



# Housing Informality and Labor Informality in Space: In Search of the Missing Links

Gustavo A. García<sup>1</sup> · Erika Raquel Badillo<sup>2</sup> · Juan Manuel Aristizábal<sup>3</sup>

Received: 27 June 2023 / Accepted: 28 January 2024 / Published online: 26 February 2024  
© The Author(s) 2024

## Abstract

This paper analyzes the relationship between informal housing and labor informality at the intraurban level, considering these two phenomena' simultaneity and spatial dimensions. Our analysis focuses on the context of a city in a developing country, Medellín (Colombia), characterized by significant housing precariousness and low employment quality, where space seems to play an essential role in understanding this relationship. Using data from 176 analytical regions in Medellín for 2017, we estimate a series of spatial simultaneous equation models that consider the potential cross-equation correlations in the error terms. The results show that these two types of urban informality are highly persistent in space, with noticeable spatial clusters observed in the peripheral and marginalized areas of the city. Additionally, the estimated econometric models reveal that precarious working conditions are key to explaining the spatial choice of housing and its characteristics, and vice versa. These findings emphasize the need for place-based policies that specifically target disadvantaged areas and help improve residents' working and housing conditions to address urban informality.

**Keywords** Informal housing · Slums · Labor informality · Spatial dependence · Spatial simultaneous equations model

**JEL Classification** O17 · O18 · R14 · C33 · J46

---

✉ Gustavo A. García  
ggarci24@eafit.edu.co

<sup>1</sup> School of Finance, Economics and Government, OMEGA Research Group, Universidad EAFIT, Medellín, Colombia

<sup>2</sup> Faculty of Economics, GINVECO Research Group, Universidad Autónoma Latinoamericana (Unaula), Medellín, Colombia

<sup>3</sup> Faculty of Accounting, Economic and Administrative Sciences, Universidad de Manizales, Manizales, Colombia