

**Public Policy in the real estate investment sector for agricultural land protection by the concept of sustainable development: Case of Monterrey Metropolitan Area - MMA**

*(Políticas públicas en la inversión del sector de bienes raíces para la protección de las tierras agrícolas por el concepto de desarrollo sustentable: Caso Area Metropolitana de Monterrey)*

**Zuniga, Jorge \***

**Resumen.** Este estudio es para presentar una propuesta de políticas públicas en el sector de bienes raíces para la protección de las tierras agrícolas por el concepto de desarrollo sustentable con el propósito de sensibilizar a los desarrollistas irresponsables, políticos y autoridades para que hagan cambios en el uso de la tierra tomando en cuenta la riqueza natural en las tierras agrícolas.

**Palabras claves.** Política pública, bienes raíces, protección de las tierras agrícolas, desarrollo sustentable

**Abstract.** This study is to present/display a proposal of public policy in the real estate sector for the protection of the agricultural land by the concept of sustainable development in order to sensitize irresponsible developers, politicians and authorities in making changes of the use of the land taking into account the natural wealth in agricultural land.

**Key words.** Public policy, real state, agricultural land protection, sustainable development

## **Introduction**

The metropolitan areas typically consist of centers of population establishments with high migration and that are located around an important city, in this case Monterrey, a city founded on 1596.

Monterrey is the product of an historical process involving a series of elements: The natural environment, the urban issue that defines their structure through the layout of their streets; their plazas and architecture; and above all, their inhabitants, who use and build the city, but ignoring the agricultural land protection as a base of the sustainable development culture.

Actually Monterrey is considered the most important city with its transportation systems (Metro), infrastructure, the quality of life, the cost and educational levels of workers, geographic location and energy prices. These are key factors that determine MMA as the most competitive economy, among the cities in the national context.

Monterrey Metropolitan Area - MMA has a total surface of 3,256 km<sup>2</sup> inside a suburban surface of 57,241 hectares (National Institute of Statistics and Informatics, 2000). In 2003 the MMA had an estimated population of 3,480,000 inhabitants; its gross population density is 1,069 inhabitants/ km<sup>2</sup>.

Its infrastructure includes living and leisure areas, commerce, services and industry as well. This influences greatly on supply and demand of different uses of ground. The expansion of the urban area throughout Monterrey is merging with 8 other cities (San Pedro, Santa Catarina, San Nicholas, Guadalupe, Escobedo, Juarez, Apodaca and Garcia). All of them form a metropolitan region denominated MMA (Governor Department, 2004)

The effect that this process of unification has had and influenced on the invasion of the agricultural land, causing an advanced disappearance of these areas. Also for this reason that most accessible and attractive places to build a residential development of high income are agriculture grounds.

Each alternative urban use in MMA is influenced by different factors or causes. The main cause behind the disordered urban growth in MMA is practically a population migration from other states of the country. However, MMA's region made of 9 cities constitutes a case to be examined because it implies a public policy inside an urban planning because it has grown of disordered way (Governor Department, 2003).

The objective of this work is to present/display a proposal of Public Policy in the Real Estate Sector for the protection of the agricultural land by the concept of sustainable development in order to sensitize irresponsible developers, politicians and authorities in making changes of the use of the land we must take into account the natural wealth from agricultural land. The fact that it represents the essence of the environment that prevent the risk, threats and danger of interrupting critical supply of foods in the near future. Today humanity must determine how to assure a sustainable future and commit itself.

The purpose of this paper is not to display a Public Urban Policy like an environmental legal norm in a regional urban planning, but also to touch some urban processes, these are common and debatable in a consumer society with providers that supply and demand as main factors of urban development in Real Estate Sector. In summary the objective here is to contribute to understand better that sustainable development in the Real Estate Investment Sector. It is important to clarify that this essay is only one part of a greater project. This paper only approaches the basic part. Theoretical and conceptual parts will be approached in another subject of investigation that I'm working on it at the moment with the Municipality of Escobedo (MMA).

The essay is divided in three sections. The first section presents a proposal of Public Policy Real Estate Investment Sector for the protection of agricultural land by sustainable development. The second part introduces to the reader the necessary elements to understand the Letter of Earth to generate and to stimulate the change of responsible mentality to choose a new ethical vision shared in the developers of the Real Estate Investment Sector. Third it presents and analyzes urban growth, the distribution of the

ground for alternative uses, and finally it explores the utility of the sustainable development like a methodology to be used in an immediate future in this project.

## **Proposal of Public Policy Real Estate Investment Sector for the protection of agricultural land by Sustainable Development**

### **Motives and Location of Problem**

The Mexican National Plan of Development 2000 – 2006 is the main State document for continued plan, politics, programs and promotion: The need of promote certain conducts and activities that are considered advisable to stimulate and are the one in charge to participate in a direct way but, mainly in the economic and social life, trying the attainment of certain objectives considered valuable for the progress of Mexico (Presidential Department, 2001).

The next new Mexican National Plan of Development 2006 – 2012. The State should promote the spirit of respect, responsibility and protection of agricultural productive land as a reserve, and a territorial exclusive right. And in the Real Estate Investment Sector has an obligation to consult the police that it will define urban areas and avoid immoral conduct and destruction of productive land that in the end prevents future traps for humanity.

### **Changes in the use of the land**

In order to understand dynamics of the changes in the use of the ground in Mexico it is important to consider the different uses are related among them. The model of Lowry (1964) according to Sergio Peña (2005) is a classic and offers conceptual bases to be able to understand the changes in the use of the land. In essence which Lowry describes it is that the uses of the ground are interrelated; that is to say, a change in X generated a change in and that simultaneously will generate a change in Z.

Using a language of an economic growth (job - income) what that says it is exists an elasticity between the uses of the land this is the increase of urban population (demand of new wage-earning migrates of the industry) generates indirect and direct hits that caused a percentage change and demands in the residential use and this will induce a change in commercial use as well, industrial, services, etc.. without concerning the speculation of the supply in nonproductive earth (desert, hills, etc..) or in productive land (agricultural land).

In MMA the public policy of urban growth that protects the agricultural land is still no offered. The demand of the residential land is based on the growth of the population and its income. The demand of ground is elastic to the income (Alonso, 1960).

An example of citizen of Earth ignorance is the foundation of the Earth Bank Real Prudential Estate Investment, that beginning operations in Mexico since 2004, where it has focused to the acquisition of territorial reserves and to create with them a earth bank, in order to reduce costs in the construction of houses.

In addition, this year a society between hypothecating developer SARE and GMAC will invest 50 million dollars to offer a capital alternative to buy reserves and to avoid that the constructors buy lands with much anticipation to assure their growth, and for that reason, sometimes instead of focusing to construct but houses they must destine capital to generate earth inventories (Ramirez, 2005).

The advantages of the bank's framework are: the optimization of working capital, lower operating costs, better negotiation with suppliers in terms of the volume purchased, and generating economies of scale.

**Necessary elements in the earth letter in urban spaces** (The World Top Sustainable Development, 2000).

We are at a critical juncture in history where 6 billion inhabitants seek their own destiny. As the world becomes more interdependent it becomes more fragile and the future that awaits us presents greater risks and also greater promises. As we move forward one must recognize that in the midst of the great diversity and forms of life we are one human family and one community with a common destiny.

We need to be united for the common good and instill respect for agricultural land. The predominant modes of production and consumption are causing environmental devastation and making productive land more scarce.

To take care of agricultural land is to avoid our own self-destruction. We possess the necessary knowledge and technology to provide for us all and to reduce the damaging effects on the environment in such a way that it would protect our livelihood on earth.

**The application and utility of sustainable development as a methodology to use in the near future to assure the future of humanity**

## **Background**

Sustainable development is a concept that was used for the first time at the Club of Rome in 1972 in reference to existing links between global economic growth and resource scarcity.

This is why in the 90s sustainable development is presented as an option to confront the challenges that human settlements face in the XXI century, particularly extreme poverty, environmental degradation, and economic growth.

At present, there are many definitions of the concept of sustainable development, depending on the focus one places on it. In general terms it can be argued that there are two main currents of thought. One is centered on development objectives and the other focuses on the required controls to ameliorate the negative impact caused by humans to the environment.

Some experts have mentioned how the ecological aspects guarantee the sustainability of the natural system more than in the aspects derived from social and economic development.

One could argue that there had been a certain evolution or a level of maturity was reached on making the link between development and the environment. During the 70s and 80s the position was to foster economic growth to reduce poverty with environmental restrictions. In other words, there has been a shift from 'no growth' to 'green growth.' Thus sustainable development slowly emerged as development alternative.

The concept of sustainability has its origins on the ecological movement as long as this definition is based on environmental problems derived from the alteration of nature's cycles. Sustainability refers to the proper use and management of natural resources that is affected by environmental degradation such as the exhaustion of the quantity and quality of resources (particularly land), pollution and the overuse of resources to the limit, and a reduction of biodiversity.

There is a close relationship between ecology and urban economy; both share the link between economic growth and environmental quality.

It is necessary to think about good urban development in order to make both arguments compatible. It is clear that sooner or later nonrenewable resources will be stretched to the limit. This leads us to think that technology is capable of raising productivity, natural capital be substituted for manufacturing capital, and intra-regional commerce can help alleviate restrictions on local economic growth.

Urban populations in many developing countries have experienced accelerated growth without much urban planning. Plants have mushroomed in various parts of the city. As a result, this process of accelerated urbanization along with inappropriate policies and inadequate investment programs has resulted in greater environmental damage to the cities.

One of the most visible aspects of this process of urbanization is the outward expansion to grab more arable land. This is the case of Monterrey, which due to a lack of well defined public policy to protect agricultural land, In proper analysis, there has not been yet any importance for sustainable development approach.

Environmental protection, understood in broad terms as an ecological awareness is an important component to better distinguish the natural environment and urban development.

All countries can work toward sustainable development with strategic planning to properly use land and environmental services.

### **Concluding remarks**

The objective of this presentation for the International Symposium on the Topic of Public Policy in the Real Estate Sector for the protection of agricultural land by the concept of

sustainable development is to present to you the issue of collaboration necessary between Government, politicians, legislatures and real estate sector in order to fight against the continuous destruction of the agricultural land. At the same time, to provide an application of the concept of sustainable development at an international level.

### **Steps to solution in MMA:**

1. Coordinate the Real Estate Urban Development.
2. Create, design and implement general public policy based on agricultural land protection and sustainable development principles for regulating human settlements.
3. Provide technical support with municipalities to classify agricultural land
4. Estimate population distribution trends and zone the non agricultural land for human settlements.
5. Establish agricultural land values to be maintained.
6. To promote intelligent land use that benefits all segments of population and guarantees the agricultural land protection. Through systematic Public Urban Policy, urban planning strategies at local levels, ensuring orderly sustainable growth.
7. To fight against changes unmoral in the use of the land and to make the leading city in terms of protect agriculture land use and urban development
8. Do not affect existing agricultural land. Conscious the changes in the use of land as an excellent way to prevent future disasters.

The economic integration of Monterrey's metropolitan area offers a clear example of the strong economic, social, and cultural integration of nine cities. The impact on the urban system of the metropolitan area has generated an Urban Plan to bring order along with principles of sustainable development that is part of economic and migratory trends of the region.

This paper tries to offer an overview of how we must confront the disorganized use of land without affecting agricultural land; also a view in general on how to interpret with consciousness the changes in the use of the land. Through this work we hope to clarify that the process of realization is the correct road to prevent disasters in the future.

The understanding of the new protected urban dynamics and the factors that shape it are the elements necessary for a sustainable urban-economic growth. This will help to implement an effective and accurate urban public policy.

### **References:**

- Alonso, W. (1960). *A theory of Urban Land Market*. Proceeding of the Regional Science Association. 6, 1-10.
- Governor Department. (2003). *Strategic Analysis of Monterrey Metropolitan Area*. Mexico:
- Governor Department. (2004). *Nuevo Leon State Plan of Development*. Mexico:
- National Institute of Statistics and Informatics. (2000). *Population and Housing Census of Nuevo Leon State 12<sup>th</sup>*. Mexico:
- National Institute of Statistics and Informatics. (2004). *Economic Information Bank*. Mexico:

Peña, S. (2005). *Binational Symposium*. Monterrey, Mexico: University of Nuevo Leon.  
Presidential Department. (2000). *National Plan of Development 2000 – 2006*. Mexico:  
Ramirez K. (2005). *Establishment of a New Land Bank*. El Norte News, Business Section, Mexico: 11.01.  
The World Top Sustainable Development. (2000). *The letter of earth*. Johannesburg, South Africa:

---

**\*Acercas del autor**

El Dr. Jorge Zuñiga es Profesor e Investigador de la Facultad de Administración y Contaduría Pública de la U.A.N.L. Monterrey, NL.