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Poverty and relative housing cost in Santiago (Chile): a historical perspective (1966-2020)

Pobreza y costo relativo de la vivienda en Santiago (Chile): una perspectiva histórica (1966-202)

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Abstract: This article aims to analyze the relative cost of housing in Chile between 1966 and 2022. Specialized literature in this field focuses on four main themes: the impact of the neoliberal model on housing policies, the issue of property and renting, the maintenance of shantytowns, and issues of space and architecture. While there is consensus on the positive impact of social policies on access to housing for low-income families, debates persist regarding poverty and marginality. The research employs the Occupational and Unemployment Survey of Gran Santiago conducted by the Microdata Center of the University of Chile, administered quarterly since 1957 in all districts of Gran Santiago, with an annual survived population of around 10 000 individuals and 2 000 to 3 000 family groups. The findings reveal that: 1) the reduction in the relative cost of housing is more significant in non-poor households

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than in poor households; 2) in comparison to the international average, there is a decrease in the relative cost from 2000 to 2010, followed by an increase between 2011 and 2017; 3) the relative cost rises in impoverished sectors, particularly in the bottom 10% of income earners; 4) the reduction in relative cost is more pronounced in rented homes than in owned ones.

Keywords: Chile; housing; relative poverty; income.

Resumen: El artículo tiene como objetivo analizar el costo relativo de la vivienda en Chile entre 1966 y 2022. La literatura especializada en esta área se centra en cuatro temas principales: el impacto del modelo neoliberal en las políticas de vivienda, el tema de la propiedad y el arriendo, el mantenimiento de campamentos y aspectos relacionados con el espacio y la arquitectura. Aunque hay consenso sobre el impacto positivo de las políticas sociales en el acceso a viviendas para familias de bajos ingresos, persisten debates en torno a la pobreza y la marginalidad. Se utiliza la Encuesta de Ocupación y Desocupación del Gran Santiago del Centro de Microdatos de la Universidad de Chile, aplicada trimestralmente desde 1957 en todas las comunas del Gran Santiago, con una población encuestada anual de alrededor de 10 000 individuos y 2 000 a 3 000 grupos familiares. Los resultados revelan que: 1) la reducción del costo relativo de la vivienda es mayor en hogares no-pobres que en hogares pobres; 2) en comparación con el promedio internacional, hay una disminución en el costo relativo del 2000 hasta el 2010, seguida de un aumento entre 2011 y 2017; 3) el costo relativo aumenta en sectores empobrecidos, especialmente en el 10% de menores ingresos; 4) la reducción del costo relativo es más marcada en casas arrendadas que en propias.

Palabras clave: Chile; vivienda; pobreza relativa; ingresos.

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INTRODUCTION

This research analyzes the relative housing cost in Santiago (Chile) from 1966 to 2022. The first section identifies and examines the predominant arguments within the specialized literature. Four thematic areas have been highlighted in recent literature: the impact, whether positive or negative, of the neoliberal model on housing policies, the issue of ownership and rental, the problem of maintaining informal settlements, and the themes of space and architecture. Within this spectrum, two predominant perspectives emerge. Firstly, there is consensus regarding the positive impact that recent social policies have had on low-income families' access to housing. However, it is acknowledged that, despite these advances, the burden of poverty and marginalization persists. The following section describes the methodology adopted in the research, clarifying key concepts and specifying the sources used as empirical support. After the methodological exposition, the article focuses on the results obtained.

The research concludes by showing that 1) the relative housing cost has decreased more in non-poor households than in poor households, 2) there was a reduction in the relative housing cost in Santiago (Chile) until 2010, followed by an increase between 2011 and 2017, 3) the relative cost has increased in impoverished sectors, especially in the bottom 10% of income earners, 4) the reduction in relative cost is more pronounced in rented houses than in owned houses.

This research urges caution when using historical terms to discuss poverty in Chile. Poverty has notably decreased concerning material and biological dignified living standards (absolute poverty). However, relative poverty, defined in relation to the rest of society, has not followed the same trend. While the reduction in absolute poverty is undeniable, "society appears to care ultimately about relative rather than absolute poverty" (Plotnick et al., 1998, p. 24). According to the OECD, "as countries reduce extreme absolute poverty, concerns of social inclusion, better represented by relative poverty lines, become increasingly relevant" (Garroway & Laiglesia, 2012, p. 8).

One facet of this dichotomy lies in the context of a nation such as Chile, where absolute poverty is diminishing, yet relative poverty is emerging as a progressively conspicuous concern. This research will specifically scrutinize the domain of housing to elucidate this phenomenon.

LITERATURE REVIEW AND RESEARCH QUESTIONS

In the specialized literature on housing in Chile, four main areas can be distinguished. Firstly, there is an abundant body of research focusing on the impact of the neoliberal system on housing policies and the situation of the inhabitants. Some authors argue that the social housing policies implemented during the dictatorial period (1973-1990) and the *Concertación* governments (1990-2009) constitute notable examples on the international stage (Gilbert, 2002; Soto, 2000). According to Cociña (2021), Chile represents “a market-led housing system that is considered as a financial model by many countries in the global South” (p. 1490). Similarly, Hidalgo (2005) contends that the programs of the 1980s “became the symbol of public action in the field of housing policies targeting lower-income sectors” (pp. 21-22). Rojas (2001) suggests that the reforms implemented in Pinochet’s government, which transferred part of the responsibility for financing social housing to the private sector, were pioneering on the international stage: “The reforms introduced to the housing sector in Chile in 1977 anticipated by almost a decade the fundamental paradigm shift that occurred in the international agencies concerned with housing” (p. 461).

However, the authors who acknowledge the model’s positive aspects often mention some controversial elements. Özler (2012) argues that the *Concertación* governments “have sought to address the housing problem through a continuation of the neoliberal policies established by the dictatorship under Pinochet, emphasizing housing as a commodity rather than a right” (p. 53), while Bruey (2012) focuses on the struggles of inhabitants due to insufficient access to adequate housing. Murphy (2022) positions the Chilean case in a long-term global trajectory related to the issue of property in the Global South: “Chilean trajectory is emblematic of a larger pattern: there has also been a widespread process of property titling across much of the Global South in the neoliberal era” (p. 476). Fuster-Farfán (2019) considers both positive and negative dimensions, speaking of a hybrid neoliberalism that “is expressed in the maintenance of the subsidiary system, the outsourcing of intervention, the implementation of projects that seek to be more pertinent to cultural and territorial realities, and paradoxically, the increased prominence of the public apparatus” (p. 5).

A second aspect highlighted in recent literature is the theme of property and rental. Authors such as Blanco, Gilbert, and Kim (2016) have shown

that contrary to international trends in Chile, there is no pronounced correlation between higher incomes and access to homeownership. “Intriguingly, in Chile and Uruguay, the incidence of renting increases with income, the likely outcome of well-targeted social housing programs; in those countries, the poor are able to buy homes through these programs whereas higher income groups are deemed ineligible” (p. 4). Individuals living in extreme poverty, on the other hand, are unable to sustain either renting or homeownership, resorting to informal mechanisms. “Arguably, the really poor in Chile cannot afford to be either owners or renters; their only real option is to borrow or share a house, the so-called *allegados*” (p. 7). In international literature, the link between the rise in homeownership in recent decades and increased indebtedness is frequently observed (Harvey, 2012). Other authors have emphasized social struggles for access and complaints about delays in housing delivery. Koppelman (2018), for example, points out that “the housing-seekers in Santiago actively negotiated a denigrating temporality of state provision through multiple practices, including collective contestation of arbitrary delays” (p. 504). According to Murphy (2022), this social mobilization for access to decent housing has curtailed the extension of the neoliberal model. “In Chile, popular pressures forced a response that limited neoliberalism’s course, especially in ensuring that housing would remain, in practice, a right of citizenship” (p. 475). Salcedo (2010), in the same vein, argues that although access to homeownership through state subsidies has contributed to improving living conditions for millions of people in recent decades, the situation of marginalization persists. “The living conditions of the urban poor have dramatically changed in Chile in the past two decades. On the one hand, through a massive investment program in subsidized housing, more than a million Chileans have moved out from slums and shantytowns and become property owners. On the other, youth violence, drug trafficking, and other social disorders are increasing in many neighborhoods” (p. 90). Rodríguez and Sugranyes (2004) and other authors have used the term *los con techo*, “those who had achieved the long-awaited own home, but narrow and of poor constructive materiality and, at times, directly of poor quality” (Rodríguez, 2018, p. 228), to refer to citizens who gained access to housing but still face issues such as access to essential services and social marginalization. Social psychology studies of individuals who gained access to housing in recent decades show that “this process is established in an ethical-political regime that heightens the visibility of individual capacity and eclipses the social

and political space where their conditions are produced, causing residents to develop a citizenship where privatized consumption predominates, maintaining processes of social fragmentation” (Besoain & Cornejo, 2015, p. 16).

A third element highlighted in recent literature is the persistence, despite undeniable progress in recent decades, of informal settlements (or homeless families), initially termed “spontaneous settlements” (Santa María, 1973). According to Castillo (2018), “the increase in Chilean informal settlements has been a challenge that successive governments –acting through the Ministry of Housing and Urbanism– have not found a comprehensive solution for, questioning a housing policy that, in the Latin American context, was considered successful until the late 1990s” (p. 227). Ducci (1997), already in the late nineties, pointed out that the consequences of a deficit-oriented model reflected the “dark side of a successful housing policy”. Other authors argue that the persistence of informal settlements, at least in the metropolitan region, is explained by the intersection of two expectations: improving location within the city and gaining formal homeownership. “The fact that informal settlements continue to emerge despite the massive production of units subsidized by the State and that the majority of their residents are not below the poverty line supports this conclusion” (Brain Valenzuela et al., 2010, p. 111). Regarding public policies directed at informal settlements, at least in recent years, some researchers have suggested that, “in general, it is the larger and older informal settlements, located in metropolitan areas, that would present greater difficulties for intervention” (Matus Madrid et al., 2019, p. 61).

A fourth and final recurring element in the literature consists of research focusing on social housing policies and issues of space and architecture. Some authors have centered their attention on the *Caja de Habitación Popular* in 1930-1950, whose initiatives, as asserted by Hidalgo (2000), “were not fully able to remedy the problem of popular housing [since] the institutional framework created to address the housing deficit would not be capable of satisfying the demand for hygienic and affordable residences” (p. 117). Another institution frequently studied in historiography is CORVI (*Corporación de Vivienda*) and “the political program of rationalization and centralization of housing provision efforts” (Raposo, 1999, p. 47) implemented since the mid-20th century. This program, argues Raposo (1999), “expresses forms of thought and action constitutive of a school of architectural design whose development corresponds to the legitimation of a status of housing dignity.

In the architectural work of this school, elements of social desirability are balanced with political and techno-instrumental rationality” (p. 41). Regarding recent decades, Hidalgo (2007) has shown that the location of social housing in areas with disadvantaged material conditions has created a new form of spatial marginalization: “due to the peripheral location and deficient urban conditions giving rise to these residential areas, a true state *precariopolis* is forming, displaying signs of exclusion and inequality different from those experienced in previous decades” (p. 57). In other recent studies (Casanova & Puentes, 2024), other aspects of poverty have been highlighted, such as the temporal dimension, indicating that, despite the increase in the coverage of housing policies, life at home continues to be subject to structural problems that affect people’s quality of life. The literature has also explored the relationship between housing, gender (Parker et al., 2023), and migration (Pérez & Palma, 2021).

In summary, two predominant arguments concerning the relationship between housing and poverty prevail in the literature. Firstly, there is consensus on the positive effect of recent social policies regarding access for low-income families. Secondly, for some authors, despite these advancements, the weight of poverty and the marginalization of those with housing difficulties persist. Castillo (2018) argues that “housing deficit, quality, and access converge with other social and urban problems, constituting, given their poverty condition, one of the relevant issues in present-day Chile” (p. 228). Meanwhile, Murphy (2021) demonstrates that “even for residents with legally sanctioned properties, home life can be tense and insecure, threatened by a volatile and unfair economic and political context” (p. 28). In a study on housing policies during Pinochet’s dictatorship, Richards (1995) concluded that “while this was successful in terms of directing resources to the poor, it also led to a situation of increased social and residential segregation within the city and did not provide any means of social mobility for the poor, as official ideology had implied” (p. 515).

Thus, despite the issue of housing costs and their impact on the socio-economic situation of families being addressed in the literature, there are few proper historiographical studies on this topic. So far, there are no precise figures regarding the cost of housing from a long-term historical perspective. Most studies addressing this matter correspond to economic and social research focused on recent decades. This research aims to fill this gap. In this study, we present the first figures on the relative cost of housing in

Chile from the 1960s to the present. While a recent study (Vergara-Perucich et al., 2023) has tackled this topic, it uses data from 2017, lacking a series that enables the development of a long-term historical perspective. The authors concluded, “There is no mystery here –there are enormous difficulties for families to make ends meet with the wages paid in the country. These salaries do not cover the welfare that the neoliberal model proclaimed [...] the highly unequal distribution of income means that some households achieve well-being only through purchasing power, while others, even with state subsidies, cannot reach the minimum levels of well-being” (p. 12).

In the following sections, we describe the methodology and sources used and present the main results. The research questions guiding our work are as follows:

- How did Greater Santiago households’ relative housing cost change between the 1960s and the present?
- How does the relative cost of housing change according to income deciles?
- How does the relative housing price in Chile change compared to the international trend?
- How does the relative cost of housing change according to ownership regime?

These four questions aim to address existing gaps in the literature and hope to contribute to the academic debate from an interdisciplinary perspective based on dialogue between the social sciences and history.

METHODOLOGY AND SOURCES

The information source utilized in this study is the Survey of Employment and Unemployment in the Greater Santiago region (Encuesta de Ocupación y Desocupación del Gran Santiago), conducted by the Center for Microdata at the Department of Economics of the University of Chile. This survey has been administered quarterly since 1957 across all municipalities in the Greater Santiago area. As depicted in Table 1, it encompasses approximately 10 000 individuals and between 2 000 to 3 000 family groups annually. Monetary expenditure data related to housing has been publicly available since 1966. It is important to clarify that the sources used in this research only cover the

Table 1. Coverage of the Survey of Employment and Unemployment in the Greater Santiago Region 1957-2000

	<i>Number of individuals</i>	<i>Number of households</i>
1960	10 197	2 352
1965	14 759	3 183
1970	14 536	3 142
1975	14 539	3 097
1980	12 699	2 944
1985	12 625	3 060
1990	11 131	2 900
1995	11 184	2 959
2000	11 538	3 060

Source: The author’s compilation is based on data from the Center for Microdata at the University of Chile.

metropolitan area of Santiago, the capital of Chile, and may not necessarily represent the entire national reality.

In this article, the relative cost of housing refers to the proportion of expenditure allocated to housing within the total expenditure of a family group. Relative poverty refers to the condition in which an individual or family finds themselves economically and socially disadvantaged compared to the rest of society. Adhering to the criteria outlined in specialized literature (Alkire, 2020; Beck et al., 2020; Dotter & Klasen, 2020), we establish the relative poverty line for each year as 60% of the median income. Per capita family income is employed as the income measure: the sum of all individuals’ incomes within the family group divided by the number of members. An absolute poverty standard is not employed, as official poverty lines and their incidence have only been published from 1987 onwards (PNUD, 2020).

RESULTS

Table 2 and figure 1 present the incidence of relative income poverty and the mean/median of the relative housing cost in poor and non-poor households

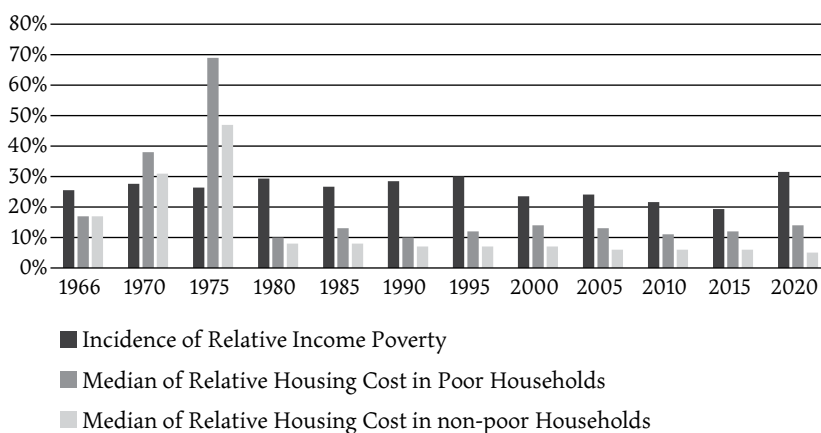
Table 2. Incidence of Relative Poverty and Relative Housing Cost in Poor and Non-poor Households 1966-2020

	<i>Incidence of relative income poverty (%)</i>	<i>Mean of relative housing cost in poor households (%)</i>	<i>Median of relative housing cost in poor households (%)</i>	<i>Mean of relative housing cost in non-poor households (%)</i>	<i>Median of relative housing cost in non-poor households (%)</i>
1966	25.51	26	17	22	17
1970	27.63	66	38	44	31
1975	26.38	149	69	68	47
1980	29.35	18	10	11	8
1985	26.70	21	13	10	8
1990	28.53	14	10	9	7
1995	30.13	16	12	8	7
2000	23.53	22	14	10	7
2005	24.12	20	13	9	6
2010	21.66	16	11	8	6
2015	19.32	19	12	8	6
2020	31.57	26	14	6	5

Source: The author’s compilation is based on data from the Center for Microdata at the University of Chile.

for the years spanning from 1966 to 2020. In the year 1966, it was observed that 25% of households were affected by relative income poverty. The mean relative housing cost for poor households was 26%, while the median was 17%. In non-poor households, the mean was 22%, with a median of 17%. By the year 1970, the incidence of relative poverty increased to around 28%. The mean and median relative housing costs in poor households were 66% and 38%, respectively. In contrast, non-poor households had a mean relative housing cost of 44%, with a median of 31%. In 1975, relative poverty decreased. The mean cost of housing in poor households notably rose to 149%, possibly attributable to the economic crisis and inflationary spiral of the time.

Figure 1. Incidence of Relative Poverty and Relative Housing Cost in Poor and Non-poor Households 1966-2020



Source: The author's compilation is based on data from the Center for Microdata at the University of Chile.

During the political cycle of the Unidad Popular (1970-1973), there was a discernible trend of escalated state investment within the construction sector. Entities such as the CORVI demonstrated an increased inclination towards allocating funds to housing projects tendered to private companies, albeit focusing on catering to the popular sectors. In practical terms, this represented an important advancement towards facilitating access to housing for the most socioeconomically disadvantaged segments of society, a phenomenon that had been on the rise during Eduardo Frei's government (1964-1970) but reached its peak under the Unidad Popular. However, the prevailing macroeconomic conditions under the Allende administration manifested indications of significant inflation (Meller, 1998). Housing policy, as several authors have pointed out, contributed to the structural disorders of the economy by often not considering control over the inflationary effect. "As housing plans became massive and inflation became an increasing problem, involuntary subsidy began to take on disproportionate proportions [...] The inflation of the years 1972 and 1973 made housing practically free" (Palma & Sanfuentes, 1979, pp. 50, 52).

Hence, over a decade, between 1966 and 1976, the active involvement of the state and its interactions with construction entities operating in the housing sector underwent a significant transformation, reshaping the approach towards policy interventions aimed at facilitating access to affordable housing (Cofré, 2015). As Riquelme Gálvez (2023) argues, “In Chile, it was not until the government of Eduardo Frei Montalva that the magnitude of the reforms to the structure of the system provided an important array of instruments to mass, technically, aesthetically, and legally solve the housing problem that was suffocating Santiago de Chile and other cities in the country” (p. 100).

Since the 1980s, two cycles can be observed: a first period of decline in relative housing cost until 1995 and an increase from the mid-1990s to 2020. Relative poverty reached its highest values in 1995 and 2020. These figures on relative income poverty broadly align with those provided by the World Bank (2023), indicating 28% in 1987, 26-27% between 1990 and 2003, and 23-21% between 2003 and 2020. The global pandemic context may influence the 2020 value. The differences between our figures and those of the World Bank, though minimal, may stem from the fact that the latter considers the entire national reality while we solely focus on the Greater Santiago area.

Table 3 presents the ratio between housing costs and the relative income poverty line for poor and non-poor households from 1966 to 2020. For example, if the ratio is 2.0, the household's housing expenditure equals twice the poverty line's value. Unlike the relative cost of housing (ratio housing cost/household income), the ratio shown in Table 3 is a normative indicator that reflects the (observed) importance of housing in the minimum amount necessary to maintain a decent life. In the case of poor households, the mean ratio ranged from 0.84 in 1966 to 0.32 in 2010. The median fluctuated between 0.62 in 1966 and 0.29 in 2010 and 2015. On the other hand, in non-poor households, the mean exhibited changes from 2.36 in 1966 to 0.94 in 2020. The median varied between 1.56 in 1966 and 0.69 in the year 2020. Overall, the figures in poor and non-poor households tend to decrease over time. However, the decline is more pronounced in non-poor households. The percentage change in the mean between 1980 and 2015 was -32% in poor households and -46% in non-poor households. The percentage change in the median was -29% in poor households and -45% in non-poor households. These values confirm what the literature indicates: despite advancements, especially in access through state subsidies, the relative cost of housing remains significant for poor households, a situation that worsened during the pandemic. The 2015

Table 3. The ratio between Housing Cost and Relative Income Poverty Line 1966-2020

	<i>Mean in poor households</i>	<i>Median in poor households</i>	<i>Mean in non-poor households</i>	<i>Median in non-poor households</i>
1966	0.84	0.62	2.36	1.56
1970	1.77	1.14	4.49	2.84
1975	3.30	2.22	6.86	3.89
1980	0.47	0.41	1.13	0.78
1985	0.56	0.42	1.02	0.83
1990	0.39	0.28	0.98	0.59
1995	0.61	0.39	0.75	0.59
2000	0.45	0.38	0.80	0.54
2005	0.36	0.35	0.67	0.48
2010	0.32	0.29	0.53	0.39
2015	0.32	0.29	0.61	0.43
2020	0.56	0.35	0.94	0.69

Source: The author’s compilation is based on data from the Center for Microdata at the University of Chile.

figures show that poor households’ average housing expenditure (both mean and median) is close to 1/3 of the poverty line (understood as the minimum cost to maintain a dignified life).

As for the ratio of the mean in the relative housing cost between Chile and the international average, a decreasing trend is observed over the analyzed period. In the year 2000, this ratio was 0.790, indicating that the relative housing cost in Chile was approximately 79% of the international average. This figure progressively decreased over time, reaching its lowest level in 2007, with a value of 0.497. However, there was an increase in 2010, with a ratio of 0.56. On the other hand, concerning the ratio of the median in the relative housing cost between Chile and the international average, a more volatile variation is observed. In 2011, this ratio was 0.837, implying that Chile’s median relative housing cost was around 83.7% of the international average. Over the following years, this ratio exhibited fluctuations, reaching its highest

point in 2017 with a value of 1.102, suggesting that Chile's median relative housing cost slightly exceeded the international average in that year. Overall, it is possible to observe that the relative housing cost compared to the international average decreases between 2000 and 2010 and increases between 2011 and 2017. However, it is important to recognize that the data corresponding to the period from 2000 to 2010 cannot be directly compared with those for the interval from 2011 to 2017. The appropriate procedure involves evaluating each of these temporal segments separately, given the different nature of the central tendency measures employed. Table 4 suggests that, at least in the last decade, relative housing prices increased more than income, as indicated by recent research (Vergara-Perucich & Aguirre-Nuñez, 2020).

Table 5 displays the average relative housing cost for different income percentiles. Household per capita income has been utilized as the income measure. To construct the table, percentiles were first determined, ranging from p10 (the bottom 10% of households by income) to p90 (the top 10% of households by income), and then the average for all households within each income percentile was calculated. In 1966, the average relative housing cost for the p10 was 140.04%, while for the p20, it was 23.26%. Higher-income households allocated around 20% of their income to housing. In 1980, lower values were recorded across all percentiles. For the p10, the average was 26.95%, while for the p20, it was 16.93%, and for the p30, it was 12.82%. The figures decreased to 11% and 8% in the higher-income sectors. In the year 2000, an increase was observed in some percentiles. For example, for the p10, the average was 31.93%, while for the p20, it was 17.07%, and for the p30, it was 15.46%. Conversely, in the higher-income sectors, the figures experienced a notable decline. In 2020, there was a further increase in the p10, reaching 40.85%. Overall, the results indicate that, after the general decrease in relative housing costs between the mid-sixties and seventies, there is a trend toward an increase in the expenses for the most impoverished sectors of the population, especially the bottom 10% of income earners. In other words, over time, housing becomes more expensive for lower-income households and more affordable for wealthier households. However, it is important to note that the survey used in this article does not specify how housing is financed (state subsidy, personal savings, bank loan, etc.). Given the extent of social housing programs in low-income sectors, it is reasonable to infer that the relative housing cost in the lower percentiles is high despite state subsidies.

Table 4. Mean and median housing expenditure as a proportion of households' net income in different countries 2000-2017 (percentages)

	<i>Mean</i>				<i>Median</i>			
	2000	2005	2007	2010	2011	2013	2015	2017
Australia	16.1	16.9	16.9	17.50	23.8	22.4	22.7	22.9
Austria	15.2	16.6	16	16.80	16.1	16.7	16.9	16.9
Belgium	16.6	16.7	16	16.60			22.2	22.8
Canada	18.1	18.2	17.9	17.90	15.1	18.6	19.2	19.2
Bulgaria					19.3	18.9	19.1	19.2
Chile	13.03	11.5	8.44	9.81	15.8	18.0	18.8	20.8
Czech								
Republic	17.4	19.8	20	22.30	16.7	17.4	17.9	19.8
Colombia					14.2	14.4	14.9	15.8
Costa Rica								19.8
Croatia					21.5	22.4	23.0	21.5
Cyprus								14.1
Denmark	21.1	20.9	21.5	21.70	27.8	28.2	27.3	27.9
Estonia	21.3	18.6	18.4	17.10	16.2	14.4	13.5	13.1
Finland	18.8	18.8	18.6	19.30	20.8	20.9	21.9	21.5
France	16.5	16.9	17	17.40			22.0	21.6
Germany	16.8	17.5	17.4	17.90			19.7	18.7
Greece		18.22	17.6	22.30	22.5	26.7	25.6	25.0
Hungary	15.5	14.7	15.8	18.40	16.9	18.5	17.1	18.0
Iceland					26.3	26.5	29.8	
Ireland		15.7	16.5	15.70	15.3	18.9	18.7	17.0
Italy	14.9	15.8	16	17.80	19.7	21.0	20.5	20.2
Japan		19.8	20.1	20.20				
South Korea	15.5	14.6	14.2	13.50				
Latvia					11.1	10.7	10.4	9.9
Lithuania					21.4	18.8	11.9	11.9
Luxemburg			19.3	19.20	23.1	25.5	26.7	27.0
Malta					6.1	7.8	8.6	10.4
Mexico		15.3	14.9	14.00				
Netherlands	16.2	17.3	16.6	17.40	22.2	23.3	24.3	22.5
Norway	14.3	14	14.5	14.90	17.3	18.1	21.4	19.9

	Mean					Median		
	2000	2005	2007	2010	2011	2013	2015	2017
Poland	16	19.8	19.3	19.90	17.2	18.5	18.1	16.5
Portugal	10.9	12.1	12.5	13.10	15.7	18.3	17.9	16.5
Romania					16.1	14.1		21.9
Slovakia	18.2	22.5	21.9	20.80	12.6	13.4	14.0	16.4
Slovenia	15.3	15.1	14.7	16.40	14.9	17.1	16.1	16.2
Spain	13.2	14	14.7	16.10	21.0	21.1	21.3	19.5
Sweden	20	19	18.2	18.60	28.0	17.9	17.8	17.8
Switzerland	20.1	20.8	20.1	20.70	24.9	18.9	19.9	
Turkey					22.5	21.1	19.6	19.3
United Kingdom	15.7	16.7	17.8	19.60	20.7	20.5	19.9	20.0
United States of America	15.7	16.3	16.3	16.40	20.0	19.0	18.6	18.3
Average	16.50	17.04	16.97	17.64	18.9	19.0	19.4	18.9
Ratio Chile/ Average	0.790	0.675	0.497	0.56	0.837	0.946	0.972	1.102

Source: The author’s compilation is based on data from the Center for Microdata at the University of Chile and OECD (2023).

Notes: From 2000 to 2010, the mean of housing expenditure as a proportion of total expenditure is used. From 2011 to 2017, the median is being utilized. The data from 2000-2010 are not comparable to those from 2011-2017. It is appropriate to evaluate each period separately.

These figures also align with the calculations of government agencies. For instance, in the VI Household Budget Survey (VI Encuesta de Presupuestos Familiares) (INE, 2013), the average expenditure on Housing, water, electricity, gas, and other fuels, furniture, household items, and ordinary household conservation is 19% for the lowest income quintile (Q1). As income increases, housing expenditure decreases: 16% for Q2. 15% for Q3, 14% for Q4, and 11% for Q5. Overall, the proportion of housing expenditure for the entire surveyed population is 13%. The INE figures are somewhat higher than those in Table 5 because they include additional expenses such as furniture, water, and energy.

Table 5. Average relative housing cost by percentiles of per capita income. 1966-2020

	1966 (%)	1980(%)	2000(%)	2020(%)
p10	140.04	26.95	31.93	40.85
p20	23.26	16.93	17.07	13.03
p30	No data	12.82	15.46	7.75
p40	21.86	No data	13.07	5.51
p50	23.62	11.12	11.69	8.16
p60	21.17	12.52	9.84	7.43
p70	20.28	10.18	10.07	5.55
p80	21.49	11.24	8.02	5.35
p90	21.23	8.47	5.87	5.35

Source: The author’s compilation is based on data from the Center for Microdata at the University of Chile.

Note: The percentiles correspond to a sorting variable indicating the position of the household in the income distribution and do not correspond to an official socio-economic stratification measure.

However, the National Institute of Statistics report fails to capture the significant increase in the relative housing cost in the very low-income sectors (p10). This figure supports the argument, as previously noted in the literature (Blanco et al., 2016), regarding the limited ability of households with scarce resources to access housing. As indicated in Table 5, this situation has worsened from 1980 to 2020, especially in the bottom 10% of income earners. If we examine previous surveys, we see that the figures in Table 5 also align with the results of the INE. In the III Household Budget Survey (INE, 1978), the average housing expenditure for the entire surveyed population was 13.26%, coinciding with our results for the year 1980.

Table 6 presents the average relative housing cost according to ownership regime. In this question, the survey provides four possible responses: rented, owned, granted, and no response. In 1966, the first year the housing type question was included, the average relative housing cost in rented dwellings was 19%, while in owned dwellings, it was 30%, and in granted dwellings, it was 17%. No data is available for households that did not respond to the

Table 6. Average Relative Housing Cost by Housing Tenure 1966-2015

	<i>Rented (%)</i>	<i>Owned(%)</i>	<i>Granted(%)</i>	<i>No response(%)</i>
1966	19	30	17	No data
1980	8	14	13	No data
2000	8	14	15	10
2015	8	12	11	No data

Source: The author’s compilation is based on data from the Center for Microdata at the University of Chile.

question. In 1980, a decrease in the average relative housing cost was observed across all types of households. In rented dwellings, the average was 8%, while in owned dwellings, it was 14%, and in granted dwellings, it was 13%. Once again, data is unavailable for households that did not respond. For 2000, similar values to those in 1980 were maintained in rented dwellings (8%) and owned dwellings (14%). However, an increase was observed in the average for granted dwellings, reaching 15%. In households that did not answer the question, the average relative housing cost was 10%. Finally, in 2015, the average relative housing cost in rented dwellings was 8%, while in owned dwellings, it was 12%, and in granted dwellings, it was 11%. These results indicate a general trend toward reducing relative housing costs. However, the decrease is more pronounced in rented houses.

CONCLUSIONS

Despite housing costs and their impact on the socio-economic circumstances of families being addressed in the literature, few studies provide a long-term perspective on this issue with a historical-economic focus. Currently, there are no precise long-term historical data on the relative cost of housing. Most studies in this field are focused on economic and social research in recent decades. This research has found that,

1. The relative cost of housing, measured as the ratio between housing expenditure and total expenditure or between housing expenditure and

the poverty line, has decreased more in non-poor households than in poor households.

2. A reduction in the relative cost of housing in Chile is observed compared to the international average from 2000 to 2010, followed by an increase between 2011 and 2017.

3. Examination of the relative cost according to income percentile indicates a pattern of escalating expenses within the poorest segments of the population, particularly evident in the lowest 10% of income recipients.

4. The reduction in the relative cost of housing has been more pronounced in rented houses than in owned houses.

To sum up, despite advancements, particularly in access through state subsidies, the relative cost of housing remains significant for impoverished households. Over time, housing becomes more expensive for the most disadvantaged households and more affordable for those with greater resources.

This research concludes that caution is warranted when discussing poverty historically in Chile. While absolute poverty, defined as a standard for material and biological dignified living, has notably decreased, the same does not hold for relative poverty, which pertains to one's economic standing in society. Although the reduction in absolute poverty is undeniable, current societal concerns seem to prioritize relative poverty over absolute poverty. Recent research has shown (Rodríguez, 2018) that inequality remains one of the main social problems in contemporary Chile.

During the beginning of the neoliberal period, the relative price of housing in Chile decreased compared to the international standard. However, this progress halted in 2010. There was a significant increase in housing prices between 2011 and 2017, which aligns with current diagnoses regarding a supposed housing crisis. Therefore, when evaluating the last decades in the evolution of housing prices, it is not recommended to establish a simple diagnosis referring to the entire neoliberal period. It is necessary to distinguish periods of progress and decline.

It is important to recognize that the conclusions presented in this research are derived from examining a singular historical source spanning the entirety of the study period. The historical analysis proposed in this research can be criticized and subject to improvements through subsequent research and exploring alternative historical sources.

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