

HOUSING POLICY IN CASTRO'S CUBA



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INTRODUCTION

In 1959, Cuba was transformed from a nation led by foreign-based capitalist concerns into a centrally led socialist state. Along with almost every other social institution, housing policy dramatically departed from past policies. While Cuba's housing policies have changed over the past 43 years, they have clearly been borne from three guiding principles:

1. Housing is a right, not a commodity.
2. Housing should be equitable.
3. The government is the primary decision maker.

This report begins with a brief overview of how Cuba's housing policies and laws have evolved over time. Next, the production of housing in Cuba is examined. The allocation of housing in Cuba and the function of the marketplace are then discussed. Finally, the evolution of Cuban housing policy in the future is considered.

EVOLUTION OF CUBAN HOUSING POLICY

Soon after coming to power during the 1959 revolution, Fidel Castro sought to release the grip landlords held on Cuban properties with a 1960 urban-reform law that eliminated multiple ownership, gave renters a chance to buy their homes at low cost and made the state responsible for providing housing. Later updates to the law enshrined these principles, and the government now proudly claims that 85 percent of Cubans own their homes. However, Cuban law prohibits homeowners from selling their homes privately or buying properties because Castro believes land speculation violates socialist principles. As the economic crisis deepened when Soviet aid ceased in 1990, the previously small black market for housing burgeoned. Some Cubans sold their houses to earn extra money. Others sought to buy better houses with extra money they were receiving from families abroad or through jobs with foreign companies.¹ The following discussion evaluates changes in Cuba's housing policies since the 1959 revolution and reports on the status of current housing conditions.

1959– 1963. When Castro came to power, he passed housing-related legislation to halt evictions and roll back most rents by up to 50 percent. Rather than nationalize urban land, the government sought to curtail speculation by requiring private owners to sell sites at low uniform prices to anyone willing to start construction. The 1960 Urban Reform Law accomplished this goal. The Urban Reform Law converted half of urban tenants into homeowners, and many tenants were given long-term rent-free leases. Other tenants enjoyed similar benefits since all units built or distributed by the government after 1961 were assigned leases at no more than 10% of household income that conveyed ownership of the unit after 5-20 years of payment. Most former owners were fully compensated for their losses, but landlords of slum tenement buildings received nothing from the government. In addition to this property redistribution other facets of the bill prohibited private renting and subletting, and it was illegal for households to own more than one primary residence and one vacation home.²

1963– 1975. Efforts of the Urban Reform Law were hindered by the US embargo that began in the early 1960s. The government demolished shantytowns but faced difficulty obtaining supplies for new housing construction. Several efforts began to replace the housing stock. For instance, residents built replacement housing through the Self-help and Mutual Aid program. In addition, the government initiated an extensive program of new construction in rural areas in which owner-occupants made loans and technical assistance available for private construction. Facing fiscal constraints, the government strived to provide at least basic services. Latrines and cement floors were provided to 100,000 rural dwellings, and electricity and other urban infrastructure were extended to thousands of houses in low-income urban neighborhoods. In 1971 a novel form of sweat equity, the microbrigades, accompanied government investments. Under this system groups of employees from given workplaces would form brigades to build housing while other employees agreed to maintain production at current levels. Housing units were then allocated among the employees from that workplace. During 1971 to 1975 microbrigades expanded housing supplies, and state housing construction nearly tripled.³

1976– 1985. The 1984 Housing Law better articulated the government's housing goals. In line with the 1960 Urban Reform Law, the Housing law converted more leaseholders living in government-owned housing into homeowners. The Housing Law introduced greater flexibility into Cuba's housing policies. The Law permitted limited short-term private rentals, fostered self-built housing construction, and updated existing legislation regulating housing management, maintenance and repair, evictions, and the buying and selling of land and housing. The law sought to accomplish two main goals. First, it sought to establish a dominant and uniform tenure status by converting leaseholds into homeowners and legalizing most ambiguous or illegal situations. Second, it attempted to clarify responsibility for ordinary maintenance and major repairs. Residents of single-family dwellings were responsible for maintenance and repair of their own units while

many high-rise condominiums were municipally managed in consultation with resident councils.⁴

1986– 1990. The 1984 Housing Law inspired greater demand for government housing, but declines in hard currency due to hardships experienced by the Russian economy prevented sufficient housing construction and repair. Microbrigades also weakened during the late 1980s. During this period, the Cuban government struggled to balance various housing distribution objectives such as economic development, equity, improving conditions for those in the worst situations, and combating corruption through collective public forms of allocation.⁵

1990– Present. The collapse of the Soviet Union and the Eastern Bloc economic trading partners sent a tremendous shock to Cuba's economy, with GDP falling by 35%. In order to prevent political upheaval and the total collapse of the socialist economy, the Cuban government turned to tourism and opened its markets to replace revenue the Soviet Union had contributed. Foreign firms were allowed to enter into joint ventures with the Cuban government, and foreign individuals who were not residents were allowed to purchase homes. In addition, Cuban residents were allowed to rent up to two rooms in their home to other Cubans or tourists.

PRODUCTION IN A SOCIALIST ECONOMY

While housing was never given the same level of attention as education or health care, many large-scale production programs were put in place dedicated to improving Cuban housing conditions. From 1959 to 1993, the State, cooperatives and individuals constructed 1.3 million dwellings. This level of production eased much of the overcrowding as Cuban population only grew 57% while the housing stock grew 80%. While the production efforts have not been universally successful, they have unquestionably raised housing standards. The proportion of housing in good or average condition grew from 53% in 1953 to 83% in 1993.⁶ The change in housing conditions can be seen in greater detail below.

Change In The Condition Of Dwellings (% of stock in given condition)

	URBAN	RURAL
	Good / Fair / Bad	Good / Fair / Bad
1958	13 / 40 / 47	3 / 22 / 75
1998	60 / 27 / 13	32 / 36 / 32

Source: INV, leaflet presented at the International Seminar on Sustainable Habitat: Challenges for the New Millennium, GDIC, Havana, May 22-24, 2000.

State Production

The reallocation of homes following the revolution raised the housing conditions of many. As the wealthiest Cubans fled the country, many elegant homes were abandoned that could be easily redistributed among poorer residents. However, even this boon proved short lived as many residents lacked the materials for proper upkeep.

Attention also was given to replace the shantytowns that had grown in the cities, particularly Havana. Thirty-three such shantytowns were replaced with 4,700 new units. Another 6,000 units were built in Havana in new landscaped developments. One such development was the Unidad #1 at Habana del Este, which was designated a

National Landmark in 1991 and considered to be one of the most successful social housing complexes in Cuba. It consists of a combination of four-story walkups and eleven-story high rises.⁷

However, construction programs were soon centralized in the Ministry of Construction. With this centralization came a shift to more standardized production techniques and large-scale development. Much of the production following the revolution was focused on eliminating the disparity in conditions between the city and countryside. In the early 1960s, more than 26,000 units of housing were built in 150 new villages with the number eventually reaching 300.⁸ While new units were produced, the high-rise tract housing built in these communities represented a completely foreign type of housing for rural residents. Furthermore, the new villages required large investments in basic infrastructure that were not always completed.⁹ The standardized model was also applied to inner-city neighborhoods. Many residents objected to the imposition of large new buildings in low-rise, high-density neighborhoods that inevitably disrupted social networks.

To complete these new developments and strive to reach government-set goals of producing 100,000 new units per year, officials chose in the late 1960s to industrialize construction both in the development process and through prefabrication techniques. Significant investments were made in plants to produce the prefabricated materials. Officials perceived industrialization as being rapid, requiring less labor, and using far less scarce wood than conventional methods. Furthermore, Cuban leaders believed industrialization was ideologically congruent with “scientific-technical revolution” and socialist planning principles.¹⁰

Unfortunately, expected productivity gains from these efforts did not materialize. One factor was the Great Sugar Harvest that focused all of the nation’s resources on meeting a goal of producing 10 million tons of sugar. However, more enduring factors such as a

perpetual shortage of materials due to the U.S. embargo hindered production. Cuban officials repeatedly denounced construction delays due to materials bottlenecks caused by poor coordination and a perpetual tendency to start more projects than available resources could support. In particular, delays often were caused by delayed installation of water and sewer lines and shortages of finishing materials. Even among many newly occupied units, basic infrastructure and community facilities and services fail to meet acceptable standards.

These problems have led the government to adopt several common sense policies. For instance, one new policy simply calls for finishing projects before starting new ones. This approach values completion above value of the units produced. Additionally, services and infrastructure are to be built at the same time as housing to prevent unnecessary delays.

New housing construction dwindled following the collapse of the Soviet Union when Soviet aid to Cuba ceased. Cuba had little oil or other energy to produce necessary building materials. With the most basic goods in desperate supply, and little oil or energy available to produce cement, production of the prefabricated panels needed for construction virtually ceased.¹¹

Ironically, the crisis turned new attention to one of the great needs in Cuba: repair and upkeep of existing units. In 1982, UNESCO designated the *Habana Vieja* district of Havana as a world heritage site. Yet many of the buildings in this area, and a total of 375,000 units citywide were in substandard condition and many were simply collapsing from years of neglect.¹² In order to promote *Habana Vieja* and Havana as a whole as desirable tourist destination, new investments have been made in preserving the existing housing stock. Much of these investments have been financed through tourist-related ventures. One entity, the City Historian's Office is allowed to keep all revenues from tourist ventures, approaching \$200 million, and reinvest it in the area. Of course,

as a prime center for commercial development, many residents have been displaced as well.¹³

With a new emphasis on preservation and rehabilitation, the government intended to incorporate 400,000 new units into the housing stock between 1996-2000 (250,000 new and 150,000 by revitalization). This ambitious goal was not reached, but 141,000 units were added. In addition, 250,000 units were conserved, with half due to individual efforts.¹⁴

Informal Production

With the government struggling to meet production quotas through formal centralized means, more informal alternatives have been pursued. Production from this sector has dwarfed formal efforts. A study released at the 1984 Housing Seminar showed that two-thirds of the housing stock built since 1959 was selfbuilt. In large part this was due to the work of the microbrigades created by government policy. However, the extent of their achievements to meet individual housing needs surprised even government officials. This realization prompted a reexamination of the role of self-help housing and galvanized support for new initiatives.¹⁵

Microbrigades

As discussed earlier, microbrigades played an important role in increasing Cuba's housing supply. This informal production sector was created in the 1970s and revived in the mid-1980s due to rising housing demand in urban areas, labor shortage in construction, plummeting workplace productivity, and greater emphasis on collective allocation policies. Sixty percent of the units constructed are distributed to the microbrigade's workplace labor force. The remaining 40 percent are reserved for employees of workplaces without microbrigades and for households living in dangerous situations in which buildings are slated for demolition. Community stakeholders allocate specific units among themselves at workers' meetings.¹⁶

Microbrigades grew rapidly until 1975 when materials shortages prevented further expansion. The government phased out microbrigade housing in 1978 because it was perceived to be of lower quality and higher cost than equivalent buildings erected by state brigades. Individuals working on the projects clearly were not professional builders, often lacking adequate training. Furthermore, building skills never accumulated as new workers constantly replaced existing ones as projects were completed. Microbrigade productivity also was perceived to be lower because members employed labor-intensive traditional methods and constructed semi-prefabricated buildings.

Microbrigades experienced a revival in 1986 due to several social forces. The construction ministry failed to improve housing production; wage inflation and overstaffing characterized many workplaces; and overall voluntary work experienced a decline. The government now perceived microbrigades to be an opportunity to reduce inflated employment costs and increase overall productivity and efficiency. Specifically, employees in overstaffed workplaces maintained their jobs and seniority but were temporarily transferred to microbrigades. Salaries then were reimbursed to the workplace by the central government. Producing more with no increase in total salaries reduced costs.¹⁷

A new form of the microbrigades, the Social Brigades, also emerged in 1987. These work groups drew volunteers from local communities rather than workplaces. The focus of this movement was in inner-city neighborhoods on infill projects, using local materials, and traditional building technologies. This movement was instrumental in leading to later community based housing developments. In recent years the program has been given more attention and resources as prefabricated materials for construction have become more difficult to purchase.

Community-Based Organizations

In addition to microbrigades, community-based organizations sincere to socialist ideals also contribute to housing production. One such movement was the creation of Comprehensive Workshops for Neighborhood Change. Three of these workshops were first created in 1988 and have since expanded to 20 covering half a million residents. These workshops are composed of interdisciplinary teams of architects, sociologists, engineers, and social workers. After taking an inventory of the housing and commercial stock, as well as human capital resources, plans are developed for meeting workshop goals. Generally, the four overall goals of the workshops are:

- 1) Improvement of the condition of housing;
- 2) Development of the local economy;
- 3) Education of children and youth; and
- 4) Development of neighborhood identity.

Since the workshops are neighborhood based, a key principle is not displacing the current population. The workshops are also self-reliant for financing their projects. Part of their revenue has been derived from tourist ventures, while other funds have been donated by Cuban or international NGOs. Their limited funding also leads them to look for more cost-effective means of improving housing conditions. Towards this end, they have emphasized the recycling of leftover building materials, home repair, and reintroducing traditional building techniques that do not rely upon prefabricated materials.¹⁸

Another type of community-based organization has been the rise of Cuban NGOs. One such NGO is Habitat-Cuba, a leading organization in Cuba's progressive housing sector. With the agreement of local governments, Habitat-Cuba has initiated projects in six provinces. International agencies from countries including Norway, Germany, France, Italy, Canada and even the Global Ministries of the Methodist Church in the US provide funds. Funds are used exclusively for materials. To pay for staff and

administration Habitat-Cuba offers services such as professional courses on topics such as the use of clay in construction and methods of participatory design.

“Community Architects” is one of Habitat-Cuba’s exciting programs. Since the initiative began in 1995, about 500 architects, mostly women, have been advising owners who wish to improve or renovate their units. The entire family, including children, meets with the architect for an initial discussion. The architect then returns with alternative concepts, and a second family gathering takes place before plans are finalized.

Habitat-Cuba also has started a movement exploring alternative local materials for housing construction, especially clay and bamboo. Due its weak economy, architects have had to adjust to available materials since imports are expensive and Cuba has no indigenous wood. Bamboo promises to be useful for housing carpentry and furniture, and plant species may be applicable in different regions. Thus far, these materials have been best suited for constructing small-scale housing projects, primarily in rural areas where people prefer lower-scale housing.¹⁹

Private Production

This is the newest and smallest sector of Cuba’s system of housing production, but one that is likely to grow in importance in the coming years. Particularly with the cost of rehabilitating all of Havana estimated to be \$14 billion, private capital could be of tremendous use.²⁰ Cuba opened real estate to foreign investment in 1994 as part of a wider strategy to combat economic troubles by attracting foreign capital into the country. While ownership was initially allowed, a May 2000 regulation now only permits foreigners to rent units. At that time business sources predicted that the real estate could draw more than \$1.2 billion in foreign investment by 1998. Official statistics for 2000 indicate that three Cuban associations have been created for joint ventures with foreign investors in real estate, 19 projected deals have been approved, and 102 are still under consideration. By 2000, only one housing project, Monte Carlo Palace with 29

units, had been fully completed and inhabited. Capital financing for joint ventures primarily has come from Spain, Italy, Canada, Luxembourg, France, Israel, Monaco, and Britain.²¹ Because most of these deals are for luxury condominiums or hotels, they are of little benefit to the general Cuban population. The exception is for the small number of Cubans that marry foreigners and can reside with them in such foreign built housing.²²

Several obstacles hinder investors' ability to fully realize the potential for private development, even within the very limited parameters that the Cuban government allows. First, Cuba lacks an adequate legal system for real estate development and mortgage lending. This lack of legal protection has scared away many of the most prominent development companies, leaving the Cuban government with a limited choice of development proposals to evaluate and a lack of expertise to carry out larger projects.²³ Second, the government is revising its policies constantly as developers weigh their options. In an industry that carries a great deal of risk, the uncertainty of government policy adds substantial costs. Third, investors have little basis on which to evaluate the land market. Since the land provided by the Cuban government typically constitutes their contribution to a joint venture, this is a key consideration. Finally, because the national government controls access to this market, only large projects tend to attract their interest. This restricts both the type of developers that may be interested in investing in Cuba and the types of projects that can be undertaken. In a high-density city such as Havana, smaller projects may be far more practical.²⁴

HOUSING DISTRIBUTION AND THE MARKET

With a centrally managed socialist economy, Cuba, unlike most other nations, does not allow the market play a primary role in distributing housing. Instead, financing and allocation operate as two relatively independent systems to ensure a more equitable distribution. Due to their unique system, the homeownership rate stands far beyond that of other developed nations at 85 percent. Government intervention has also shaped settlement patterns, and thus demand for housing in certain areas as well.

Financing

Cuban public policies have set up an intricate set of requirements that limit financing options available to residents. The 1960 Urban Reform Law established several types of payment. First, more than 200,000 tenant households that were converted into owners after the revolution amortized the value of their units by continuing to pay rents for between 5 and 20 years. Second, remaining leaseholders in most government housing paid no more than 10% of their income on rent. The effective range spanned between 3-7% because rents rarely adjusted upward when incomes increased or additional household members took jobs. Finally, tenement dwellers and those living in rural new towns were granted rent-free leases, and the government also began exempting very low-income households from paying rent in the 1970s. In addition, the price of vacant lots was set at a low price of \$4 per square meter.²⁵

The government's rent-setting procedures encountered public opposition because they were perceived to institutionalize unfairness among residents. For instance, income-based rents, which initially seemed equitable, were perceived as unjust because many families paid high rents for small or poorly located housing, and others spent little for large, centrally located units. In addition, regulations which stipulated that only homeowners could acquire equity and sell and bequeath their property faced opposition because no clear policy existed to determine who became a lender or owner.

Often the decision depended on whether a microbrigade existed at the workplace or land was available locally for selfbuilding.

The 1984 Housing Law established a new home financing system based on the “value” of units. The value is set with consideration to location, land value, building type and size, but is set at about less than half of the open market value. For a typical apartment in Havana, the value may range between \$4,500 - 10,500 pesos.

The government through the Banc Nacional de Cuba provides personal loans (not mortgages) to purchase new units and for self-building and repairs. However, credit is not available to buy existing units, privately owned land, or finance housing exchanges. Residents unable to afford these payments can automatically have the term of the loan extended and monthly payments reduced to 20 percent of their income. The 1984 Law also allows low-interest bank loans to cover a wide range of building costs, including materials for construction or repairs, land, architectural and technical assistance, equipment rental, and contracted labor.²⁶

No down payment is needed for the loans, and properties are not required as a guarantee. The recapture rate is between 97-99 percent. The terms of the loans are typically as follows²⁷:

- Detached houses or walk-up flats– 3% interest rate, 15-year term.
- High rises - 2% interest rate, 20-year term.
- Mountain rural cooperatives – 2% interest rate, 25-year term.
- Other rural cooperatives – 3% interest rate, 30-year term.
- Self-help dwellings – 3% interest rate, 10-year term.

For the recent foreign investments in Cuba, financing is attained internationally. However, the national bank must approve any foreign financial operation. In some cases, the Cuban government had to work with the developer to attain financing from

international institutions to meet their 50 percent equity stake in the development. Only one foreign bank, ING Netherlands, is operating in Cuba and it cannot disperse money.²⁸

Distribution

The distribution of housing in Cuba has been based upon social values more than market values. The government established its goal in 1959 of providing each family with an adequate dwelling and has since been trying to allocate housing in a manner that will advance this goal. This method of allocation guided the distribution of government housing confiscated from people departing Cuba after the revolution. Units were disbursed as determined by “need” defined in terms of living conditions rather than income.²⁹

The staggering need for housing has left the government in a perpetual chase to build enough units to distribute to needy families. While the housing supply increased during the 1960s, this growth was outpaced by rising demand. From 1971 to 1985, the need for housing grew from 754,000 units to 888,000. With fewer units than needy families, the government has instituted various tactics to distribute housing among Cuban residents.

In the early 1970s, 150,000 applications were received for allocating 7000 vacant confiscated units, unduly raising expectations and making fair choice impossible. Uncertain how to reconcile the gap between supply and demand, the government called upon trade unions to distribute housing to their members based on need. As a result, microbrigade housing and other scarce consumer durable goods were distributed in a public and collective fashion in workplace assemblies.

During the 1970s, government allocation criteria shifted away from need alone and began to consider merit such as job performance and general positive social behavior. Between 1971 and 1985, 40% of all state-built housing was distributed this way.³⁰ In

agricultural new towns units have been allocated to former peasants and salaried rural workers. Only in new industrial areas and existing communities in underdeveloped regions did the government explicitly favor managers, skilled workers, technicians and professionals. Officials pursued this approach to ensure balanced regional development in the absence of restrictions on internal migration and significant wage differentials.³¹

The Housing Market

Intense government restrictions in the housing market including tight controls on construction practices and sales fueled a burgeoning black market. Recent policy changes allowing foreign capital has reduced the demand for black market transactions. Consequently, the role of the private sector in the Cuban housing market has strengthened.

Restrictions imposed before 1984 Housing Law indicate the social and economic context that inspired demand for the black market. Private sales of land and housing were legal under limited circumstances. Government permission was required for sales, and the state possessed the first option to buy at deflated “legal” prices. State-sanctioned private transactions too were prohibited to exceed “legal” prices. As a result, unauthorized sales at free-market prices were common and many homeowners were left without proper title to their land.³²

The 1984 Housing Law introduced important changes, permitting free market prices for sales and legalizing most other previously illegal transactions. The state retained its right of first refusal primarily as a form of land use control, but largely was unsuccessful. A year of rampant speculation prompted the government to require that most sales be directly to the state, except for property transfers to close relatives.³³ These transactional limitations in turn motivated many Cuban families to exchange rather than sell their houses. Since home loans are personal loans, not mortgages, residents normally carried their debts with them.³⁴

Because of limitations on buying and selling in the housing market, real estate agents did not legally exist in Cuba. This private sector function, however, did develop illegally. Rather than legally swap properties without exchanging money, many Cubans either gather at an informal open-air market bearing slips of paper with their offers and demands or hire illegal real-estate agents known as *permuteros* to arrange land deals.³⁵

A government-managed market now exists to exchange units. Buying or selling of units is allowed, but only at state-fixed prices, with the government retaining the first option to purchase. Typically, those wishing to exchange units initiate a one for one swap, although a swap of one unit for two lesser-priced units is also permitted.³⁶ Land or the right to build on roofs may be purchased at free-market prices from private individuals, and permanent surface rights to state-owned land can be bought at lower “legal prices.”³⁷ Because of state price-fixing, a substantial black market for real estate transactions has developed with units being exchanged for two to three times the legal value. This market has grown in recent years with the legalization of the dollar. Cubans receiving part of their salary in dollars or contributions from overseas family members have additional purchasing power for homes, but are limited in their ability to purchase via the legal market. Transactions in which homes are illegally exchanged for cash are known as “*permutas*.”

Recognizing this trend, government confiscation of private property and punishment for illegal housing sales has increased in recent years. Cuban officials justify their actions by contending that residents have become too greedy. Juan Contino leads the movement of Cuba’s state-affiliated neighborhood groups, the Committees for the Defense of the Revolution. He warns, “The day money is the factor behind distribution of the nation’s properties is the day we will be divided into social classes. We will not allow that.”³⁸ Decree 211, issued in 2000, empowers housing authorities with the right to confiscate properties and authorize constructions and remodelings. According to

Granma, the Communist Party's official newspaper, in 2000 there were 1,400 house confiscations, 548 expulsions of illegal occupants, and more than \$1.5 million in fines for property crimes.

In 1997, a new law allowed Cubans to legally rent up to two rooms in their home. However, the rooms cannot be rented for commercial purposes or to tourists. This law was imposed to recapture part of the revenue that the government was losing to the rental black market. Taxes are imposed on income from these rentals, which is to be used by the government to fund maintenance of housing stock.³⁹

Due to the repeal of the law allowing condominium sales, the market for residences for foreigners is now limited only to rentals.

Settlement Patterns

Via both direct mandates and incentives, the Cuban government has shaped the settlement patterns of the nation. Mixed information characterizes the demographic forces that have affected urban migration to Havana. Hamberg claims, "Cuba has been almost uniquely successful among developing nations in channeling most internal migration away from the capital and toward provincial capitals and other cities and towns, a feat accomplished *without* direct administrative measures to control internal migration." She cites that Havana absorbed 52% of internal migration before the revolution, in contrast to only 12% between 1970 and 1981. During this period, she contends that Havana's annual population rate grew at 0.7 percent while smaller towns between 2000 and 20,000 people grew at an annual rate of 3.4 percent and cities from 20,000 to 500,000 inhabitants at 2.3 percent.⁴⁰ Hamberg contends that Cuba accomplished this unique feat by urbanizing rural areas throughout the island and creating communities large enough to support social and consumer services.⁴¹ The government has encouraged the growth of three types of rural settlements to alleviate urban migration: (1) agricultural towns for workers employed in the associated state

farms; (2) housing developments for sugar workers in or near existing sugar mill towns; and (3) new communities associated with agricultural cooperatives.

In contrast to Hamberg's portrayal, others have documented housing shortages caused by significant urban migrations to Havana. In his 1998 book *Waiting for Fidel*, Christopher Hunt noted that rural migration from eastern Cuba toward the capital appeared to be growing, despite government efforts to stifle urbanization and repopulate the Sierra.⁴² Inter Press Service reporter Dalia Acosta made similar observations. She writes, "Havana occupies less than one percent of Cuba's territory, but is home to about 20 percent of the Cuban population – about 2.2 million people." Official figures show that during the 1950s, the annual rate of migration to the capital was between 20,000 and 25,000 people. In 1959, when Castro came to power, that number increased to 43,000.⁴³

The dire economic conditions that have befallen Cuba during the Special Period have further facilitated the migration from rural to urban areas. The annual migration to Havana escalated to 55,000 by 1996. This level of growth resulted in densities as high as 47,000 per square kilometer in some neighborhoods and placed intolerable strains upon an already overburdened infrastructure. Due to this situation, a new law was passed in 1997 that places restrictions upon migration to the capital city and requires legal approval to live there. This law also applied to those that were already living in Havana but had not formally registered to live there. Thus, a surge of requests to legalize residence was submitted both by those wishing to live in Havana, and those who feared eviction.⁴⁴

In addition to controlling movement between cities and towns, the government has had a strong role in relocating residents within urban areas. For instance, government officials acting under the early Self-help and Mutual Aid program relocated former shantytown dwellers to new communities scattered throughout the largest cities.

Recognizing the social distortion this practice can create, officials have taken greater care to limit displacement. The new strategy calls for officials to disperse shantytown residents throughout existing housing to more fully integrate them into society and avoid stigmatizing them as former slum dwellers.⁴⁵ Government efforts to rehabilitate and preserve urban housing also have led to displacement of residents. To minimize the disruption to residents' lives, displaced households usually are relocated within the same neighborhood and are allowed to return to their rehabilitated unit after completion of the repairs.⁴⁶

CONCLUSION AND OUTLOOK

Cuba's housing policy has not proceeded in a linear fashion, making predicting future changes difficult. Housing policy, while operating within a framework of socialist principles, has developed partly as series of experiments and partly as reaction to changing economic, political, and demographic conditions. The post-revolution policy of constructing large scale, standardized developments, was born from imported soviet style building techniques. When production of materials became difficult, the government turned to microbrigades for the majority of construction. This program was suspended when the resulting housing was deemed to be inadequate, only to be revived in later years when the economic conditions made attaining materials for formal construction nearly impossible. At present, Cuba appears to be maintaining a fine balance between volunteer and self-built housing, formal planned construction, and nurturing private development. A tenuous, and sometimes uncomfortable, balance is also being maintained between devolving control of housing development to local entities, and retaining control of larger scale developments, particularly private projects, at the highest levels of government.

The one certainty in Cuba's housing policy is that it will change soon. Several key questions and possible answers are detailed below.

- **What will be the top priority of housing policy?** In pursuit of the government's goal of providing adequate housing for all, new construction remains the priority of government policy. However, the continuing deterioration of the housing stock threatens to erase many of the gains of past government construction. Furthermore, the increase of migration to urban areas will place more pressure on high-density areas, and ease demand for housing in new towns in rural areas. In highly developed cities, preserving and rehabilitating existing structures would seem to be at least as critical to adequately house the population as building new housing. The new focus on community involvement in planning also should add to a movement

to preserve and rehabilitate residents' homes. Finally, the need to present a welcoming face to tourists will continue to exert pressure on the government to preserve existing residences.

- **How will the government's role change?** One change underway that seems likely to continue is devolving more ability for housing decisions to the local level. Much of the official authority for making decisions still rests at higher levels, but the actual decisions seem to be made more and more by local entities. In conjunction with this devolution is a greater reliance upon volunteers and self-help housing rather than state-led construction to produce new units. The flexibility needed to produce new housing in a period of material shortages will further this individual and locally based mode of construction.
- **How will the role of the private market develop?** The Cuban real estate market was opened to private investors out of economic necessity, and rather than opening wider gradually, has actually been restricted in recent years. The government will almost certainly continue with large-scale tourist developments, such as the Veradero beach resort. However, by restricting investments to large, rental only projects, the Cuban government may soon find the potential for additional investment running low. Cuba's increasing reliance upon tourism suggests that limiting new investment is not a feasible option. Also, because the government owns all of the land, it stands to reap the increasing benefits of further development. As more development occurs, the value of the land that Cuba holds will increase, creating the potential for increased government wealth.

Furthermore, the inequity in social classes that government officials wish to prevent has already arrived. Cafes, hotels, and nightclubs priced well beyond the means of almost all Cubans are plentiful in Havana. The only situation that would seem more frustrating to Cuban citizens than watching the infusion of affluence is to continue

to be wretchedly poor as it unfolds. The pressure to provide additional services and raise wages likely will force the Cuban government to open more property for investment and to ease restrictions on its use. However, because of the low, state-managed wages of Cubans, they will never be able to afford any housing developed by private developers. An interesting model might be to encourage set-asides for Cuban residents in private housing development to increase housing. However, as long as Castro remains in power, such direct mixing of Cubans and the foreign capitalists will be discouraged.

- **What will happen when Cuban exiles with deeds to properties they owned prior to the revolution return?** With a government that essentially functions as a dictatorship, the Cuba government has little legal requirement to honor claims to real estate essentially forfeited by persons who fled in the wake of the new government over 40 years ago. Indeed, there is almost no chance that a residence confiscated and reallocated by the government could be returned to a pre-1959 owner. Some form of compensation though may be necessary in order to negotiate an end to the U.S. embargo. However, the longer the embargo endures, the weaker the claim of former residents becomes.
- **What will happen when the U.S. embargo ends?** A single event would have a more beneficial effect on the Cuban economy than opening the U.S. market to Cuban products and allowing U.S. interests to invest in Cuba. Many observers are of the opinion that the influx of ready capital and tourists would overwhelm the nation and quickly transform Havana back into the capitalist mecca it once was. Cubans desperately want American investment, but the memories of pre-1959 conditions and the underpinnings of the social welfare state should not be discounted. The poverty, inequality, and corruption that dominated the nation prior to the revolution were paralyzing forces. While a great many Cubans (probably a majority) are frustrated with Castro's leadership and would not support significant

restraints upon U.S. investment, support for many of the goals of the revolution, such as providing adequate housing for all, will likely endure. Limiting U.S. involvement further is that over 80% of Cubans own their homes, placing the great majority of the population in firm control of their own housing destinies. Thus, U.S. investments in housing and real estate will likely only be permitted to the extent that the majority of Cubans are benefiting from them.

APPENDIX



Houses in rural Cuba, about 2 hours outside of Havana.



A mid-size apartment building in Havana. Signs of deterioration can be seen.



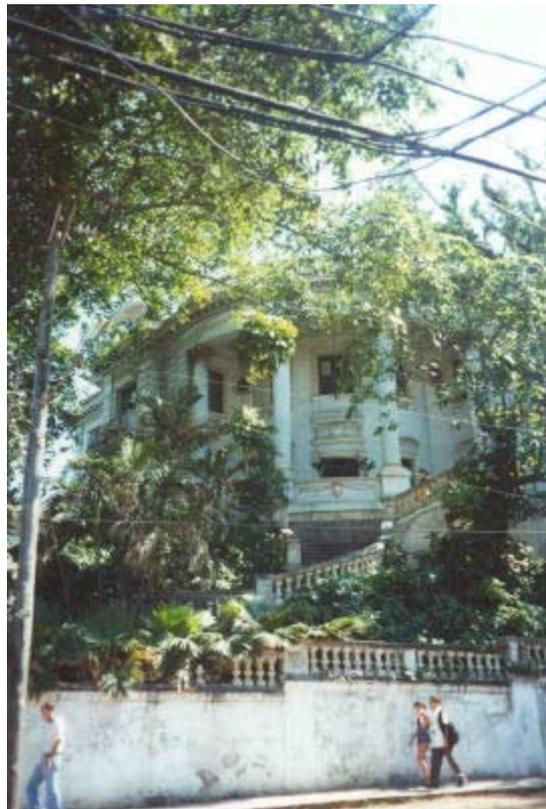
The Prada, viewed while looking towards the Capitolio in Havana. Scaffolding can be seen showing the restoration underway in this historic area of the city.



One of the historic structures along the Prada that has fallen into serious disrepair.



Housing located along the *Malecon* in Havana. This waterfront property, while poorly maintained, is a prime target for private sector development.



An example of a mansion in Havana confiscated by the state following the revolution.



Housing and hotels in the *Habana Vieja* section of Havana that have been rehabilitated to promote the tourist industry.



A scale model of Havana used by planners to gauge the impact of proposed developments.

ENDNOTES

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- ³⁴ *Id.*
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