



# FEDERAL ACTIONS FOR URBAN PLANNING:

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TOWARDS BETTER CITIES FOR ALL

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## Executive summary

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Jalapa, Mexico. Credit: Ángel petrilli / Flickr

## Executive Summary

### HIGHLIGHTS

- Cities are the main engine of the Mexican economy. They generate 90% of the national GDP (UN-Habitat, 2016) and are home to two thirds of the Mexican population (UN-Habitat, 2018). However, they present important challenges such as low air quality, water supply restraints, degraded quality of life and social inequality. For these reasons, cities play a fundamental role in the fight against the climate crisis and are the main place to combat inequality and to improve the population's quality of life.
- Most Mexican cities have extended since 2000, even if their density has decreased; the fastest growth has been registered in the peripheral localities of the metropolitan areas (CUT, forthcoming). Currently, urban expansion is difficult to control because the existent legal instruments have not been adapted to the urbanization process.
- Urban expansion in Mexican cities does not distribute the costs and benefits equally among all social groups. The most vulnerable communities, located in urban peripheries, have less access to employment and urban infrastructure than more privileged groups, which tend to locate in central areas.
- In order to overcome the negative effects of the current urbanization process, cities should adopt a 4C+E urban model: compact, coordinated, connected, clean and equal cities. The path to this model implies changes in urban public policies, mainly in the fields of housing, land management, mobility, risk mitigation and adaptation to climate change, metropolitan governance and financing for urban development.



Credit: WRI Mexico

- Federal housing policy has primarily financed low-density new housing for formal workers from middle-income socioeconomic groups, neglecting lower-income groups and informal workers. Rental housing in central areas and informal worker financing schemes for self-construction and home improvement can support the shift to an inclusive housing policy model.
- The lack of public land reserves and the fragmentation of cadastral and registry information restrict national land policies, obstacles that can be solved through value-recovery schemes for real estate development and through the generation and integration of cadastral information at the federal level.
- The operating rules of multiple federal mobility funds limit investment in sustainable mobility systems, especially in small and mid-sized cities. These rules need to be modified to allow investment in active mobility infrastructure, especially in the fastest growing cities, and to prioritize vehicle renewal programs for freight and passenger transportation.
- Federal risk management is based on reaction, not on prevention, without sufficient funding and with few legal municipal instruments for risk mitigation. In addition to progressively increasing the allocation of federal funds for risk management, it is necessary to establish federal construction regulations and to define the role of municipal risk atlases in land use planning. Likewise, it is necessary that all the agents that participate in urban development – public and private – share their responsibility on risk management.
- Metropolitan governance is currently based on the voluntary cooperation between municipalities and does not provide incentives to establish long-term mechanisms. The enactment of a metropolitan coordination law that establishes the criteria for municipal responsibilities and benefits, as well as feasible sanctions, and which warrants free access to information by citizens, is recommended.
- Municipalities do not have financial autonomy since most of their income comes from federal transfers. The federation should provide technical support to states and municipalities to generate cadastral information and property valuation criteria, especially concerning the recovery of land value capture at the municipal level.
- Finally, these proposals, which seek to pave the way to a 4C+E urban model, are based on three principles: administrative co-responsibility between the three levels of government, progressivity of federal support according to each state's and municipality's management capacity, and an integrated planning vision.



City of Querétaro. Credit: Paco Bulos/ Flickr

## ABOUT THIS REPORT

The report *Federal Actions for Urban Planning: Towards Better Cities for All* is the result of two years of work and research by the Coalition for Urban Transitions, which has worked in Mexico since January 2019, led by the World Resources Institute Mexico (WRI Mexico), with the support of Cities, GGGI, El Colegio de Mexico, Tecnológico de Monterrey, UN Habitat, ICLEI, Fundar, Oxfam, UNAM, CEPAL, Techo Mexico, GIZ, El Colegio de Urbanistas de Mexico, IDOM and ITAM.

The Coalition is a global initiative that supports national governments to accelerate economic development in order to face the climate crisis by transforming cities. At a global level, it is made up of more than 36 research institutes, intergovernmental organizations, investors, infrastructure providers, strategic advisory companies, NGOs and city networks, all with the same objective: the creation of livable, equitable and sustainable cities, which encourage the economic development and well-being of people.

This report identifies the national urban policy context in Mexico, the stakeholders in the urban planning process, and the areas of opportunity of federal urban policies to transform cities. The different areas of opportunity were analyzed according to six clusters:

1. Housing
2. Land management and expansion control
3. Sustainable urban mobility
4. Urban resilience and risk management
5. Metropolitan governance
6. Financing of urban development



Tuxtla Gutiérrez, Chiapas. Credit: El Sie7e de Chiapas-Tuxtla/ Flickr

## THE IMPORTANCE OF MEXICAN CITIES

Mexican cities are the main generators of wealth in the 90% of the national GDP is produced in Mexican cities, and 70% of the GDP es produced in Mexican metropolitan areas. (UN-Habitat, 2016). Furthermore, these are home to two thirds of the population (UN-Habitat, 2018). However, cities face important challenges that need to be addressed, especially concerning air quality, water supply and management, the quality of life of the population and social inequalities. Therefore, cities play a crucial role in the fight against the climate crisis and growing inequality, as shown in the 2019 report *Climate Emergency, Urban Opportunity* of the Coalition for Urban Transitions (CUT, 2019).

Nevertheless, in order to fulfill this role, cities must transition to a compact, connected, coordinated, clean and equal urban model (4C + E), whose growth is planned, in which citizens can move efficiently and are able to enjoy the city. In order to achieve this, the different levels of government must act cooperatively under shared guiding axes, in order to guarantee sustainability, resilience and environmental preservation, and to fairly distribute opportunities in the urban space for the population. In short, it is about creating a city of rights.

However, this goal has drifted away in recent decades. Recent accelerated urban expansion has become an obstacle to transformation, as growth in the urban periphery through large low-density single-family housing developments, disconnected from urban centers, has bolstered unequal access to employment and urban equipment and has exacerbated environmental conflicts. Furthermore, the legal instruments to control urban expansion, framed at the municipal level, have not been adapted to the metropolization process. Therefore, the current regulatory framework presents gaps that must be filled to guarantee urban transformation.

## TOWARDS THE STRENGTHENING OF A NATIONAL URBAN POLICY IN MEXICO: RESPONDING TO RAPID URBANIZATION AND DEMOGRAPHIC CHANGES

Since 2013, the governing body for the formulation of urban policies is the Ministry of Agrarian, Territorial and Urban Development (SEDATU), which also executes programs and projects that seek territorial development in the country. Subsequently, the Congress of the Union approved in 2016 the General Law of Human Settlements, Territorial Planning and Urban Development (LGAHOTDU), in order to consolidate the regulatory framework to manage the use of the territory and coordinate the federation, the federal states, the municipalities and the territorial authorities for the planning, ordering and regulation of human settlements in the national territory.

The growing importance of land use planning was reflected as a national priority in the current National Development Plan 2019-2024. The annex to the plan establishes three cross-cutting issues, which are relevant problems in the country common to all the public policy issues that are to be addressed in the six-year term. The third issue is the so-called “territory and sustainable development”, and it states that “an adequate understanding of the territory and sustainable development is essential to achieve the objectives set by this administration”.

However, despite the regulatory and administrative advances developed in the country regarding urban planning and development, there is still a long way ahead to foster urban transformation. In this sense, the Coalition has identified areas of opportunity in which the federal government can develop coordinated actions with local governments to improve urban environments in Mexico.



Bellas Artes plaza, Mexico City. Credit: WRI Mexico



Av. Insurgentes, Mexico City. Credit: Enrique Montiel/Flicker

## OPPORTUNITY AREAS IN FEDERAL URBAN POLICY FOR URBAN DEVELOPMENT

The main elements that currently prevent Mexican cities from reducing their greenhouse gas emissions, thereby obstructing the generation of more compact, sustainable and resilient cities to climate change, as well as to creating urban environments with less inequities and greater opportunities for all, are the following:

- In terms of housing, the large-scale, low-density, single-family housing developments in disconnected urban peripheries must be overcome. Housing policies must guarantee the provision of sufficient and adequate housing supply, prioritizing the segment of the population with the lowest income, so that it is well located, adequately equipped with urban services and infrastructure, and with decent living conditions. Similarly, federal housing programs for the population in economic informality have been scarce; therefore, compliance with constitutional law has not been ensured for the population group that is not entitled to a mortgage loan from the national housing agencies or commercial banks.
- Regarding land management to control urban expansion, the lack of territorial reserves by the public administrations on the three levels of government makes it impossible to develop an effective and ordered planning focused on reducing social inequalities and on preserving the environment. In this sense, the federal administration needs to get involved to strengthen different capacities of local administrations in land management. Similarly, the lack of legal certainty for land property and the fragmentation of land management instruments (urban and rural) do not ensure its best use.

- In terms of urban mobility and access, the current financing model for road infrastructure that prioritizes private cars should be modified to allow for more public financing of sustainable and equal modes of transportation, so that integrated mobility planning, together with land use management, can constitute the backbone of urban transformation. In this sense, the dispersion and fragmentation of federal financing funds and restrictions in the rules of operation for sustainable urban mobile infrastructure establish entry barriers to municipalities with less technical and institutional capacity. The lack of long-term planning for local mobility can be explained by the uncertainty of federal transfers in the medium and long term, both in terms of quantity and regularity.
- On the topics of urban resilience, mitigation and adaptation to climate change, it has been identified that the federal risk management approach has focused mainly on reacting after disasters; the poor allocation of specific federal funds for prevention inhibits actions that can minimize damages. Likewise, there is no co-responsibility in risk management by the stakeholders that affect urban development, both public and private. Lastly, the complexity of the funds' operating rules makes it difficult for municipalities with less institutional capacity to have access to them.
- Regarding metropolitan governance, the structure of the legal framework from the federal, state and municipal laws discourages local cooperation to establish institutions of metropolitan governance, for they elude the obligation to establish cooperation mechanisms or even clear rules for the operation and distribution of costs and benefits. On the other hand, the poor design of the operating rules of the federal funds for financing metropolitan projects – whose management rests on intermediate state government, and not on the municipalities – discourages the establishment of agreements between municipalities and the creation of a metropolitan governance culture.
- Lastly, for the financing of urban development, it has been identified that the absolute dependence of municipal budgets on federal transfers for their basic operation eliminates the principle of fiscal co-responsibility between the three levels of government. Additionally, a majority of the country's municipalities lack the institutional, technical and fiscal capacities to be able to comply with their legal attributions in fiscal matters.



## RECOMMENDATIONS TOWARDS A CONSOLIDATED FEDERAL URBAN POLICY IN MEXICO

In this context, this report establishes federal urban policy recommendations in each of the areas of opportunity, which can be summarized as follows:

Line of action	Recommendations
<b>Housing for all</b>	<ul style="list-style-type: none"> <li>To increase the supply of housing for the lower-income population in consolidated urban areas in central locations.</li> <li>To accept that urban growth can be an opportunity to provide affordable housing, as long as the land it is built on is inserted in a comprehensive urban and territorial planning process, with all the services of a consolidated urban area and connected to the centers of employment, education, health and recreation by means of quality mass public transportation.</li> </ul>
<b>Expansion control and land management</b>	<ul style="list-style-type: none"> <li>Incorporation of intermediate-scale planning instruments for developments in specific areas of the city, where various instruments for delimiting land uses are integrated with the participation of the community.</li> <li>Incorporation of public spaces as mechanisms to mitigate the impact of industrial constructions, thereby allowing mixed uses in industrial areas through the incorporation of green infrastructure.</li> </ul>
<b>Urban mobility and accessibility</b>	<ul style="list-style-type: none"> <li>Modification of the financing scheme for road infrastructure that serves private cars.</li> <li>Transition to a mobility model that reflects the real modes of movement of the urban population so that it is more sustainable and, above all, more equitable.</li> </ul>
<b>Urban resilience, mitigation and adaptation to climate change</b>	<ul style="list-style-type: none"> <li>Risk management should be a responsibility shared by all sectors of society, especially by public and private stakeholders, which are the ones that have the greatest impact on urban development models.</li> <li>The reactive approach must give way to a preventive vision that minimizes future damage, both in human economic and environmental losses.</li> </ul>
<b>Metropolitan governance</b>	<ul style="list-style-type: none"> <li>Metropolitan coordination must be based on a determined willingness for cooperation and management between municipalities that share territory and challenges. To that aim, the federal government must support the constitution of a clear and precise legal framework, by defining responsibilities and sanctions for the participants.</li> <li>Contribution of specific metropolitan funds only to those municipalities that have made clear efforts in that direction, such as a shared provision of public services or the implementation of metropolitan planning schemes.</li> </ul>
<b>Urban development financing</b>	<ul style="list-style-type: none"> <li>The federal administration must continue to deepen the decentralization and co-responsibility of the three levels of government. However, influencing in this direction does not exempt the federal government from responsibilities, especially when the magnitude of the technical, administrative and financial gap in the country's municipalities is so acute.</li> <li>Federal efforts should be oriented to reduce the gap and dependence of territorial entities on federal transfers, so that municipalities acquire the necessary financial capacity and the federation can focus on the development of strategies for the nation as a whole.</li> </ul>



City of Puebla. Credit: Ted McGrath / Flickr

## Conclusion

In summary, the three principles underlying the previous recommendations are (1) the need to establish administrative co-responsibility between the different levels of government in urban and territorial planning, (2) continuous of federal institutional support, organized in progressive phases of accountability, for local governments with insufficient capacity and (3) a comprehensive planning vision. With these guiding principles, urban transformation can begin to overcome inequality in cities, fostering economic development and promoting resilience in face of the climate crisis. If change fails, not only the future of wellbeing will be at risk, but the whole aspiration to an equal society will be too.

This report is intended as a tool for decision-makers, primarily at the national level, so that they can work to incorporate these recommendations into a national urban policy framework. It can also serve the different levels of government so that the recommendations are reflected in local politics, are translated into better urban policies focused on the urban problems that Mexican cities face, and contribute to the consolidation of low-carbon, more equitable cities. The content of this report does not represent the individual or collective position of any of the members of the technical committee, but it does include the ideas and arguments presented within the participatory process.



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**ABOUT THIS PAPER**

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