

Review Article

New mortgage loans and access to housing: inequalities and segregation in the city of La Plata, Argentina

Gabriel Losano*

Department of Geography, National University of La Plata, Buenos Aires, Argentina.

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In the Argentine economy, both the dollar and real estate is a financial asset. That means, its demand is oriented to obtain future income. Therefore, the real estate market, in the main Argentine cities, is quoted in the US currency. This led to the fact that, in recent decades, urban and sectorial construction policies have exacerbated certain critical problems of their cities, such as strong contrasts and social inequalities in which segregation conditions and high levels of poverty prevail. The housing problem not only takes on particular relevance, but already affects the most impoverished sectors of its inhabitants.

Key words: Mortgage loans, real estate market, access to housing, urban segregation

INTRODUCTION

The strong growth of the construction industry during the period 2003-2015 did not translate into better conditions of access to housing through the formal market. This was due to the increase in the gap between the real estate values and wages and the difficulty in meeting the requirements to qualify for a mortgage loan, marginalizing increasingly larger social sectors to the possibility of accessing homeownership.

As of April 2016, a new line of mortgage loans is launched to allow the middle sectors to access to a home. Such loans are adjustable for inflation, acquiring what is called Purchasing Value Units (PVU). This modality, which is new for the country, was very well received by the real estate and construction sector, generating a lot of expectation in broad sectors of society that do not have access to housing. The city of La Plata, being the capital of the main province and the fourth demographic city of Argentina with almost 6,50,000 inhabitants, is an emblematic case about the difficulty of access to housing and urban disparity in Argentina.

The objective of this paper is to analyse the PVU credits for the purchase of housing, the possibilities of accessing to them and assessing access to opportunities based on the location of the homes in La Plata.

For this, the information about the offer of real estate market was taken from the real estate portals of La Plata in June 2016 and June 2018. On these portals you can select houses and flats for sale; the price offered, the covered area, the number of rooms and if they are eligible for credit. But also, the supply of land in the central area of the urban agglomerate and lots in the periphery were considered, since it is the essential and in the real estate market. The rental of apartments was also taken as a reference for the payment of the loan rate. For these, the value of the monthly rate, the covered area and the number of rooms were recorded. Subsequently, the offer was located and analyzed using the geographic information system.

LITERATURE REVIEW

Get profits vs. get housing

The financialization of the economy as a whole is understood as a new model of accumulation based on finance that would have the financial activity and highly concentrated corporations (financial or not) in the process of income circulation (Tabb, 2007; Rolnik, 2013; Socoloff, 2018). This financialization is a form of capital accumulation that is not generated by the production of material goods, but by speculation in stock markets. Many industries and companies producing material goods invest part of their profits in the stock markets, as well as pension funds in many countries. In the 21st century, housing was included as one of the new fields of application of capital surpluses and the creation of a secondary mortgage market. It has been an important vehicle to connect the financing systems

*Corresponding author. Gabriel Losano, E-mail: glosano@yahoo.com.

of domestic housing to global markets (Rolnik, 2017).

Given this framework of a deregulated financial model and a political and economic environment that favors it, it has made speculative urbanization its main form of capital accumulation. The specific change that concerns this phase of economic development is that, under the conditions established by the financialized configuration, this capital surplus reached a magnitude greater than that achieved by any other development model. In essence, these changes can be considered to be related to the ability of urbanization to absorb capital surpluses oriented to real estate ventures. With this generalization of economic dynamics oriented to financial markets, the process of social production of urban space began to show substantial changes both in terms of interurban relations, as well as the evolution of each of the urban areas involved (De Mattos, 2016).

The result is the deconstruction of housing as a social asset and its transmutation into merchandise and financial benefits. Of basic human need, housing has become the basis of fictitious capitals and a material object to get profits. Thus, a property is not only to develop an activity; but also to be able to monetize, be able to make profits and profitability. Therefore, it becomes a financial asset. Land ownership has ceased to be a means of production and has become a powerful store of value. The properties are valued based on the anticipation of a flow of future returns or in case of a future shortage of land (Rolnik, 2017).

This financialization of the real estate market is a worldwide trend of this 21st century, where transnational financial and real estate capitals conquer cities and have been installed, with their lucrative and extractive logic, in the social housing policies of many countries of the world, with the consent of governments of every political sign (Rolnik, 2017).

Thus the financial capital shows a greater interest in investing in the production of urban land and in the revitalization of certain sectors of the city, as a way to sustain and maximize profits. That is why, cities are the main destination of world capital that seeks safe haven for investments, housing prices have increased to levels that most of its inhabitants cannot afford, and have created huge increases in the wealth of the homeowners in the areas selected by them and excluding low and moderate income households from access to property or rental of housing due to inaccessible prices (Blanco y Bosoer, 2016). With this model of financialization of cities, the production of the urban space is exposed to the expectations of profitability, now under a rhythm of greater frequency and greater volume.

The real estate market became the main link in the valuation of capital and is at the heart of the process of generation and distribution of urban wealth in the large Latin American cities (Abramo, 2009).

In the case of Argentina, the economic crisis in 2001 intensified distrust in the banking system by mobilizing assets to other destinations. In turn, the liquidity from the favored sectors increased with the new exchange rate and the increase in the price of exportable commodities. Here the transactions in the real estate market are made in US dollars. This is to protect investors against inflation and the low interest rate of deposits

in the banking system until 2015. As a consequence of this the circulating dollars were oriented to the real estate market from 2003 (Losano, 2011; Río, et al. 2014). So, in principle, we could say that it was not the banks (public or private) that financed real estate demand. Residential developers claim to have financed primarily through pre-sale to investors and end users (Socoloff, 2018). This investment in the real estate sector, gave rise to a boom in the building. And this was mainly financed with local savings and/or short-term debt, with a limited participation of banks and very limited capital market. It states that local developers sought to channel these savings to the real estate sector in the country and abroad. And the impact of the dynamics of the price of commodities (soybeans and their derivatives mainly) in the real estate sector, was strictly due to liquidity from soybean exports. Nowadays in Argentina, there are not high rates of profitability in the real estate sector, but it is safe in a context of a strong tradition of instability and unpredictability from other sectors of the economy. Regarding the management of cities and housing, both local and provincial governments and the central government, play a fundamental role in the adoption of this financialized model of housing policy. This is reflected by limiting or neglecting alternative forms of housing production, freeing land for urbanization and deregulating construction, size and quality of housing standards. Thus, public policies have abandoned the concept of housing as a social good; and have renounced the role of redistribution of wealth to become mechanisms to get profit, financial gain and capital accumulation (Rolnik, 2017). The constitution of the real estate city as a hegemonic vision of the urban event has been presented by the particular interests of the real estate-construction sector as the interests of the whole society. This has been accompanied by an ideological deployment that has built a collective imaginary managing to generalize a perception that eludes the true motivation of urban planning (Fernandez Ramírez, et al. 2014).

Therefore, the planning and planning instruments available to the city have not proved sufficiently effective in the application of their statements, or have done so in a functional way to an urban development marked by the pace of the market and the interests of the real estate-builder sector. The importance of construction activity in the economy of the country is above housing needs. Public programs have often chosen to encourage purchases by subsidizing demand and through countercyclical measures that reactivate the low moments of the real estate market. Therefore, "mortgage financing in favorable conditions allow access to own housing, as well as favouring the activity of the related sector. In particular, the financing granted for the construction or renovation of housing stimulates construction, one of the sectors with the greatest generation of employment, with approximately 450,000 direct jobs registered in 2013" (Cherkasky Rappa, et al. 2013).

In the case of Argentina, the high values of the houses and the lack of bank financing led to a process of financialization of the bricks through the generalization in the use of the trust as a new legal-financial device that favours the real estate sector. As a corollary, there was a growing trend towards the tenancy of households in the last fifteen years (Río, Langard and Arturi, 2014).

Although in 2005, mortgage products began to be offered in local currency in the long term and at substantially lower real rates than in the 90s, these were insufficient given the low income and amounts to an increasingly expensive real estate market. Moreover the relationship between the income in dollars of the possible credit applicants and the increasing values reached in the price of the properties, in dollars, hindered the access to bank financing of large sectors of the population (Banzas, et al. 2007). This generated a gap between the purchasing power of wages and property prices that prevented an improvement in housing access conditions for a good part of the sectors. Therefore, it was a period of low mortgage loans (Figure 1).

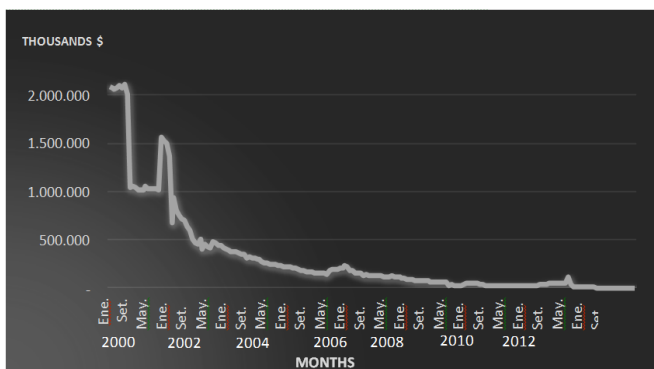


Figure 1. Mortgage loans, balances in thousands of pesos. (Note: From January 2000-December 2015. (Source. Banco Central de la República Argentina-BCRA)).

Access to homeownership and the city

As Harvey argues, the provision of adequate housing use values for the vast majority of the population is hostage to this increasingly entrenched conception of the exchange value with “The consequences for the provision of adequate and affordable housing for an increasing segment of the population have been disastrous” (Harvey, 2014).

The strategies for speculative investments in the real estate markets in the city centre and the construction of megaprojects, with the intention of attracting corporations they have greatly affected the affordability of housing in the cities. The result has been the creation of enclaves for the well-off social sectors, where those who cannot live in those areas are pushed into inadequate housing, in places with few or no basic services and at a distance from subsistence resources. In the context of this inconsistency, between the need and availability, and the lack of accessibility, many cannot compete for housing with multinational corporations for a place, which generates predictable consequences (Rolnik, 2013).

One of the problems of Latin American cities is that it is urbanized a lot and the city is dissolved. As states, a large part of the population does not live in the city but in more or less urbanized areas (Borja, 2019). The city is characterized by a heterogeneous society and a self-governing institution. The urbanization without a city can be almost always homogeneous sets or enclaves, both of popular and medium or high sectors. But most urban areas without a city are poorly urbanized lack of basic services or access to collective transport, or the absence of health centers, schools or different social equipment.

A first approach to understanding how the access to the city

manifests in relation to the resources for social development, we refer to two fundamental variables: accessibility and proximity. Resources are not only economic, but they can also be social (sector or status), spatial or symbolic, plausible to be appropriate and meet different people’s needs. Now, when talking about variables in space, such as accessibility and proximity, the issue of urban centralities emerges. And it is from the accessibility and proximity to them where the problems that generate the increasing concentration of the soil and the difficulty of accessing the urban space of the sectors with minor resources originate. Access to land (housing and city benefits) is in fact a long-standing problem in Latin America.

The adjustable mortgage credits for inflation

As mentioned, in Argentina between the years 2003-2015, the strong dynamism of housing construction was sustained by a financial demand. The amounts and rates of home loans were not very accessible for most Argentines. Among the main causes, depressed wages stand out both in relation to the value of the square meter and high inflation in general. Moreover there was a historical distrust in the local economy that led financial institutions to deal with other loan lines of lower amounts and terms (Cherkasky Rappa, et al. 2013).

Given this context, the material and symbolic conditions for the marginalization and the disadvantage of more and larger sectors of the population, the real estate market was developed in and with an almost paralyzed construction sector. It is then when PVU credits were launched in Argentina.

These credits were launched with great fanfare in April 2016. This modality comes to replace an unsatisfied segment, since conventional fixed-rate loans have very demanding repayment schemes in their early years, which entails a barrier to get a loan for families of low and middle sectors (Fraschina, 2016).

These credits, unlike traditional fixed-rate loans, have a monthly adjustment mechanism for inflation. An interest rate is also added as a profit to the loanable entity which, at the time of its launch, varied from 3.5% to 5.5% per year, depending on the bank and whether or not it is their customer. This mechanism allows fixing the profit of the financial entities by means of this interest rate and thus it cannot be transferred to the initial installments that the borrowers must pay, for which, at the beginning, the installments are cheaper than the fixed rate credits.

Given this new modality, it is necessary to consider the economic circumstances that Argentina went through in the last 30 years, the maximum period the loan is granted when we have had a high and sustained inflation. We see that from 1988 to 2018 there was an average annual inflation of 230% and taking the median to avoid distortion due to hyperinflation during the years 1988-90, it was 10.9% (NISC), with an extraordinary period of low inflation during the 1990s and an upward trend during the last seventeen years (Figure 2). Thus, the fee to be paid can become very burdensome for families as a result of their automatic monthly corrections out of date in relation to salary increases.

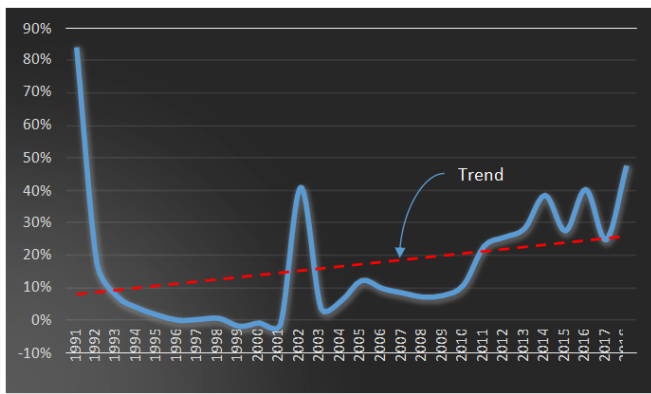


Figure 2. Annual inflation. (Note: From 1991-2018. (Source. INDEC)).

Once the property has been acquired through a PVU loan, the most important variable is inflation and salary. As it is an indexed loan, it will be adjusted every month according to inflation-both the fee and the capital. If during the credit, the salary accompanies inflation, the person should not have problems to be able to pay it, because every month the adjusted credit installment should take the same proportion of the salary. Since the PVUs came out, in April 2016, they had an increase of 115.5% as of December 2018; while the salary for the same period was 98.5% (Figure 3). In this scenario, the installments of credit will tend to represent an increasing percentage of the income.

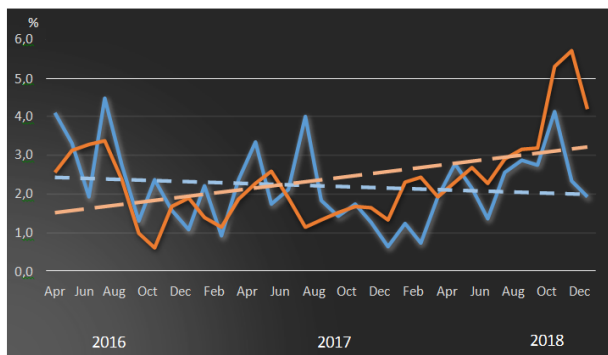


Figure 3. Salary Index and monthly variation PVU. (Note: April 2016-December 2018 (Source. INDEC y BCRA)). **Note:** (—) salary index; (—) PVU; (—) wage trend; (—) Trend PVU

Regarding the evolution of the variables that affect the access to the loan, the increase in credit installment was strongly driven by the rise in the exchange rate, and to a lesser extent by the valuation of the property in dollars.

Given this inflationary scenario, the Central Bank included a clause that obliges banks to extend the deadlines in case the cost of living advances 10% above the coefficient of salary variation. This means that, in a scenario where there is a fall in real wages, the policyholder may request the term of the loan to be extended, causing the fee to fall and therefore that the debt is extended in time. That way, the available income of a loan holder is not reduced considerably and can continue paying. Thus, banks, as a rule, have a clause that requires them to extend the original loan term up to 25%. As a counterpart, as in all cases of refinancing a debt, more interest is paid for periods of time, therefore more money is owed.

The main advantage of the credits denominated in PVU

turns out to be their low initial installment, because their adjustment according to inflation allows for lower rates. This allowed expanding the market of the possible borrowers of loans that were on the margin during the last decade, resulting in a strong and constant increase of the loans granted from the second half of 2016 until April 2018, since there has been a sharp decline due to the country's financial crisis (Figure 4).

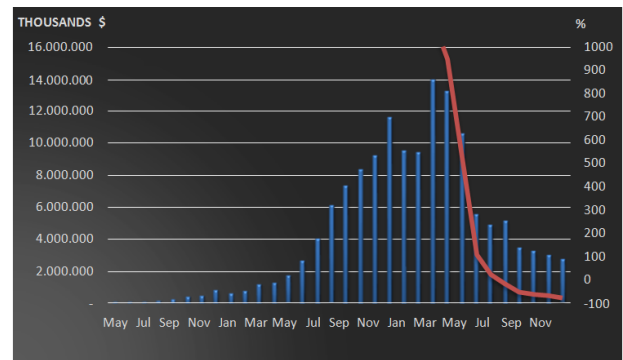


Figure 4. Monthly level and interannual variation of loan amounts PVU. (Note: From: May 2016-December 2018 (Source. BCRA)). **Note:** (■) mortgage loans; (—) annual variation

The strong demand for PVU credits in its first two years can be explained by several factors:

- Until December 2015, mortgage credit offers were very limited and they had requirements difficult to fulfill.
- There was an unsatisfied demand given that a large number of people who, wanting to access to their own home, had no way of achieving it because they could not access a mortgage loan. This is, for many, the only feasible way to access their home.
- Taking into account the previous point, there was an important incentive to risk taking a loan since the rents presented values similar to the installments of the PVU credits.

However, the recession that begins in 2018, the acceleration in prices and the pessimistic scenario, quickly reverse the flow of loans and there is a final sharp general decrease from April 2018, reaching only the \$2.7 million in December (Figure 4).

The National Bank has been the main entity and pioneer in granting these loans with one of the lowest rates. For its part, Province Bank (Banco Provincia) has an important client portfolio in the city of La Plata. Although with certain differences between the entities, the rate, term and amounts have been varying since their launch; not so the deadlines from their beginning to the present year. The initial rate went from 4.9% to 7.9%; the maximum terms of 15 to 20-30 years and the maximum amounts of \$1.5-2 million to \$3.2- \$ 3.76 million always depending on the bank (Table 1). These values are for customers of the above mentioned banks respectively.

As usual, the amount granted by banks depends on the family income. Such income, in the Platense agglomerated, had a smaller variation than Greater Buenos Aires (GBA) and the rest of the main agglomerates of the country, ranking placing themselves below the others. That is, the income of households in Greater La Plata (GLP) was lower than those of the GBA and the main agglomerates of the country, at least until the second quarter of 2018 (Figure 5).

Table 1. Requirements for PVU loans from the Nation and Province Banks 2016-2018.

	2016		2017		2018	
	Nation	Province	Nation	Province	Nation	Province
Rate (annual)	4.9	4.9	3.5	5.9	6.5	7.9
Term (years)	15	15	30	30	30	20
Maximum amounts (pesos)	2.000.000	1.500.000	2.770.000	2.700.000	3.760.000	3.200.000
Financing	75%	75%	80%	75%	75%	80%

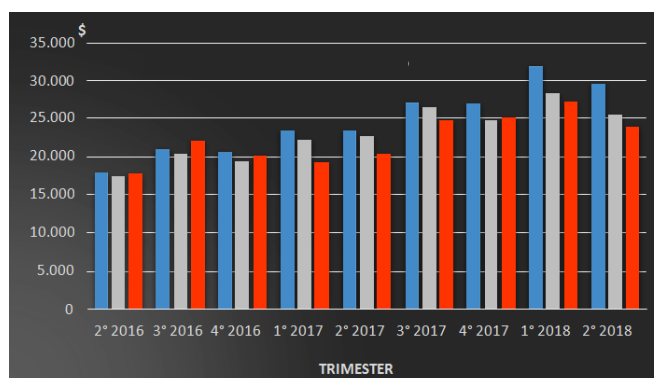


Figure 5. Average total household income by households. (Note: From Quarters of 2016-2018 (Source: INDEC. Permanent Household Survey (EPH)). **Note:** (■) Total agglomerations; (■) GBA; (■) GLP

The total of agglomerates and GBA, had increases of 64.4% and 45.4% respectively, between the second quarter of 2016 and the same period in 2018; while the GLP was only 34.8%. This depression in the income in our region, brought about only the highest GLP decile had the necessary income to be able to get sums granted by the Banco Provincia. They were \$1,000,000 in 2016. For them you needed an income of \$33,000. By 2018 such credits amounted to \$1,500,000 and for them you needed a monthly income of \$50,000 (Banco Provincia y Permanent Household Survey-EPH).

Empirical study of La plata city

In the last fifteen years, “the demand for residential properties has been stimulated by the placement of economic surpluses generated in different sectors of the economy, which acquires a profitable alternative through the rental of the property or as a simple safeguard of the value of money” (Losano, 2017). Therefore, it is a heavily dollarized market and its values are expressed in dollars. Moreover, in situations of crisis like the current one, their prices tend to remain stable or they decrease slightly (in dollars).

Real estate capital in La Plata, according to operates with two types of strategies: on the one hand, the anticipatory practice of real estate developers that have lobbying power, which they seek through the advance sale of jointly owned property of the project and transferring the risk of the lot approval process imposed by urban regulations to end users (Río, 2017). On the other hand, it is possible to identify spurious real estate practices that even with knowledge of the unfeasibility of approval of the subdivision, promote the “lot” with the expectations that future regulatory exceptions approve the ventures, or, they simply constitute true scams.

These urban policies have led to a model of urban development where the real estate market is the only promoter in satisfying the need for housing, producing and directing demand independently of real needs. The direct consequences have been a real estate valuation promoting spatial and

residential segregation for a growing proportion of its residents. We will see below how the real estate market behaves in La Plata.

In the first year of the PVU, the dollar showed some stabilization in the Argentine, economic situation with an interannual increase of 14% and a variation in the first half of 2017 of 1.3%. It is from the second part of 2017 where the dollar begins to raise its price in reference to the peso. During 2018, it went from 19.03 in January to 37.89 pesos per dollar in December, which implied a depreciation of the Argentine currency of 99.1%, in these twelve months.

The demand in the real estate market in La Plata, is to rent and as surplus value, basically in three types of real estate: New one bedroom flat, land in the foundational area suitable for the construction of buildings, and residential lots on the periphery. It was shown that the brand new apartments of one bedroom and the lots on the periphery are the ones that had the greatest increase in their value of offers (Figure 6). Not so with the land in the foundational sector where its demand is limited, since it depends mostly on the construction companies, which in turn, depends on the situation of the sector, exerting its impact on the values.

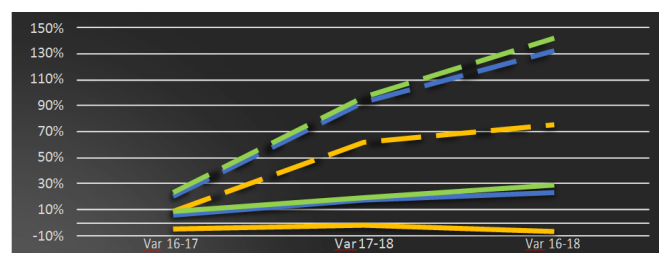


Figure 6. Variation of real estate offer values. (Note: From June 2016- June 2018). **Note:** (■) Apt. New 1bed(\$/m²); (■) Lot (\$/m²) foundational sector; (■) Lot(\$/m²)suburb; (■)Apt. New 1 bed(USD/m²); (■) Lot(USD/m²)foundational sector; (■) Lot(USD/m²)suburd

For its part, the gap between the evolution of values in pesos and dollars is what justifies this dollarized market. Thus, for example, from June 2016 to June 2018, the brand new apartments of a bedroom varied in dollars by 23.7% and in pesos 132.1%; while the lots in the periphery such increase was 29.2% and 142.4%, respectively (Figure 6).

The aforementioned 99% devaluation in one year of the peso against the dollar appeased the real estate market and the taking of PVU credits (Figure 4). The increase in the rates of credit lines narrowed the universe of people with purchasing power to access to their own roof. On the other hand, investors with properties if there is no demand prefer not to sell to have to lower prices, as usually happens in crisis situations they shelter their capital in “the brick”.

These are the characteristics of the speculative real estate market in which credit takers must go out to find a home, whose purpose is different from the one of the investors: a place to reside. For this reason, I am going to take into account the average amount of money granted by the Banco Provincia, which were, in the year 2016, close to one million pesos financing 75% of the house, for which reason it could not be worth more than \$ 1,250,000 (about USD 88,400, according to exchange of June 2016). In the year 2018 such amounts went to a million and a half pesos with a financing of up to 80%, so the value of the home amounts to \$1,875,000, which would be about USD 68,800 (values as of June).

But these characteristics of the real estate market in La Plata where a speculative demand predominates, not only does the issue of housing value come in but there is a breach of regulations by builders “where it is lotted in rural areas, without services and overbuilding flats in central areas over the standards set; while the economic sanctions for these irregularities in the urban indicators, must be faced by the users when obtaining the end of the work or when the owner has to register the property” (Losano, 2017). This means that many properties are not suitable for credit, that is, they should comply

with the construction regulations necessary to be mortgaged.

According to the survey of June 2016 and June 2018 the amount of real estate for these values and in conditions of being mortgaged are scarce. Only 4% of the houses and 22% of the departments in the case of 2016 and 0.8% of the houses and 8.8% of the apartments in 2018 (Table 2).

With these restrictions of non-compliance (not eligible for credit) and high prices by the real estate offer in La Plata, there was not only a decrease in the amounts but also in the characteristics of the housing offer to acquire by credit (Table 2). Regarding the dollar values per square meter, they had an increase of 18.7%, lower than the new departments, which, as mentioned, was 23.7%. The average of the houses capable of being acquired by these credits 6 remained constant at around \$ 60,000 but, having a decrease in their surface and environments (Table 3).

PVU loans against devaluation and the demand for rental housing

As it was analysed, the strong devaluation that the country has been suffering leaves out more and more households that were looking to acquire a home through PVU loans. The real estate market is dollarized, but when devaluation occurs and the demand is based on credits that are in pesos, an uncoupling occurs between the unit for sale and that of the borrower. The income to qualify for credit grows very steeply and more and more people are out of the possibility of obtaining it. Thus, with the aforementioned amounts of loans reaching \$1,500,000, an income of \$50,000 is needed, which represents the highest deciles. The estimated initial fee is \$12,500 (Banco Provincia) and it reaches, on average, a flat of 34 square meters, taking a range of values from 50 to 70 thousand dollars. If we make an exercise with the maximum amount granted by the Province Bank that is \$3,200,000, an income of \$106,000 with an initial fee of \$26,500 would be needed and would reach an average department of 72 square meters, according to a supply range between 120 and 150 thousand dollars (Table 4).

Table 2. Number of properties candidate for mortgage financing PVU in La Plata. Collection of data June 2016-2018.

Period	Quantity house	Total house	% Houses	Quantity flats	Total flats	% Flats
Jun-16	23	485	4.7%	385	1.756	21.9%
Jun-18	10	1244	0.8%	137	1.553	8.8%

Table 3. Average values of departments for PVU credit in La Plata.

	2016	2018	Variation
Surface (m ²)	38.64	33.16	-14.2%
Value USD	60.128	60.047	-0.1%
Bedroom	0.67	0.53	-20.9%
USD/m ²	1.590	1.888	18.7%

Table 4. Illustrative example for the purchase of a property in La Plata. PVU Credits Banco Provincia June 2018.

	Amount of credit	value of the property	Term (months)	Required income	First installment	Property surface	Rent
Mean	\$1.500.000	\$1.882.000	240	\$50.000	\$12.500	34 m ²	\$6.350
Highest	\$3.200.000	\$4.000.000	240	\$106.000	\$26.500	72 m ²	\$12.000

The exercise in Table 4 shows, for the city of La Plata, the comparison in terms of purchasing power and potential households with access to a loan for home purchase and contrast this, in turn, with a rent. When these credits came out, the main advantage with which they were disseminated was the low initial fee similar to the rent. Today it is more than double.

The one who has already registered the property is not affected by their value. Anyway the devaluation affects inflation and their income. The installments are adjusted according to inflation, but in the case that they raise more than 25% of the income of the family group, this increase can be requested to be transferred to the end. Thus, for a credit for 20 years, it will be paid for 21, 22 or for the years necessary to finish period of payment the installments.

In previous years, the demand for real estate for rent-seeking purposes, whose prices are set in dollars made it difficult to reach a home to households whose salaries are paid in pesos. In recent years, there has been a strong devaluation of the local currency, again restricting access to housing to large households without assuming a debt that is becoming increasingly difficult to pay off. These two issues made PVU loans fail both in their goal of accessing housing and reactivating the construction sector. So far, this new modality of mortgage loans for home purchase and the possibilities of accessing to it were analyzed. In the next point we will proceed to study the location of the offer of real estate suitable for credit takers and see distribution in the urban space.

Territorial analysis

The territory is the materialization of the financial capital in question, offering possibilities of future returns. And the real estate sector is the link between financial capital and territory. Thus, this capital materializes in space with a corporate sector of offices, shopping malls or residences.

This produces specific territorial dynamics, differentially ranking the territory, amplifying speculative processes in some places or reducing expectations in others, thus conditioning supply and demand for mortgage loan takers.

As it was seen, the residential offer that could be acquired through these credits is apartment homes, so this type of property was taken for analysis with respect to the central area of La Plata. The totality of the flats for sale is distributed mostly within the foundational sector (89%), which does

not present disparities in the quality of infrastructure, nor substantial differences in terms of social conditions unlike those presented by the consolidated periphery and the suburban area. Therefore, the analysis will focus on the characteristics of the departments offered suitable for mortgage loans and the distance to the centre of the city of La Plata. Within these, the value, the surface area and the number of bedrooms will be taken, observing how they are distributed in the urban space which was divided into sectors (Figure 7).

First, a distance matrix was developed measuring the total supply of apartments, one with values below the average and maximum amount granted by the Province Bank in 2016 and 2018. This distance is to the centroid of the central area of the foundational sector.

Thus, it can be seen, for the year 2016 that all the properties are located at an average distance of 1967 meters, while the properties suitable for medium value credits are located 2050 meters on average and those of greater value at 1880 meters. These differences are explained because the real estate within the highest values admitted by the PVU credit not only allows greater proximity to the centre area but also a larger area of housing, particularly in the northern periphery. On the other hand, those that are in the average range of values are distributed more homogeneously in the territory but with a notable reduction in terms of their surface particularly in the historic centre and the southeast periphery (Figure 8 and Table 5).

In 2018, there were fewer properties offered due to the economic crisis, the homes are closer to the centre, the average distance being around 1908 meters. Those dwellings that are in the maximum values granted by the banks are located at 2020 meters and with a surface of 45 m²; while for the average values of the credits granted, they are located at 2036 meters and they have an average surface of 37 m², that is to say they are more dispersed and smaller. As for its distribution in the urban structure, there is a strong predominance in the historical centre of properties that can be acquired by credit takers and with dimensions smaller than those of homes that are in the periphery. Leaving the southeast periphery with some possibility of acquiring a property with dimensions greater than 60 m², while the average is 37 m² for the entire urban agglomerate and 32 m² for the most central sector. It should be added that it is in the urban peripheral sectors; the southeast is where its inhabitants receive the lowest income (Figure 9).

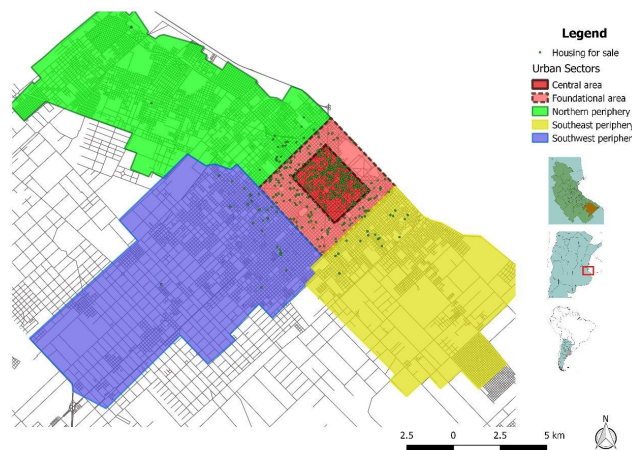


Figure 7. Distribution of the housing offer in the urban agglomerate of La Plata.

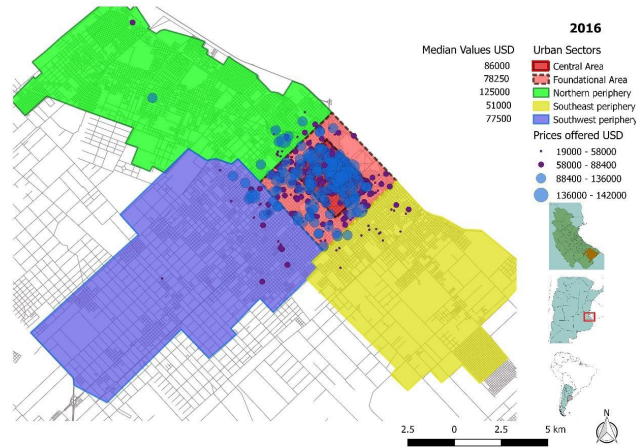


Figure 8. Values of the housing offer in the urban agglomeration of La Plata. (Note: From June 2016).

Table 5. Number of departments offered according to maximum values admitted and means granted for the 2016-2018 credits.

Total	Highest values admitted					Value means granted		
	Urban sectors	jun-16	jun-18	Urban sector	jun-16	jun-18	Urban sector	jun-16
Central area	63%	65%	Central area	62%	51%	Central area	53%	57%
Foundational area	26%	23%	Foundational area	26%	43%	Foundational area	31%	27%
N. Periphery	4%	3%	N. Periphery	5%	2%	N. Periphery	1%	1%
SW Periphery	5%	3%	SW Periphery	7%	4%	SW Periphery	6%	3%
SE Periphery	2%	3%	SE Periphery	1%	15%	SE Periphery	5%	9%

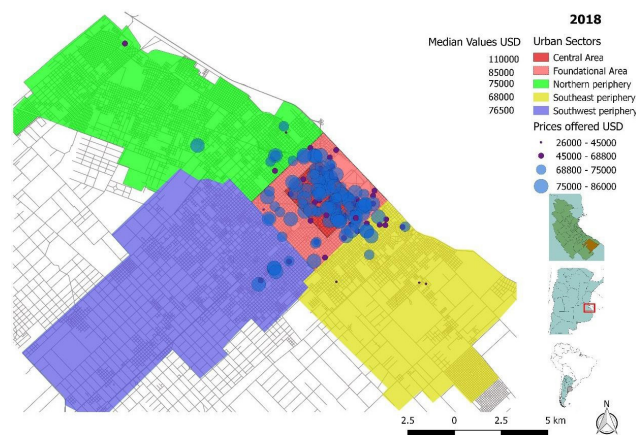


Figure 9. Values of the housing offer in the urban agglomeration of La Plata. (Note: From June 2018).

Comparing all the flats offered with those eligible for loans in the years in question, there is an increase in the participation of the quantities of apartments in the central area of the foundational area and the southeast periphery. Regarding the average values that the credits admit, the behaviour is similar to that described but more evident; being the increase in the central area and on the southeast periphery by 4 points. While the difference in the territorial distribution of the offer whose values are the maximum admitted by the credits, is smaller in the central area and greater in the rest of the foundational area (Table 5).

Now making a comparison in terms of the dimensions of the flats in question, at a general level of the urban agglomeration and

considering the total supply we see that there is an increase in the average area offered by 3 m²; but there is a strong reduction for the flats apt to be acquired through PVU credits. Considering the entire offer, there is an increase in their dimensions in the foundational area and in the southeast periphery. But in the case of these, in conditions of being acquired through the credits, there is a reduction of the dimensions in all the urban sectors with the exception of the southeast periphery. Even in the offers available for the highest values that the credits admit, there is a reduction of the average offered surface of up to 30 m² both in the rest of the foundational helmet and in the northern periphery (Table 6 and Figure 10).

Table 7. Medium surface (m²) of departments offered according to maximum values admitted and means granted for the 2016-2018 credits.

Total	Maximum values admitted				Value means granted	
	Urban sectors	jun-16	jun-18	jun-16	jun-18	jun-16
Central area	53	56	67	40	40	32
Foundational area	50	54	70	40	44	38
N. Periphery	86	80	85	55	67	60
SW Periphery	70	65	74	60	65	55
SE Periphery	58	66	55	60	53.5	60
Total agglomerate	55	58	70	40	43	37

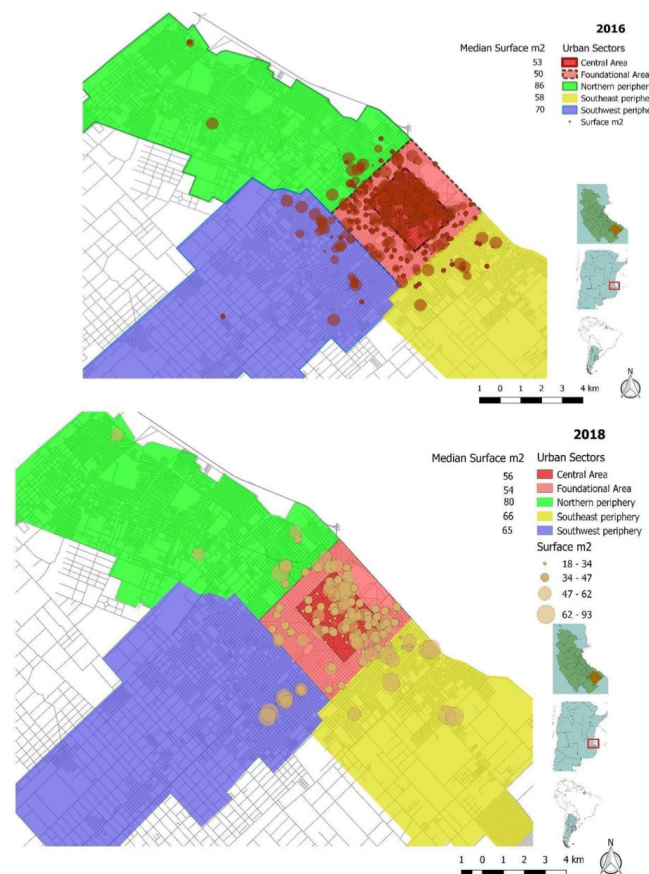


Figure 10. Surface of the housing offer in the urban agglomerate of La Plata. (Note: From June 2016 and June 2018)

This sharp reduction in the size of real estate and moving away from the central area towards an impoverished periphery are the alternatives offered by the market for families that have these mortgage loans.

There were two generic issues that prevented the development of credits to access housing in Argentina. One had to do with the situation where inflation and devaluation dilute any financial instrument to access housing through the market for middle-income sectors. And, the other is the debauchery that the real estate-construction sector had to get involved in the design of cities and in the policies that tend to favour them by pushing the prices of housing that are quoted in dollars.

The PVU credits failed to solve the housing problem, in reality the savings were extracted, through income, from

the middle-income population and to greater long-term indebtedness of families. The line of these credits turned to a demand for used housing because they were suitable for them, which in turn the amount of supply of this type of units was reduced, restricting the choice of credit takers. On the contrary, the brand new units increased their prices more which marks the interest of the offer to continue turning to a speculative rent market.

CONCLUSION

The candidate to obtain loans found that the fee was higher than the rent. This was due to the difficult economic situation and strongly speculative Platense real estate market. Then, the greater value of the credit installments on the monthly rental

payment allowed a greater financial income than that generated by the rental of properties.

The characteristics of the housing offered in the Platense market suitable for loans were not consistent with the highest deciles of the society or for a type family, given that the real estate available for loans was smaller than the rest of the offer with the exception of the southeast periphery, which had high poverty rates. This led to families who took PVU credit resign location for a few more square meters. Thus, we saw that these new mortgage loans not only stifle the income of families but also promote residential and spatial segregation for La Plata residents.

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