst the reasons the limited space, but other circumstances appeared to be more representative than the lack of space (as discussed in the last section). However, when looking carefully at the characteristics and size of every different type of house, one can discover that the space is used in specific ways with some similar trends amongst the groups of types of houses. Therefore, the first possible category of analysis is to look at the different type of houses in terms of their spatial distribution and size:

**Casa Grande (80.18 m²)**

The biggest houses, three stories high were delivered to the families without any possibility of expansion. Due to the spatial characteristics of the house, the spatial performance of the HBE in the four cases showed very similar trends in the kind of activity they chose and the space occupied by it (See annex IV). The ground floor was in the four cases used to accommodate mini-supermarkets, miscellaneous and selling shops that were the biggest businesses in the sample. The lay out of the ground floor, without subdivisions and a separate battery for kitchen and patio, seemed to facilitate very well the performance of such activities in a relatively sufficient area. The remaining two floors where dedicated to the living activity that accommodated household sizes of 4 and 5 members.

In these cases three of the four families used to live in a bigger house and had a bigger business. They assured that when moving to CR, they had to sell some of the furniture for the business and reduce its scale from having almost cafeterias to just selling the products without the possibility of consuming them inside. About the design, a woman regarded the absence of a toilet in the ground floor as constrain to install a cafeteria. But she also recognised that the size of the local was appropriate according to the small scale of the business.
The effect of the HBE in the space for living was found to be the relocation of the social area and furniture in the first floor, which in most of the cases families complained to have their private space reduced and having to share the bedrooms. However, in the case of the biggest houses, families do not have to struggle by relocating or changing the position of furniture every morning before opening the business, neither they have to use their private space to work. In all cases the space used by the business is completely fixed and dedicated to the activity, having a permanent distribution of furniture and a vertical separation with the living space. However the interviewer observed that the spaces lacked appropriate lighting and ventilation, impeding to accomplish the appropriate hygienic conditions, for example in the case of the bakery. He also observed that the transit inside the houses was very messy and children have to enter the house through the business. Although the lay out of the ground floor allows for a totally independent business, points of access and circulation are crucial in this respect, and in this case the stair case is located in the opposite corner to the access of the house. The recommendations depicted by Ahrentzen (2000) suggested that to the possible extent, separate access for the businesses could make a great difference in the efficient use of space. In most of the cases, and due to plot sizes and restricted built areas, this possibility is not viable. But considering the size and design of these houses, the space could have been much better used and the conflicts with the living area, minimised by rethinking the location of the stair case.

*Renacer (72 m²)*

These houses were delivered only with the ground floor and the possibility to build the first floor. In these cases there were totally different kind of activities and levels of occupation. The lay out of the house allowed for the accommodation of various activities according to family’s needs. Three independent spaces and the free initial space for the future construction of the stair case was the result of a flexible accommodation of activities which in the most interesting case allowed the family for having two totally independent activities.
Interview No. 5 is the case where a couple with two children installed a hardware shop with access to the street and in a separate space, a beauty salon. This family has built part of the second floor by using a temporary wooden stair case while utilising the rest of the space for the two HBEs. The effect in the living space was found to be the absence of the social area and the dining room. But in this case the father assured “we have never had such furniture, so we do not need this space”.

In the other case, the family had a shop and could even have in the second space the social area. With the building of the first floor these houses have three rooms, which for the case of the sample in this group, all households were 4 members big and children could have their own bedroom in a vertical separation of the living space. Although having less space, none of these families complained about this concern. On the contrary they assured that “the space is adequate for the necessities and purchasing capacity in the neighbourhood”.

This is perhaps the case in which the design of the house better allows for the flexible accommodation of working and living activities as well as better maximises the limited space. It also allows for the initial accommodation of the family while building the first floor, which in the case of interview No. 5 showed that with innovative solutions, the house allowed for the symbiotic relation between the living and working spheres without minimum interference. In these cases, family members enjoyed more living area per person but the scale of the business was also smaller (See Table 2); activities were less consolidated and smallest than in the previous case. Nevertheless, the possibility of having IGAs at home was very well accomplished and fit the necessities for different kind of circumstances. The more limited space houses have, the toughest the accomplishment of a suitable design that should make effective use of the limited space and should manage to allow for an appropriate space to generate income inside the house. In the case of interview No. 05 this possibility was crucial since all the family income came from the two HBEs. But in other cases where the IGA was not that critical, this design also allowed for having separated spaces for social, private and working functions.

**Quintas del Recreo (53.8 m²) Alamedas de Santa Mónica (52.45m²) and Kasay 1 (60 m²)**

There is one intermediate category in which one case was found in each of these settlements, houses having similar sizes and distribution (See annex IV). One miscellaneous, the biggest business in the sample, one bakery and one selling shop all of them located in the ground floor with the stair case in the middle of the plot and the kitchen in the back side. For the case of the bakery, all the area of the ground floor was used with the possibility of using the kitchen for the business. The location of the stair case facilitates the separation between the cooking and baking activity from the selling one. Although the interviewer observed the absence on any social space, the interviewee did not regard this as a constrain, and one can assume that being this household three members big, the private space was big enough in the first floor with two bedrooms and a toilet.

On the other hand, the case of the miscellaneous was the most consolidated and biggest business in the sample. The family made use of the whole ground floor area even moving the kitchen and the dining room to the first floor. The family also opted to move the stair in the patio to
liberate all the free space for the business. This case is one of the most crowds of the sample, with a household of five members big. The family expressed the obstacle of the little space but they also assured that by enlarging the house in the first and second floors, they adapted to the situation. This case shows the extreme modifications in the original design even by having to put the stair case in the outdoors. The family sacrificed most of their living space but the business constituted the sole source of income for the family and generated also the biggest earnings from the sample.

Kasay de los Venados (36.76 m²) and Recreo de los Ángeles (37.52 m²)

The case of the smallest houses of the neighbourhood represented the most heterogeneous situation in which all kind of activities where found with the most creative arrangements, but also, where the biggest efforts to accommodate the HBEs were encountered. In this group family members had the smallest area per person, unless from the two cases of single mothers with one child. In these last cases, the business was very little shops in the front of the house and the private space in the first floor (See annex IV). The interviewer observed that there were very little products for selling, and that in this cases, the HBE did not bring too much interference for the family. The possibility of having any social space was not present, and this constitutes the major complaint from the families. Another family opted for a wooden subdivision in order to be able to accommodate a beauty saloon in the ground floor and to separate it from the bedroom in the back. Although being a five members family, they manifested to be satisfied with the house and managed to perform the HBE without any constrain, unless for having to sacrifice the social space.

The most extreme case was encountered in a family who managed to accommodate a glass factory and a hardware shop by utilizing all the ground floor area. The kind of activity needed the use of special cutting devices for the big pieces of glass and the whole ground looked like a very dirty and messy factory. However, the father explained how the family managed to put the social area and private rooms in the first and second floors. In this case, the interviewer observed how some of the elements of the hardware shop were put in the outdoors space and invading the public sidewalk. Moreover, he described how the family had to cook in the ground floor and take the food up stairs, as the dining room was moved to the first floor. The interviewee put much emphasis in the adequacy of the working space, rather than in the living one. For him, the private space was good and not interference was regarded with the living activity. His priority was the well functioning of the two businesses to the point to eliminate the patio for the glass factory, and therefore causing a very dark atmosphere. Despite these constrains, he assured that as the house was three stories big, it was comfortable to have the business. In this case it was impossible to have the opinion of other family members to have
also their perspectives about the way in which the two activities affected the living sphere and taking into consideration that this is the case with the less floor area per person.

On the other hand, another family overcame the reduced space these houses have by performing a kind of activity that did not demand much space and could be easily done aside the living space and furniture. This is the case of Interview No. 01 where a woman continued with the ice cream factory she used to have in her previous house. In this case, the woman described how she used the same elements of her kitchen to produce the ice creams, while complaining about the little space to prepare and manage them in the dining table. She also explained how she tried to make the ice creams during the time the rest of the family was absent to not to interferer in the dinner time. She expressed her desire of having a bigger kitchen where to prepare the ice creams in a separate space to not to contaminate them with the rest of the food. Besides, she takes care of a girl during the afternoons. She is pleased to have another member in the house to accompany her in this time. But she explained how the girl had to stay in the room in the ground floor and make her homework in a very littl e space. Her desire in this respect is to enlarge the house in the second floor to have another bedroom for the girl to be more comfortable.

The cases encountered in this type of house demonstrated how families make a choice, give priorities in terms of space and end up overcoming and adapting their needs by using different strategies. When the urgency for having the most profitable business is the priority, the living space is sacrificed in a larger extent. When the crowd situation is more evident, they also try to accommodate their needs by finding the less space demanding kind of activities.

After having analysed the different spatial conditions with the kinds of activities encountered, the realisation that the space could serve as a facilitator or as constrain is one of the observations that can be drawn out of the sample. However, in cases where the space was very limited, families made use of creative strategies, though the crowded conditions, saturation, lack of ventilation and light were the consequence of this situation.

Some spaces and designs allowed for different activities, but families also managed to transform this space to fit the activity that for other reasons (as described in the last section) better suit their circumstances. Despite the families’ ability to transform the living space to accommodate all kind of activities, it is true that in the case of a residential area with small house sizes, the effects of space, contamination, noise etc. are less likely to be harmful for the living sphere in the case of selling shops, bakeries and miscellaneous. As the literature claims, the kind of activities demanding a permanent relation with the clients constitute an over utilisation of the space and blur the limits of privacy. But it is also true that by using strategies of design like the location of accesses, stair cases, and free spaces, the separation between activities is more likely to be successful. In the other hand, in the case of hardware shops, small factories, reparations, the impact seems to be more visible in the living sphere. The fact that families adapted the space and got used to cohabit advertise with these activities do no mean that the effects are not somehow harmful. Unfortunately in this cases it was not possible to interview other family members different from the person running the business, which in most of the cases was the father trying to perform his handcraft skills, dealing with heavy and noisy tools inside the house. Nevertheless the observation of the interviewer was a complement to families’ opinion about the situation.
As a general trend, the social area was to be the common space in which to locate the HBE in the ground floor. The vertical separation was possible in all the cases, although the levels of crowd in the private space were dictated by the size of the house and household. When comparing with the complaints in terms of space from the side of the not havings, some of them were very specific in their desire of keeping the house strictly for living. “Home is for living, not for having commerce; commercial areas are for that purpose” (Int. No. 06). This opinion was only found in three of the eight cases where they ensured that HBEs diminish space for the family. However families having HBEs did not recognise this fact as a disadvantage, apart from the fact that in most of the cases, they had to sacrifice the social area. Thanks to the vertical separation, the consequence in the blurring of space was not very dramatic. Instead, the levels of crowd and the blurring in private and working time were more critical than the spatial interference in the private sphere of the living.

Regardless of house and household sizes, almost all the cases managed to have a permanent distribution and dedicated furniture for the HBE. Regarding the strategies that families use to maximise the space for the HBE, Kellett (2003, pp. 9-11) mentions the enlargement of the house, the relocation of furniture and the utilisation of the outdoor space. In the sample the most frequent strategy appeared to be the enlargement of the house. The levels of crowd seemed not to be very critical as for having to relocate furniture during the working time and converting it again in the night for the living functions. Regarding the use of outdoors space, plot sizes did not allow for such a strategy and the only free space in the plot was the patio that was meant for providing lighting and ventilation. In the most extreme cases families made use of the patio, but it ended up in very dark and closed living conditions.

As an enabler it has been observed that the space needs to be very well planned in order to make the most possible flexible use of a limited space. The quality of living conditions can be assessed by the amount of floor area per person to measure the levels of crowd. But it has also been proved that even when having less area per person, the designs and distribution of elements are more important for the performance of HBE, even more when in the case of the smallest houses.

4.4 The impact for the neighbourhood

HBEs bring effects at the household level and for family members in different ways. The impact for houses and families as well as the strategies that families use to overcome the possible conflicts were exposed. But at the neighbourhood level, HBEs also represent the relevance and possible negative externalities of such practices for the whole community. Neighbours gave their opinion about the different kind of activities found in their surroundings and a wide agreed acceptance was encountered in both groups the “havings” and the “not havings”, although their opinions differed about the importance of HBEs. In general all neighbours expressed themselves being benefited from the existence of small scale business. The fact that they could have access to the very basic goods and services without having to
expend in the public transport, having the possibility to send children to buy urgent goods inside the neighbourhood without crossing avenues, was expressed in several cases as the most important benefit, the easy access to goods and services. Others went further to the point of recognizing that the benefit was mutual where families with low education and low economic capacity could generate income whereas community members could have access to basic goods and services.

**The small scale of economy**

The small scale of trading brought also some positive and negative effects. Some costumers assured that by being able to buy little amounts of goods they could better manage their expenses, since they did not have to expend buying a large amount of goods as in the case of a big supermarket. They also affirmed that due to the small scale of the business and the fact that they were known in the neighbourhood, they could have access to goods and services without having to pay immediately for them, like in a way of small credits. This dynamic was possible due to the networks or neighbour relationships that allowed for the sense of trust and solidarity among the community.

On the other hand community members also complaint about the consequences of this small scale of business. They assure that products were very expensive and in some cases they would have preferred to have a supermarket or a commercial area where to find everything in only single place and much cheaper. At the same time, business owners complained about the low purchasing capacity of neighbours, and the non payment of debts clients acquired with them. Owners also rejected the appearance of such commercial areas since they felt threaten by the possibility of having to close their businesses.

Despite the acknowledgment that the small scale of trading end up in more expensive products and services for the community\(^\text{11}\), it is also recognized that for the dynamics of available income among the poor, this is the scale that better fit their possibilities of expenditure. People have access to informal credits while waiting for their monthly wages. They have the possibility to buy the amount of goods they can afford. And money is expended within the neighbourhood, as recognised by various interviewees when they assure that HBEs improve the economy of the neighbourhood and that the cash was flowing within the community as expected from the literature among the positive effects for the community.

It seems that the purchasing capacity of clients in the neighbourhood, together with the limitations of space and regulations in the neighbourhood, keep the small scale of the business. Clients can not afford to expend too much, nor business owners to invest and enlarge their business, what seems to maintain a scale of trading within the needs of the community. In this sense HBEs constitute the alternative for generating income that is the result of a very complex relation between various factors and circumstances, but not necessarily the most profitable and sustainable.

**The quality**

In general neighbours felt pleased with the possibility to find goods and services near by. However they complained several times about the quality of both. In shops, miscellaneous and bakeries they complained about the inappropriate hygienic conditions, for example when preparing and baking the bread; whereas the products sold in shops had some times expired, and

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\(^{11}\) This fact is claimed in the literature review about practices in the informal sector when assuring that such dynamics contribute to the impoverishment of the poor, in other words, that informality makes the poor more poor.

\(^{13}\) This fact is claimed in the literature review about practices in the informal sector when assuring that such dynamics contribute to the impoverishment of the poor, in other words, that informality makes the poor more poor.
costumers complained about the little variety of products. However, when interviewing the owner of a miscellaneous he explained the way he took care of separating the food from the products like detergents being conscious about the quality and hygienic conditions of the products. The informal way of operating business and constrains of space, ventilation and lighting that the locals have lead to diminish the quality of products. Moreover as the sells depends on the purchasing capacity of clients, as business owners expressed, it is very difficult to maintain a constant or pre established schedule for supplying the business with products; this can results either with the expiration of goods or the absence and shortage of them.

Similarly, users of the two beauty saloons expressed their complaints about the lack of hygienic measures and the bad quality of the service. The interviewer observed how the son of the hair dresser had chicken pox, and that due to the lack of space, being this business in the smallest houses, the boy had to stay during the day together with the clients in the local.

Tolerance and demands

Neighbours expressed in general the importance of having the supply of basic services and goods in the neighbourhood. Moreover, they pointed out their unsatisfied needs regarding the absence of some very important services for the community. For example they claimed the need for having more than one medicine store, due to the fact that the only one existing in the neighbourhood did not have any competition, resulting in very expensive costs and bad service. Residents also mentioned the need for having an open market where to find fresh and cheap products. The little shops served to supply the urgent needs and little services, but it is clear that the appearance of these commercial areas that could offer a wide range of services and products, with better quality and variety is urgent. Residents lack for example laundry services, restaurants, bigger scale shopping centres to better cater for the community, as they expressed.

In this sense it can be said that families make the choice to have the kind of business that adapt to their resources, skills, preferences and needs. But it does not mean that the provision of such services and needs in HBEs constitute the adequate solution to provide for the needs that any community demands in terms of basic services and goods. The literature of HBEs claimed that HBEs better suited the communities’ preferences and needs since they were close to residents and better got to knew what the clients needed and wanted. But it is clear that the whole community can not rely on the few HBEs to satisfy they needs. However with the appearance of such commercial areas the existence of HBEs would be threaten with the devastating effect for the families running them. Nevertheless, residents were also satisfied by the services they could found in the neighbourhood, stressing the acceptance of miscellaneous, shops, hardware shops and bakeries with which they manifested to be benefited.

On the other hand, there were also widely identified activities that the community did no tolerate, being the most common ones bars, taverns and all kind of business including alcohol selling. A strong rejection was found about the effects of noise, disorder, street fights and bad image that such activities posed to the neighbourhood. As some houses do not have toilets in the ground floor, residents complained about people using public areas and sidewalks as toilets. Mothers also did not agree with video game locals that spoiled children and kept them distracted from their homework. Billiard pool and gambling related locals were also rejected since in most of the cases they included alcohol selling and noise. Residents complained also about the kind of groceries selling shops in which clients consumed food and threw the garbage in the street. As expressed by one woman running a miscellaneous, she agreed with the HBEs in the neighbourhood “only if they respect the rules of the neighbourhood and the life in community” (Int. No. 12). Moreover they accepted HBEs but under certain control, avoiding those causing noise and disorder.
As expected from the literature, big negative effects like infrastructure overloading, traffic generation or critical contamination were not too dramatic. Community members identified the need for living in a quite and clean environment, while widely accepting the importance for the neighbourhood’s economy and welfare that HBEs brought, and without complaining for anything different than the bad consequences of alcohol selling inside the neighbourhood.

4.5 Specific conditions of Ciudadela El Recreo

Apart from the experience of residents and their perceptions about HBEs both at the household and neighbourhood levels, residents were affected in the realisation of HBEs by some specific conditions of the project itself in terms of its socio-economic and spatial characteristics. CR shaped the environment for the realisation of HBEs, bringing some advantages as well as disadvantages. This situation was easier to identify when families compared the situation they use to have in their previous settlement regarding the performance of HBEs. Some issues came out that assessed the enabler role of CR for HBEs while depicting the aspects in which informal settlements were more successful in achieving the enabler environment for such practices to occur.

The effects of being in a formal settlement - CR

Some remarkable characteristics of CR appeared to be very favourable for the realisation of HBEs and seemed to be crucial for the well being of residents. Perhaps the most frequently answered was the ownership. People assured that by being the owner of the house, they could install whatever business they want without having to ask for permission. Moreover, in most cases they felt glad to not having to share their house and feeling free to start the HBE; this is due to the fact that most of them came from shared residents and apartments in which they could not install any business. The sense of ownership was also very important to increase the self esteem and dignity of families, and at the same time encouraging residents to start the business. Interviewee No. 05 expressed “this is a house! The previous one was a slum without dignity”.

The same father pointed out one of the most surprising issues that had to do with the sense of community and trust that enabled the economic transactions and solidarity with HBEs. He assured that the neighbourhood allows for social interaction. “Before I felt socially excluded”. Similarly, another father running a shop affirmed that “here we know the people to whom we are selling” (Int. No. 03). Residents felt glad with the security and quietness inside the
neighbourhood, since they also expressed the insecure conditions of their previous neighbourhood as an obstacle to start a business.

The urban conditions, **infrastructure** and well planned lay out of CR, as well as its **location**, appeared to be one of the most important advantages for the realisation of HBEs in CR. Families expressed that the access to public transport and the quality of pedestrian and traffic roads facilitated for example the access of merchandises to supply the businesses, whereas the good physical aspect of the neighbourhood contributed with a better image for business, attracting clients. Most of the residents expressed that they like the fact that here in CR roads were paved, what gives a picture of the kind of urban conditions they had before. The urban layout of all projects under the scheme of MV is built with good standards in terms of public space, technical quality of networks, utility services etc. Moreover, when the project was launched the municipality joined the efforts of all public institutions to assure the adequate deliverance of utility services, waste collection, preservation of green areas etc. In that sense residents are benefited from a good quality of urban life and provision of infrastructure and services, whereas they expressed to be affected in their previous settlement by being isolated from the rest of the urban fabric, located areas where the access was very difficult, sometimes in risky prone areas and without transport facilities.

The issue of space, in most of the cases was a general complaint in comparison with previous dwellings in informal settlements. (See Table 3) Almost all the cases enjoyed more floor area in their previous dwelling and therefore accounted with more space for the business. Very few cases were found where the case was the opposite. However the characteristics of the house and the ownership were of greater importance as enabler elements. For instance some residents assured that in their previous dwelling they did not have access to the street and this was one of the advantages pointed out regarding the nature of houses in CR.

### Table 3: Comparison with previous dwellings and legal status. Data collected in the field by. Javier Rodríguez Ciudadela El Recreo, Bogotá, July 2005

<table>
<thead>
<tr>
<th>No.</th>
<th>Current dwelling</th>
<th>Previous dwelling</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>House/m2</td>
<td>Household size</td>
<td>Type of activities</td>
</tr>
<tr>
<td>15</td>
<td>80.18 4 20.05 bakery</td>
<td>60</td>
<td>3 20 Legal</td>
</tr>
<tr>
<td>20</td>
<td>80.18 3 26.73 none</td>
<td>72</td>
<td>5 14.4 Illegal/1985 pottery</td>
</tr>
<tr>
<td>19</td>
<td>80.18 4 20.05 none</td>
<td>150 (tenant)</td>
<td>4 37.5 Illegal/1996 none</td>
</tr>
<tr>
<td>16</td>
<td>80.18 4 20.05 shop</td>
<td>72 (tenant)</td>
<td>5 14.4 Legal none</td>
</tr>
<tr>
<td>17</td>
<td>80.18 5 16.04 shop</td>
<td>120</td>
<td>5 24 Illegal shop</td>
</tr>
<tr>
<td>18</td>
<td>80.18 5 16.04 shop</td>
<td>66</td>
<td>5 13.2 Illegal/1982 shop</td>
</tr>
<tr>
<td>06</td>
<td>72 4 18.00 none</td>
<td>100</td>
<td>4 25 Illegal/1985 none</td>
</tr>
<tr>
<td>04</td>
<td>72 2 36.00 none</td>
<td>72</td>
<td>2 36 Illegal/1999 none</td>
</tr>
<tr>
<td>03</td>
<td>72 4 18.00 shop</td>
<td>72</td>
<td>4 18 Illegal/2003 shop</td>
</tr>
<tr>
<td>07</td>
<td>72 4 18.00 tailor</td>
<td>60</td>
<td>4 15 Illegal/2000 tailor</td>
</tr>
<tr>
<td>05</td>
<td>72 4 18.00 bakery</td>
<td>72</td>
<td>2 36 Illegal/2000 none</td>
</tr>
<tr>
<td>12</td>
<td>60 5 12.00 miscellaneous</td>
<td>80</td>
<td>4 20 Legal none</td>
</tr>
<tr>
<td>23</td>
<td>53.8 3 17.93 bakery</td>
<td>72 (tenant)</td>
<td>3 24 Legal none</td>
</tr>
<tr>
<td>13</td>
<td>53.8 5 10.76 none</td>
<td>60 (tenant)</td>
<td>4 15 Legal none</td>
</tr>
<tr>
<td>14</td>
<td>53.8 3 17.93 none</td>
<td>60 (tenant)</td>
<td>3 20 Legal none</td>
</tr>
<tr>
<td>22</td>
<td>52.45 3 17.48 shop</td>
<td>72 (tenant)</td>
<td>3 24 Legal none</td>
</tr>
<tr>
<td>21</td>
<td>37.52 4 9.38 hardware shop/glass factory</td>
<td>72</td>
<td>3 24 Legal none</td>
</tr>
<tr>
<td>11</td>
<td>36.76 5 7.35 Beauty salon</td>
<td>72</td>
<td>5 14.4 Illegal/1982 none</td>
</tr>
<tr>
<td>01</td>
<td>36.76 5 7.35 ice cream factory/child care</td>
<td>150 (tenant)</td>
<td>5 30 Illegal/1993 ice cream factory</td>
</tr>
<tr>
<td>08</td>
<td>36.76 2 18.38 miscellaneous</td>
<td>72 (tenant)</td>
<td>2 36 Illegal/1998 none</td>
</tr>
<tr>
<td>09</td>
<td>36.76 3 12.25 none</td>
<td>60</td>
<td>3 20 Illegal/1999 none</td>
</tr>
</tbody>
</table>
About the **profitability of business** and socio-economic characteristics of the population in CR, the general complaint was the generalised lower purchasing capacity of residents and in some settlements, residents also complained about the lack of costumers and isolation. This was compared with the situation in previous informal settlements were interviewees assured that the amount of sells was bigger and the business more profitable. It can be argued that by entering in a formal scheme of housing acquisition, families have to establish a more organized schedule of expenditures since they have to make the monthly payments for the credit and utility services for instance; whereas in the informal economy this payments are more likely to be done according to the availability of income, in an informal way and without coping with a pre established schedule. Payments and debts in the informal set are adapted most of the times to the irregular and inconstant nature of families’ earnings. This could be one of the explanations way the availability of cash within the community could be less since families have to organize their expenditures to cope with the implied costs of living in a formal settlement. Nevertheless a contradictory phenomenon appeared in that respect; it was the fact that most of the families recognized as an advantage of CR for having HBEs that by operating in a residential dedicated area, utility services fares were cheaper since the category of the plot was residential and not commercial. They also assured that in their previous business in the informal settlement, with the process of legalization, their HBE was declared as a commercial use, increasing the value for utility services and monthly payments.

Regarding the **competition** in the sector, it depended very much on the amount of business per settlement compared with the situation they had before. In this case opinions varied from claiming the high competition and therefore, less profitability of the business, whereas in other cases, HBE owners felt please with the lower competition they encountered in CR compared with their previous situation. At the same time the general complaint from the side of the costumers was the absence of such competition and the resulting expensive costs and low quality. It is necessary to clarify that in the case of CR it is composed by several settlements one hectare big. Depending on the location and specific situation of each settlement, the number of business varies among them and therefore the levels of competitions, what could have led to different opinions in this respect.

The **regulation** of CR is subject to the norms of residential uses where no commercial activities are allowed. More over in the urban design of the project, dedicated plots are kept for the construction of commercial areas and institutional services like community centres, day care rooms and hospitals. In general people can perform their business without any problem. Some of them even had certification and permission from the entity that regulates hygienic and sanitation conditions from business, but this kind of permissions are totally apart from the zoning regulations of CR. Very few manifested the threats from the side of administrators of the neighbourhood. Some residents however expressed their fear about the appearance of such commercial areas.

It can be concluded that the physical and socio-economic environment of CR allows for the realisation of the kind of small scale businesses that cope with basic needs of the neighbourhood and families. Since the construction of the project achieved the standards of infrastructure, sanitation etc, and the project was though to be connected with the rest of the urban fabric and promoted with other kind of infrastructure at the city level, the overall conditions of inhabitants improved and so the possibilities for better perform HBEs. The sustainability of such small scale business is not very clear since residents are being somehow forced to enter in a kind of formal, scheme of expenditure as a result of being in a formal settlement. However their earnings continue to operate in an informal nature, what makes the rational of informal
business, sells and family expenditures still valid, even in a formal settlement. In this sense the relevance of HBEs still exert a great impact in the process of economic, social and spatial consolidation of families in the settlement.

Nevertheless, what could be called “the consequences of the imperfections of the informal market”, named the bad quality of services and goods due to the low profitability of business, the small scale of operation and consequent impoverishment of residents in the long run, poses the question of the sustainability of such practices and the extent to which they might be encouraged, supported or re addressed.

5. Conclusions and Recommendations

This document compiles the discussion of a recently outstanding controversy: whether or not to encourage HBEs; how to promote them and how to solve the negative impacts while taking advantage of their potential and importance for the poor. Although starting with a very limited scope based in the residents’ perspective about the realisation of IGAs in a formal settlement, the complexity of the problematic and its multi dimensional character came out when analysing the specific situation of families in the sample, confronted with the literature of HBEs and the informal sector discussion.

The first general conclusion is the acknowledgment that HBEs are the result of an intricate relationship of several aspects that end up in a specific solution. The combination of family’s characteristics, abilities, needs and preferences together with the built environment in which they live results in the realisation of income generating practices that bring effects at the family level as well as at the community level. In that sense the small sample served to confront the HBEs rationale discussed in the literature. It showed most of the remarkable trends in terms of use of space, flexible utilization of scarce resources and the little impact in terms of the physical environment that was apparently overweighed by the positive results and appropriateness of HBEs for families, according to their specific needs and capacity. Surprisingly, the built environment provided by CR seemed to respond in a very positive way in terms of the enabling setting where to easily perform HBEs and by minimizing the possible negative externalities as the literature claimed the facilitator physical environment should be.

However, the physical component did not appear as the main constrain. Interviewees in the sample seemed to feel pleased with the quality of living space they are enjoying in a formal and well planned settlement. Different house types in combination with all possible kind of activities where carefully analysed, but the absence of a possible trend in terms of family compositions and sizes and in relation with spatial conditions and activity demands, demonstrated nothing more but the complexity behind practices of income generation in a formal low income housing settlement. The richness of the analysis relayed in the description
of specific situations of families that served to raise other important issues apart from the physical environment. On the other hand, a very astonish result came out from the sample as a major constrain and it was the one regarding the very little scale of the economy in which HBEs worked in a new and formal settlement for low income residents.

Having this complexity in mind, conclusions and recommendations are drawn from the two perspectives: on the first instance, the recognition of the importance of HBEs in the process of poor families’ development and as claimed by the ILO, as a survival strategy that the poorest use to overcome poverty. This fact came out in the sample when encountering the representative share of HBEs in families’ income and the suitable response to other vulnerable situations of poor families. Second, the discussion of the informal sector that (claimed also by the ILO) regards such practices as increasing poverty among the poor due to its small scale of operation, lack of benefits from formality and claiming the appearance of a more macro economic policy from the side of the government by bridging the gap between formal and informal economies. As well as in the first side of the problematic, the sample demonstrated the negative impacts in poor families being interviewed when complaining about the effects of the small scale of the economy in which their business operated. The low purchasing capacity of residents, the absence of clients and the difficulties to sustain business resulting in unaffordable selling prices and/or low quality of services and goods, were the most remarkable constrains that business owners, as well as clients in the sample expressed. This aspect also reflects the extent to which a project like CR enables the realisation of IGAs not only in its physical component but in the kind of socio-economic environment it shapes under the ambition of targeting the poorest of the poor who otherwise will be possible clients for an illegal housing solution.

At the same time the fact that HBE owners avoided utility services costs regarding commercial regulations, bring the discussion back to the theory in the informal sector when arguing whether informality is an advantage or a disadvantage for the poor. As expressed by the interviewees in their relates, it can be recognized how they manage to balance the so-called high costs of informality, regarding the disadvantages of the small scale of the economy, while avoiding the costs of formality. The issue is how to support families when they enter in a formal scheme of housing that demands monthly regular payments, credit quotas etc. compared with the more irregular expenditures they use to have in the informal housing setting, and where cash is expended according to daily needs in a flexible way, as claimed in the literature review. This realisation could be the explanation way people in the sample complained about the lower purchasing capacity of clients in MV. The scheme of payments and savings in the financing of houses in CR, demands for what can be called the regularization of expenditures for families that now are subject to the formal schedules of periodic payments. In this respect the sample confirms the claims in the literature regarding the economic rationale behind informal activities, while showing a very specific situation of families in a process of transition from the informal to the formal setting.

Despite the economic discussion that came out in the realisation of HBEs by analyzing the answers from the interviews, the literature seems to be positive in promoting such practices by demonstrating their impact amongst the poor. However the reality shows a complex chain of effects that makes it almost impossible to assure that HBEs are the most convenient alternative for the poor to overcome poverty. It is true that in the absence of another solution to fight poverty, people themselves have created alternatives to survive. HBEs are economic activities to solve an immediate need that seems to fit in a flexible way to specific circumstances that the poor face. In that sense the flourishing concerning about their promotion is gaining strength.

As all the practices in the informal economy, HBEs are the respond for the absence of formal alternatives of employment and formal schemes for income generation. But they are also a
reaction to other vulnerable situations that the weakest face. It was found that not only the generation of income is the leading force to engage in HBEs. The sample showed the importance of HBEs for those who can not afford to leave home in the absence of child care systems or other job opportunities that fit their needs. In situations of unemployment, HBEs are not the sole alternative, but their outstanding characteristic is the way in which they allowed the poor families in the sample to make use of all their available capitals, resources and skills while maximising them in a flexible way. Families in the sample have learnt how to accommodate their lives around the HBE making flexible utilization of their available time, labour, resources, money and space; in the effort to generate income they manage to create the most suitable alternative while combining their resources in the way that best fits their specific circumstances. As the significant impact in families’ livelihoods is evident and seems to bring visible results, the less favourable consequences might be over looked, or simply accepted by interviewees that seem to have a more immediate response to overcome poverty. However, not only because HBEs solve unemployment and bring income to families should be they straight promoted. In the long run, the issue of sustainability can not be overlooked.

Although the negative externalities in the immediate environment are not very dramatic, due to the kind and small scale of activities, the negative effect that this small scale causes to families demonstrated how interviewees made extreme use of all their available resources, sacrificed a great amount of their time, space and put to much effort in the realisation of such activities that apparently did not contribute to the economic growth of the settlement and the family itself, but could only cope with the minimum earnings to survive. Apparently the economic dynamic in which HBEs operated in the sample did not allow for the business to grow; on the contrary they seemed to maintain the balance on a very small scale kind of business that at the same time demanded all the sacrifice and efforts of families. However, it is a reality that poverty is not a problem which will be easily solved. Therefore in the meantime, other kinds of alternatives are being created by people themselves. In the short run it is important to be careful when neglecting these practices; but in the long run they can not be seen as the solution that can continue operating by the sole initiative from the side of the families.

In the case of CR the immersion of an informal practice in a formal setting surrounded by good infrastructure quality, sense of community and belonging together with the previous experience of residents appeared to bring a very positive picture of the performance of HBEs in the settlement. Although claiming for more space, the residents enjoyed a better quality of life and housing designs allowed to the possible extent for a smooth co-existence of living and working activities. The space is indeed a very important enabler in this process since the quality of built environment and house lay outs showed how the possible negative externalities claimed by the literature could be minimised. In that sense, when the built environment is not well planned, conditions of crowd, infrastructure overloads and contamination could have been exacerbated with the existence of HBEs. The well designed and carefully thought build environment is still a facilitator in the improvement of living conditions of families in the presence of HBEs.

Nevertheless, the phenomenon of HBEs has demonstrated to go beyond space constrains but to economic dynamics. It is very difficult to conciliate the desire of residents for a bigger scale of commerce and access to goods and services that end up in cheaper prices, when their earnings and expenditure routines claims more and more for the small and flexible scale of operation. In that sense it is very likely that such small scale of economy by squeezing families’ resources that at least allow them to survive will continue. Therefore, the next question to solve is the extent to which cities in developing countries should continue building low-income- home based enterprise kind of settlements with specific conditions to allow HBEs realisation. It is clear that by the provision of good quality infrastructure, the strategic location of projects and a comprehensive house designs is quite enough in terms of the provision of an enabling built environment. The negative externalities can be minimised if this basic measures are taking into
consideration. In that sense a small scale of trading can be provided inside the settlement that allows for the survival economic alternative of families while maintaining the provision of basic goods and services for the rest of the community in a way that fits their purchasing capacity. This would be the kind of thinking in the short run and recognizing the need for HBEs as a point of departure when families are moved into the formal housing scheme.

However, in the long run, in a housing project of the scale of CR, the appearance of commercial and institutional dedicated areas is inevitable. Moreover, the project has already foreseen in its design the location for such areas. Residents in the sample emphasised the urgency for a bigger scale of commerce and access to services, expressing that they could not rely in the sole existence of little home-based businesses that can only supply for very basic goods in a small scale. Housing units do not allow for more than that, nor the investment capacity of business owners who were interviewed. Regarding the different types of housing units, the different sizes constituted a wide range of alternatives according to families’ affordability. But regardless their incomes, HBEs were encountered in all type of houses, having different activities, different household sizes and different income levels. Different families having specific circumstances opted for HBEs as a complement or total share of their incomes. The ownership constituted one of the most important enabler element that encouraged families to start a business. The heterogeneity of the phenomenon makes whatever kind of measure very difficult to apply. It is likely that not a fixed solution could fit in all family cases, being the flexibility in terms of house designs, and to the possible extent, in regulations, the most suitable alternative for whatever intervention in the field of LIH. Possible enabler measures can be drawn in two scenarios: the first one, after having realised the importance of HBEs in the process of social and economic consolidation of families would be enabler measures in the short run. And second, after having the question of sustainability in mind, measures in the long run are also needed.

**In the short run**

In a formal settlement like CR, HBEs are supposed to be forbidden. However certain levels of tolerance are present due to the small and not harmful character of such businesses. This attitude towards HBEs has led to somehow ignore their existence and pretending that they do not exist, given the fact that they are forbidden by residential regulation. A very strong recommendation in this respect is to recognize and accept their existence as the first step to comprehensively regulate them and avoid the possible negative externalities they may bring. By surveying and registering the size and kind of the phenomenon, administrators could better control with the participation of the community the activities that are widely rejected by residents and that could bring problems in the neighbourhood, like in the case of alcohol selling related activities which were the most rejected in the sample. Community involvement is very important in the process of recognition and decision making, in terms of how to address the main constraints and what kind of assistance they need. It is necessary to have a clear picture of the situation in order to be able to categorise the magnitude of the problem and better address the solutions and residents can be very helpful in this survey. After having recognized it strategies can be drawn to support families and regulate the performance of HBEs according to the characteristics of the neighbourhood.

As an existent reality that -as in the statements of demystification of the informal sector-, “is here to stay” and a survival strategy for the poorest, measures have to be taken in order to minimise the possible negative impacts of HBEs. In this respect very little and simple strategies can be brought into the neighbourhood in order to advice families and prevent externalities as well as improving the co-existence of the living and working activities in an effort of improving the quality of life for residents. Having no other choice to generate income and entering in a
HBE families can be advised in several aspects to overcome the possible constrains in the short run:

- Although it is true that the kind of HBE families choose is a result of a complex interrelation of specific factors for each family, perhaps the most important recommendation is to help families choosing the most suitable and rentable activity. It will be very useful to survey community sizes, community’ purchasing capacity, preferences and needs in order to take the most possible advantage of the existent market and overcome to the possible extent constrains of high or low competition, shortage of services and goods, etc. In that sense families could be advised about amongst what kind of activities they could choose.

- The second kind of advice is in terms of the effective use of space. It was found that families adapt in a very creative way the HBE in the living space. However, some professional advice is needed in how to better accommodate different kind of activities and how to make better use of space, generating the most possible adequate distributions and living conditions. The disposition of furniture, conditions of light and ventilation were found to be messy and inadequate in the sample. In this respect, professional support is needed for families willing to install a HBE.

- When designing houses with the possibility of incremental growth, it is very important to bear in mind that in the process of growth families are very likely to use HBEs as the source of income to achieve the enlargement of houses. Therefore, when delivering basic units, those have to be flexible enough to make use of the initial minimum unit also as an income generating space. It is important to clarify that none of these measures are meant to promote HBEs. It is almost impossible to design a house with a HBE kind in a fixed and predetermined way, different from the flexible and comprehensive design that understands the likeliness of appearance of HBEs as a “take off” strategy for poor families when entering in a formal scheme of housing acquisition.

- In the case of more sophisticated business regarding production activities, use of tools and harmful devices, family members also need instruction in order to minimise to the possible extent the risk of having accidents. Similarly, families need basic information regarding hygienic conditions inside their business, storage strategies and all possible measures that help reducing inadequate sanitation conditions. In other words, families need to be taught in how to run a business in an extreme situation of reduced space and in combination with domestic activities. All these measures can contribute to the minimization of possible negative effects as well as the better use of resources that families have in their account.

The previous group of recommendations are measures of a very bottom-up nature that settlements under the scheme of MV should bear in mind when realising the socio-economic condition of the target population they are meant to housing. In this respect, a more communal initiative in the way of workshops, training and support as well as surveillance from the side of professionals in the project, should be in place. The strategy can be useful to follow up the process of families’ insertion in the formal setting. Very simple advices could be of great importance when looking at the way of operation of HBEs in the sample. The spatial accommodation of the HBEs, use of furniture, hygienic conditions etc. lead to realise that huge improvements in HBEs overall performance could be brought with very basic and comprehensive professional advice. The kind of support is in this sense meant to improve the quality of life of families engaged in HBEs as well as the minimization of risks inside the dwelling.

The recommendation is not meant to exert straight support in the kind of small-micro enterprises package. The sample showed how interviewees claimed the need for a bigger scale of economy, while using HBEs as a survival strategy and recognizing constrains of not having access to a bigger market. The appropriateness of HBEs according to families’ specific
vulnerable conditions is an argument to recognize, allow and facilitate its realization. In the short term, very significant results can be achieved for the well being of the community, if these measures are put into action and in the case where HBEs are the most suitable alternative. The very low economic levels in the sample as well as the high contribution of HBEs in families’ income in the sample seem to show that these dynamics are a reality that are very likely to continue while poor families enter in a schedule of regular payments demanded by a formal housing scheme. On the other hand, the bad effects in the families’ economy in the long run, is also an argument to look for other kind of alternatives that should be made available for the poor if the attempt is to contribute with their economic growth and poverty eradication.

Alternatives to HBEs in the long run

MV housing projects have to be thought in terms of the development of poor communities. Therefore approval and support to HBEs must be regarded as one of the first steps helping families when entering in a formal setting of living. But in the future, other kind of alternatives must be designed, after having realised that HBEs are not the most sustainable one due to the failures and negative impacts of the small scale of operation.

The reality of CR is a big scale low income housing project that aims to provide for housing, infrastructure and basic services to poor families. Big projects of infrastructure and services are being built to support the development of families living there and promote the area as one of the most promissory one in the city. The appearance of commercial dedicated areas is inevitable, thus the devastator effect in small home based businesses. In the medium and long term it is urgent to facilitate the entrance of residents into this new scheme of commerce, giving priority to residents to allow them to continue with their business in these areas or providing other alternatives of employment. Similarly, other kind of social services are needed to facilitate the situation for instance of mothers, specially the single ones. Employment possibilities increase when mothers have the option of child care centres where to leave their children. Women can also participate in business run in these new areas. But it is critical to involve the residents in the process of transition they will inevitably suffer with the appearance of commerce and service dedicated areas.

The acquisition or renting of locals in these areas is unaffordable for most of the residents of CR; therefore financial measures, (like in the case of acquiring the houses) should be in place to permit families to continue with their business and having the possibility of enlarging them in the new commercial areas, while enjoying at the same time of the benefit of working inside the settlement. The process that families are facing when moving to CR can be regarded as a kind of transition between the informal and formal living setting. During a period of big changes, the very legitimate and small scale dynamics that people develop have to be very carefully addressed and people need permanent support in the process of change from the informal setting and way of generating income, to their integration in the formal scenario, which is the reality they will affront.

The very little sample was not meant to generalise and propose absolute and radical solutions and recommendations. Nevertheless it raised issues that showed the complexity of HBEs in the specific context of CR. The enabler environment for HBEs resulted into an intricate relationship of aspects that not only regarded the built environment offer by the project. CR was in this sense analysed in a wider and more comprehensive perspective that identify the physical component, the specific situation of residents exemplified in the sample and the formal character of the project with its implications for poor communities. Whether or not to promote HBEs as the best solution for poor communities and whether to formalize the poor in a process of transition from informality to formality are the kind of questions that experts and organization will continue struggling to answer.
In this context this study aimed to add knowledge in a very specific situation and to raise the most important issues in the problematic of HBEs from the perspective of residents facing a process of transition. The sample did show nothing different than the complexity of such practices need to be addressed in a permanent horizontal integration between policy sectors that are capable to design comprehensive strategies. It means that socio-economic strategies together with the appropriate physical design of housing projects are needed to recognize the various facets that HBEs have shown to bring to residents and take action in this direction. For the case of CR this study could be continued by including an in depth analysis of employment opportunities and market analysis of the locality as well. The integrated and multi sectoral policy package of housing solutions and employment alternatives would enlighten the analysis of practices of income generation activities in low income settlements.

As a final comment the rationale of HBEs being a dynamic merged in the informal economy need to be carefully addressed, preferably than supported, ignored or neglected. Not a single and extreme approach seems to fit for the complicated character of such practices, rather a series of actions undertaken in the course of time and following up families’ process of adapting to a formal settlement like CR. In this sense both perspectives, the immediate support to families in a given reality and the more macro policy measures that should contribute with the development of poor communities, can not be isolated; rather both scenarios have to be comprehensively tackled as well as their implications.

References


• Metrovivienda, Alcaldía Mayor de Bogotá 2002, “Ciudadela El Recreo, Memoria del modelo de gestión de Metrovivienda” Bogotá.


Annex

I. Recommendations for design by Sherry Ahrentzen (Ahrentzen 2000, pp. 8-9)

Based on my prior research of a cross-sectional survey of over 100 home workers in various occupations in 5 U.S. metropolitan areas (Ahrentzen, 1987, 1992), other empirical studies examining home workers’ spatial use and meaning of the home (Gurstein, 1990; Felstead and Jewson, 2000), and case study analyses of housing intentionally designed and constructed to accommodate both occupational and domestic space, i.e. hybrid housing (Ahrentzen, 1991; Ahrentzen with Dearborn-Karan, in progress), a number of design features for such housing should be considered:

1. *Vertical distancing*, expressed in *shop houses*, or whenever the business space is located on the ground floor and residential space on upper floors, is often an effective strategy in those homes where home workers desire strong boundaries between residential and business spaces. This is not a hard-and-fast rule, however; such an arrangement can be difficult for those with stair-climbing limitations, for example. And it might not be compatible with a neighborhood’s context. However, there are successful cases in which vertical layering fits well with the urban context and accommodates those householders who seek a strong physical and mental separation between business and residential activities.

2. *Horizontal distancing* can be achieved in a long thin house plan when the business area is located in one end. Also for those living in single-story residences who prefer strong spatial segregation between residential and occupational activities, *maximizing functional distance* can be effective. This means that entries and circulation paths are positioned so that the likelihood of meeting/viewing another household member as one enters and/or uses the business space of the home is minimized. Another example includes *circulation corridors* that connect to all rooms in the home so that one need not go through one room to get to any other.

3. *Visual access*, the ability to visually monitor one’s immediate spatial surroundings, can be maximized for those individuals who desire more visual connection between the various
spaces/rooms in the home. This can be facilitated by open and large doorways; interior as well as exterior windows and openings; half-story level changes with no walls, or only banister-height ones, between levels (such as a loft); strong and regular illumination; use of mirrors, peepholes, and reflective surfaces; and the like. Visual access is also useful among those home workers seeking a sense of prospect in their work setting, i.e. having an extension, an overview of the outside landscape or other areas of the home.

4. The **degree of contextual fit of the façade, fenestration, and massing** of the structure within the existing neighborhood context, as well as between residential and occupational areas of the structure, can project an imagery of distinction or of similarity. In those hybrid houses that are intentionally designed to have commercial/retail space on the first floor and residential on the upper floors, the lower business level is often designed slightly differently from the upper residential levels for some features (e.g. size of windows, size and prominence of entry). Nonetheless, there is a well-considered design pattern that allows both levels to read as one integrated whole.

5. **Multiple ground-floor entries** for home and business spaces are desirable for those homeworkers who have clients enter the home; but are less desirable for those who feel vulnerable in their homes with unknown clients often coming to the house. If multiple entries are unacceptable, a **primary street entry leading to a neutral space**, such as a foyer, from which there are separate entries to the residential and business areas of the home can be effective for perceptually distancing business and domestic areas.

6. **Designed adaptability or flexibility** is often an expressed ideal, but less so an achieved reality. Since home businesses do not necessarily stay forever in the residences, an adaptable design could allow the home business space to easily convert to other needs and uses, and even other occupants, given the fluidity of the household’s changing needs. Such conversions may include: renting out the space to another for a business; changing to living space for an extended family member; renting out the space to a boarder for income. Given the nature of the building and the fluidity of the occupational work, **moveable wall partitions** have been used successfully to visually and physically separate the two areas of the home when desired. Other examples of adaptable residential elements and design concepts are provided in Friedman et al. (1996).

7. **Interior design elements**, such as color, furnishings, lighting sources, etc., can be used to strengthen the degree of perceptual blurring or segregating of business and domestic areas.

8. If noise transmission is a concern, then the **length of common walls** between business and residential areas should be minimized; and **acoustical insulation** should be sufficient to dampen noise penetration between the areas.

9. When clients are frequent visitors, a **separate gathering area** outside the homeworker’s major work area and the residential domain successfully accommodates client waiting, etc.

10. **Size of residential space need not be extensive or large**. Many hybrid housing precedents examined can accommodate single-person or small households, and include a number of one or two-bedroom units. This may not be amenable to all community or income situations. But these cases do suggest the desirability of such home businesses among single persons and small households also.

11. If budgets permit, providing **separate plumbing, heat register locations, and thermostats in each area** is often desirable.

12. Health and safety concerns mentioned previously.
II. Ciudadela El Recreo

III. The questionnaire

1. First Section: Information of the dwelling

   - Name of the interviewee
   - Date of interview
   - Year of construction of the house
   - Year of occupation
   - Private Promoter
   - Block
   - Number of house
   - Type of house (m²)
   - Value of house

2. Second Section: Information about the family

   - Names of people living in the house
   - Place in the family
   - Age
   - Level of education
   - Occupation
   - Contribution in the household income
3. Third section: Information on the previous dwelling

- Original legal status of the neighbourhood
- Size of household
- Type of house (tenancy and size)
- Number of rooms
- Apart from the domestic activities, which other activities did take place in the house?
- Type of activity and place of the house where the activity was performed
- If non, why are the reasons
- Which of these activities did generate income to the family?
- Explain the reasons why the family decided to have income generating activities
- Which difficulties did the family face to realise income generating activities?
- Mention the advantages and disadvantages that the conditions of your previous house did have for IGA
- Mention the advantages and disadvantages that IGAs produced to the family
- Which is the importance that IGAs had to your family?

4. Fourth section: General information of current activities

For those having activities:
- Which kinds of income generating activities take place in the house?
- Mention the activity, the date of starting with the activity, the persons involved, the time dedicated and the resources generated by the activity
- Which are the reasons to have income generating activities at home?
- Which are the difficulties that you have faced to realise IGA at home?
- Mention the advantages and disadvantages that IGAs have brought to the family
- To what extent could the family avoid these activities? It could not survive, It could survive with difficulties, It is indifferent. Explain your answer.

For those not having activities:
- Which are the reasons for not having income generating activities at home?
- Which are the difficulties that you have faced to realise IGAs at home?
- In case these difficulties were to be solved, would you like to have IGAs at home?
- In your opinion, which are the advantages and disadvantages that IGAs bring to the families?

5. Fifth section: Description of activities and spatial conditions

- Name of activity
- Place where it is performed and m² occupied for the activity
- Describe how the IGA is realised in this space:
- In which way the IGA affects the living space:
- Assess the conditions of this space to realise IGAs. Good, regular or bad, explain your answer.
- Which changes would you like to make in this space to improve the IGA?
- Space for the interviewer
- Describe how the IGA is realised in this space:
- Assess the conditions of this space to realise IGAs. Good, Regular, Bad, Explain
- Have you done or do you plan to do any changes or enlargements in your house? If so, why and with which objective?
- Compared with the space you use to have in your previous house, describe the advantages and disadvantages that this house offers to realise IGA

6. Sixth section: Effects for the neighbourhood
- Do you agree with the presence of these activities inside the neighbourhood? Explain your answer
- Which is your opinion of each of the IGAs that take place in the neighbourhood? Name the activity and your opinion
- Have you been directly favoured or affected with the development of any kind of IGA in the neighbourhood? Which activity and in what way?
- Do you consider an important fact that in the neighbourhood these activities could be promoted? Which ones yes, and why. Which ones no, and why.
- Space for the interviewer
- Mention and describe which are the effects that IGA bring to the neighbourhood

IV. Houses layout
* Casa Grande houses are three stories big, the only blueprint available was the ground floor.
## V. Profile of the Sample

<table>
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<th>No.</th>
<th>Name</th>
<th>Year of occupancy</th>
<th>Settlement</th>
<th>House/m²</th>
<th>m²/person</th>
<th>Type of activities</th>
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<th>HBE occupation</th>
<th>Enlargements</th>
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<th>House/m²</th>
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* Income amounts are put in Colombian pesos.