

How Lobbying Rewrote Land Value Capture in Mexico City's 2017 Constitution

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Abstract

This paper examines how lobbying redirected Land Value Capture (LVC) during Mexico City's 2016 constitution-drafting process by acting at procedural margins and legislative stages. Using process tracing of drafts, committee reports, floor records, temporary provisions, and media, it reconstructs the sequence: the committee added LVC duties tied to areas of influence; early floor debate removed them; a late compromise adopted weaker mitigation language; a temporary article reset thresholds to existing regulatory limits; later, criteria were delegated to executive agencies. It also shows that the participatory phase expanded input but did not carry into bargaining, limiting citizen influence when decisions were made. The findings indicate agenda control by organized real estate interests that converted enforceable capture into mitigation and shifted the fiscal burden away from redistribution, with disproportionate impacts on renters and low-income districts at the urban fringe.

Keywords

lobbying; housing policy; urban policymaking; parliamentary dynamics; land value capture

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Introduction

This paper follows how draft language on Land Value Capture (LVC) moved from committee text to plenary negotiation and into transitory provisions, and shows how seemingly minor edits at those margins reallocated fiscal incidence away from redistribution and toward developer discretion. In this reading, LVC is not just a fiscal toolkit but a contested institutional interface where administrative capacity, legal design, and organized interests intertwine (Saiz, 2023; OECD, 2022; U.S. Department of Transportation, 2024).

Following established usage, the paper adopts the OECD's definition of LVC as mechanisms that allow public authorities to recover land-value increments resulting from government action, while recognizing that who captures those increments is ultimately set at the very junctures where text is amended and authority is delegated (OECD, 2022). In practice, these junctures are where resistance by compact, well-organized stakeholders is most effective, a pattern consistent with implementation guidance highlighting political-institutional barriers to value capture and the need to secure legitimacy across actors early in the process (U.S. Department of Transportation, 2024; OECD, 2022).

Building on this, this paper treats the 2016 Housing Law proposal as a process-tracing case. It reviews agenda setting, committee reports, floor substitutions, and transitional articles as pressure points where lobbying shifted the incidence and enforceability of LVC.

The paper is organized as follows: first, it defines the institutional conditions for constituent deliberation and synthesizes core concepts of lobbying; second, it sets out definitions, implementation requirements, and barriers to land value capture; third, it situates the federal-legal context and the origins of the 2016 process; then, it reconstructs the sequence from committee to plenary to transitory provisions and the finally approved text; after that, it assesses distributional consequences with a focus on renters and migrants; next, it provides broader insights on media influence, institutional safeguards, and parliamentary resilience; finally, it synthesizes the findings and their implications for urban land policy.

Theoretical Framework

Encinas Nájera (2020) identifies three institutional factors that are crucial for either

facilitating or limiting deliberation in constituent processes. First, the composition of the Assembly. Since Constituent Assemblies are responsible for protecting and promoting the public interest, their ability to deliberate effectively depends largely on the diversity of their members. It is therefore essential to include a wide range of social groups and to prevent the exclusion of any sector. Second, the political balance within the Assembly. Although perfect representational equilibrium is difficult to achieve given the unpredictability of democratic elections, it remains important to ensure a broad plurality of voices and perspectives. Third, the stability of coalitions. In modern parliaments, cohesive majorities that vote consistently as unified blocs are increasingly rare. Instead, legislative outcomes tend to result from shifting, dynamic coalitions formed by various minority groups. This phenomenon has been studied by Tsebelis and Eunyoung (2013), and in the Mexican context, scholars emphasize that analyzing legislators' behavior requires looking not only at their public discourse but, more importantly, at their actual voting patterns (Marván, 2017).

In addition to internal parliamentary dynamics, external pressures exerted by organized interests also play a crucial role in shaping deliberative processes. One of the primary mechanisms through which such influence is exercised is lobbying, whose growing relevance in Latin American political systems warrants careful examination.

Although lobbying is traditionally associated with parliamentary and governmental dynamics in countries such as the United States and Great Britain, it is important to consider its relevance in the Mexican political landscape. As democratic and representative institutions in the region have consolidated over recent decades, their political processes have increasingly aligned with Western governance models, making the study of lobbying practices both timely and necessary (Ricciardi, 2013). Understanding the conceptual foundations of lobbying is essential for analyzing how external actors can influence, support, or obstruct deliberative practices within constituent assemblies and legislative bodies.

The International Labour Organization (ILO, 2025) defines lobbying as a planned initiative aimed at influencing government officials, legislators, or policymakers to adopt a specific position or action regarding a law or political decision. Similarly, Dexter's classic study (1969) describes lobbying as a particular and intensified exercise of the right to petition. In the Mexican context, Mascott Sánchez (2007) defines it as a political activity intended to influence public authorities' decisions. It is important to emphasize that, although lobbying can sometimes involve practices such as pressure, coercion, or corruption, it fundamentally originates from the legitimate right to petition and the organized expression of social demands, and can therefore be seen as a valid form of political influence and persuasion (Ricciardi, 2013).

Other conceptualizations, such as that of Luigi Graziano (2001), highlight the dual nature of lobbying. He describes lobbying both as the organization of particular interests into a coherent entity capable of influencing democratic deliberation, and as the subsequent mobilization of public opinion to legitimize these interests. This sequential and dynamic understanding of lobbying processes is especially relevant for the analysis presented in this study.

Additionally, Anastasiadis (2006) identifies several common techniques employed by lobbyists, including the presentation of research findings and survey data, the establishment of research groups for specific projects, participation as experts in public hearings before government bodies, and the provision of technical reports and studies to policymakers.

Lobbying can also be characterized through its mechanisms, as described by Nowness (2006), who defines it as a continuous process involving a wide range of persuasion techniques carried out by organizations or groups with an interest in governmental affairs – whether in the executive, legislative, or judicial branches. This process requires concrete political actions, such as attending legislative hearings, participating in congressional sessions, influencing committee work, or engaging in direct meetings with legislators and public officials. These various techniques illustrate the practical strategies lobbyists use to influence policy decisions. However, beyond the methods themselves, it is also important to distinguish the broader strategic approaches that lobbying can take within political systems.

In his seminal work, Petracca (1992) further distinguishes between traditional direct lobbying, which seeks to mobilize votes within formal state institutions on specific issues, and indirect lobbying, which aims to influence public opinion outside power centers, thereby affecting decision-making on broader national issues.

As Encinas Nájera (2020) observes, certain actors invest significant resources in undermining democratic decision-making spaces to preserve their vested interests. Thus, institutional safeguards are necessary to prevent powerful groups from capturing or obstructing deliberative processes. Individuals often organize into groups to promote specific legislation through lobbying activities, such as purchasing media advertising and financing allied parties and candidates. In a similar vein, Piñeiro (2000) notes that lobbying is sometimes viewed as a coercive tool used to pressure legislators and public officials into serving powerful interests, thus constituting an illegitimate practice.

Such distortions undermine the integrity of deliberative spaces, allowing concentrated interests to dominate policy outcomes at the expense of broader democratic participation and equity.

In representative democracies, compact interest groups, party elites, and well-organized lobbyists—leveraging their expertise in parliamentary procedures— frequently marginalize the broader and less organized public interest (Encinas Nájera, 2020). Consequently, while the strengthening of democratic institutions in Latin America opened new channels for citizen participation, it also exposed these systems to the risk of being co-opted by organized lobbying efforts, necessitating a critical examination of their role and impact.

In view of these dynamics, this study adopts the perspective advanced by Ricciardi (2013), who argues that the consolidation of democratic institutions during the late twentieth century created the necessary conditions for the proliferation of lobbying practices in their canonical form. Consequently, it is essential to study the specific modalities that lobbying assumes, with the aim of enhancing its contributions to democratic development when beneficial, and identifying and correcting its manifestations when it devolves into corruption or abuses of power.

Political Dimensions of Land Value Capture Policies

In its most recent global review of Land Value Capture (LVC) practices, the OECD defines LVC mechanisms as "policies that allow public authorities to recover increases in land values which result from government actions" (OECD, 2022: 14). Latin American scholars further conceptualize LVC as a corrective tool for addressing the inequalities produced by urban land markets (Jaramillo, 2011) or as a mechanism for internalizing the externalities of urban development, whereby the capitalized value of unexpected land rents is redirected to finance public goods or to serve broader social purposes (Fensham & Gleeson, 2003; McAllister et al., 2018). Nevertheless, the effective implementation of LVC mechanisms faces significant challenges, including the need for robust legal frameworks and the development of sufficient administrative and technical capacities at the local government level.

The effective implementation of Land Value Capture (LVC) policies requires the establishment of a robust legal and regulatory framework that clearly delineates procedures and creates mechanisms for intergovernmental coordination (Torres, 2006; Isunza-Vizuet, Castro, & Munévar, 2021; OECD, 2022). The 2022 OECD Global Compendium was produced with the Lincoln Institute of Land Policy and the PKU-Lincoln Institute Center (OECD, 2022). The Lincoln Institute is a land-policy institute whose long-standing work on value capture informs the Compendium's scope and synthesis; It is cited to acknowledge the Compendium's provenance and to use its cross-country mapping as a descriptive baseline, while keeping this paper's evaluative claims independent (OECD, 2022)

Moreover, as the OECD (2022) highlights, resistance from property owners combined with insufficient administrative capacity constitutes a major barrier to the successful implementation of Land Value Capture (LVC) mechanisms. During the policy adoption phase, it is crucial to secure the support and legitimacy of both citizens and political actors. Similarly, Pérez-Moreno (2024) argues that the social and institutional legitimacy of these mechanisms should neither be taken for granted nor understood in a generalized manner, but rather through the specific actors who participate in and are affected by each particular policy. To this end, establishing effective communication channels among stakeholders is vital. The successful capture of land value increments is more likely when there are established lines of communication between government authorities and landowners, and when the benefits of proposed public interventions are clearly articulated. Facilitating dialogue between affected property owners and public institutions is essential for sharing information and building public support (OECD, 2022).

Therefore, although Land Value Capture policies are important instruments for redistributing the wealth generated through public investment, their correct implementation is a complex process that requires a precise understanding of the territorial and institutional context in which they are to be developed. Likewise, they require a legitimization process that must be addressed independently of their political approval process and must be specific and detailed according to the particular mechanisms proposed. Moreover, the territorial-institutional environments where these policies have matured may later shift, allowing LVC to be instrumentalized in favor of interest groups, whether traditional landowners or real estate speculators. In this sense, whether during their proposal, implementation, or long-term oversight, it is essential to consider the role of stakeholders in maintaining the institutional balance that ensures these tools remain instruments serving the common good.

Case Study

The Constituent Assembly as a Critical Juncture in Mexico City History

In 1997, Cuauhtémoc Cárdenas of the Party of the Democratic Revolution (PRD), a left-wing party formed by former PRI members and various leftist groups, became the first elected Head of Government. The PRD governed Mexico City from 1997 until 2018, during which the city's political landscape evolved significantly. In 2018, MORENA, a new populist left-wing party that absorbed much of the PRD's base, won both the presidency and the government of Mexico City. Alongside these political changes, major structural reforms redefined the capital's legal and administrative framework.

On January 29, 2016, a constitutional reform was enacted at the federal level, formally abolishing the Federal District and establishing Mexico City as its successor. In addition to the change in name, the reform granted the capital city management autonomy for the first time. Mexico City would now have its own Constitution, replacing the Government Statute previously issued by the Congress of the Union. To this end, a Constituent Assembly was mandated to draft the new Constitution by no later than January 31, 2017. The election of Assembly members was scheduled for the first Sunday of June 2016, with the Assembly's installation set for September 15 of the same year (Rodríguez Vázquez & Arroyo Cisneros, 2016). In light of this opportunity, authorities recognized the necessity of involving the citizenry to ensure the legitimacy and social relevance of the new constitutional framework.

Citizen participation in the drafting process of Mexico City's constitution represented an innovative and ambitious effort aimed at enhancing democratic legitimacy within a context of widespread distrust toward public institutions (Cities of Service, 2019). The Laboratory for the City (LabCDMX) led this initiative through multiple participatory mechanisms, including digital platforms such as Change.org for citizen petitions, online and in-person surveys such as "Imagina tu Ciudad," and citizen-convened deliberative spaces. This process enabled the collection and channeling of thousands of citizen contributions to the working group responsible for drafting the constitutional text, thereby ensuring the inclusion of diverse perspectives regardless of participants' age, background, or educational level.

Regarding the specific issue of housing and Land Value Capture policies, it might be noticeable that among the most progressive elements incorporated into the constitution through the participatory process was the explicit recognition of the "Right to the City". This citizen participation process was not only innovative but also legally validated by the Mexican Supreme Court, which particularly emphasized the effective inclusion of historically underrepresented groups through the digital and participatory mechanisms implemented by LabCDMX.

Initial Proposal and Stakeholders Involved

The Constituent Assembly comprised 100 deputies drawn from a mixed selection system, creating cross-party veto points relevant for urban policy bargaining (Rodríguez Vázquez & Arroyo Cisneros, 2016). Elections were held on June 5, 2016, but voter turnout was notably low, with only 28% of the eligible population participating (Azuela, 2019; Guaman Guaman, 2023). As Encinas Nájera (2020) notes, the Assembly's composition anticipated the formation of two main blocs: a left-wing majority bloc—comprising MORENA, PRD, and Movimiento Ciudadano

(MC)—which together held 54 seats, and a right-leaning opposition bloc—comprising PAN, PRI, PVEM, Nueva Alianza, and PES—with 46 seats. Although the left-wing bloc commanded a simple majority, it would still require the support of at least a dozen members from the opposition to achieve the two-thirds qualified majority necessary for constitutional decisions. Meanwhile, the opposition bloc, though unable to pass legislation independently, held more than one-third of the seats, granting them an effective veto over any constitutional initiative. Responsibility for drafting the initial constitutional proposal fell to the Head of Government of Mexico City, Miguel Ángel Mancera, a member of the PRD, who was expected to present the draft in mid-September.

Two commissions were established to prepare the draft: a 28-member drafting committee known as the Group of 28, led by Porfirio Muñoz Ledo, and an advisory group chaired by Juan Ramón de la Fuente. The Group of 28 drew selectively on members' personal networks rather than operating as an independent expert body, and the advisory group convened only sporadically, with limited influence (Azuela, 2019; Encinas Nájera, 2020). Critics emphasized the lack of legislative or technical expertise and the absence of a deliberative dynamic. For urban policy initiatives, the General Secretariat commissioned the Metropolitan Studies Program (PUEM) at UAM Xochimilco to provide technical support (Azuela, 2019).

Given its hierarchical role, the Constitution of Mexico City could not explicitly define Land Value Capture (LVC) mechanisms, a limitation that later became a point of contention (Guaman Guaman, 2023). The Metropolitan Studies Program (PUEM) produced extensive proposals, but its influence on the final text was limited, and detailed LVC policy was confined to two paragraphs in Title Three, Sustainable Development of the City:

The increases in land value resulting from the urbanization process shall be considered part of the city's public wealth. The law will regulate their use to restore ecosystems and degraded areas of the city.

Building rights will be managed by the city government to distribute equitably the burdens and benefits imposed by territorial planning, including the recovery of generated capital gains that must be applied for the benefit of low-income sectors. (Azuela, 2019: 184–185)

Legislative Debates and Final Outcomes

On December 8, the Sustainable Development Commission advanced amendments to Clause 8 (Article 21, Section C), redefining LVC obligations and scope and clearing committee, setting the stage for floor bargaining:

All landowners in the urban area of Mexico City will have the right to utilize the building space of their properties according to the basic indices established by territorial planning programs. The law will establish mechanisms for acquiring additional building rights, which will be applied primarily in the influence zone.

Real estate developments in the city will be obligated to compensate for and mitigate urban and environmental impacts, and to contribute to improving the city's equipment, infrastructure, and public spaces, especially in their influence zones. The law will establish administrative, regulatory, and fiscal mechanisms for this, under a framework of transparency, accountability, and public scrutiny. (Azuela, 2019: 188–189).

Committee language established general LVC duties and impact-mitigation contributions applied primarily within areas of influence, with transparency provisions; full transcriptions moved to an appendix. This proposal was approved at the committee level by a vote of eight to five, with the dissenting votes cast by representatives from the PRI, PAN, and MORENA (Azuela, 2019).

However, the initial success was short-lived. Once the plenary debate began in mid-December 2016, both paragraphs were deleted. On January 30, 2017, just hours before the Assembly concluded, the principal political forces reached a new agreement and approved two revised paragraphs. The text was ratified that same day, leaving only the transitory provisions pending, written as follows:

Article 16, Section C, Number 4:

The development of urban works and projects, whether public or private, will prioritize the public interest. The competent authorities of Mexico City will establish mechanisms in their programs and policies to mitigate their impacts, as well as to minimize social and economic impacts on residents and activities, and on urban, environmental, mobility, natural and cultural heritage, and common and public goods. (Azuela, 2019: 196–197; Gobierno de la Ciudad de México, 2024: 59).

Article 16, Section C, Number 7, point d:

The law will regulate the obligation of real estate developers to pay monetary compensation to mitigate urban and environmental impact, in order to contribute to the development and improvement of urban equipment, road and hydraulic infrastructure, and public space. The law will establish the formulas and criteria for the application of said revenues in the areas of influence or affectation, under conditions of equity, transparency, and accountability. (Azuela, 2019: 197; Gobierno de la Ciudad de México, 2024: 60).

Despite the formal approval, political maneuvering within the Assembly continued. As Azuela (2019) recounts, PRI deputies José Eduardo Escobedo and Claudia Aguilar Barroso led a transitory article introducing an LVC-like mechanism through the sale of development rights. The negotiation threshold was tied to existing regulatory limits, effectively turning former maximum building limits into minimum requirements and favoring real estate developers. “Real estate interests had not stopped making themselves heard in the Assembly” (Azuela, 2019: 195).

In September 2017, the Political Constitution of Mexico City entered into force. Article 16 mandates monetary compensation by real estate developers to mitigate urban and environmental impacts, while Article 15 defers to subsequent legislation the criteria for applying those revenues within affected or influence areas. These criteria were not specified in the Housing Law and were delegated to various Institutes and Secretariats, leaving a proliferating but fragmented framework susceptible to discretionary application (Isunza-Vizuet, Castro, & Munévar, 2021).

Discussion

Positions, Behaviors, and Changes of Critical Agents

In the specific case analyzed in this study, political parties and their representatives in the Constituent Assembly emerge as the principal actors throughout the process. Their central role allows for a more precise understanding not only of their individual positions but also of the trajectories they followed during the legislative debate. Accordingly, the actions of other involved actors can largely be interpreted through the dynamics established by these political parties.

Beyond the realm of political parties, other forces also contributed to shaping the debate, notably the media. It will also be argued that it played an active and highly visible role during the discussions. However, their mode of operation differed from that of political actors: rather than systematically issuing editorial opinions, media outlets primarily amplified selected aspects of the legislative debate. Their coverage generally reflected and responded to the positions and movements of the organized political groups within the Assembly. Given the discreet nature of lobbying and influence dynamics, such a pattern of media behavior is to be expected.

Aside from the role of organized actors and the media, the broader context of citizen participation also warrants attention. In this regard, this exercise in direct democracy – the first in Mexico’s history, involving the drafting of a constitution for its capital—held within it

the potential to positively transform the landscape of citizen participation in Mexico. However, it is important to note that no mechanisms were established to ensure that citizens would retain their capacity for influence during the subsequent deliberative process following the presentation of the constitutional proposal in which they had participated. Consequently, civil society's influence remained punctual rather than integral, with no structured avenues for continued involvement in the ensuing political process. Thus, while the exercise succeeded in generating a certain degree of enthusiasm, it ultimately failed to transform civil society—particularly members of historically marginalized groups excluded from centralized urban planning institutions—into active agents within the political process and, by extension, within the new institutions, mechanisms, and urban development instruments that would emerge from the Constitution.

This limited transformation had direct consequences for how different sectors of civil society were positioned in the subsequent phases of the process. This is why civil society and its various forms of organization—whether neighborhood associations, tenants' groups, homeless collectives, squatter movements, or ethnic communities—could not be genuinely considered stakeholders during the deliberative process of the new Constitution. In this sense, they were framed as passive agents—or rather, *rendered passive* by the manner in which the supposed participatory methods were implemented—once those mechanisms had concluded.

Political Parties in the Constituent Assembly

On October 12, 2016, during the Constituent Assembly's first formal plenary session, the coordinators of each parliamentary group took the podium to deliver their initial statements. Santiago Creel, representing the PAN, criticized several aspects of the constitutional draft, arguing that it lacked proper legal technique and resembled more a political manifesto than a normative text. However, among the few provisions he praised as innovative was the section referring to urban land appreciation. The PRI found itself in a comparable position. Fernando Lerdo de Tejada, speaking on behalf of the federal executive's appointees, declared that their faction would not support any increases or new taxes for the residents of Mexico City.

Following these initial statements, the legislative debate began to reveal unexpected political alignments and divisions. One of the main surprises during the discussions was the internal division within the left-wing bloc. Despite sharing a general ideological orientation with the PRD, the constituent deputies of MORENA abstained from defending the proposal

and ultimately opposed it, arguing against the creation of new taxes (Azuela, 2019).

In committee votes, the constituent deputies from the PRI, PAN, and MORENA voted against the initiative sponsored by the PRD and Nueva Alianza legislators. Following the committee's approval of the proposal, PRI Deputy Fernando Lerdo de Tejada announced that his entire party faction would oppose it during the plenary vote (Azuela, 2019).

Only two constituent deputies—Cecilia Soto and René Cervera, both from the PRD—publicly defended the proposal. On December 8, the local president of the PRD, together with the Secretary of Urban Development and Housing of Mexico City, held a press conference to express support for the initiative (Azuela, 2019). Nevertheless, on the same day, the Head of Government, Miguel Ángel Mancera, distanced himself from the proposal, declaring that he would not support it and announcing his intention to veto Article 94 of the Housing Law, which had been approved just a day earlier following its presentation in the federal Chamber of Deputies by a PAN representative.

These conflicting signals further complicated the prospects for the proposal's survival. In the December 8 vote, the entire factions of PAN, PRI, and MORENA voted against the proposal. Within MORENA, two deputies stood out: Elvira Daniel, who, according to Azuela (2019: 194), was associated with one of the city's most powerful real estate companies and actively lobbied to reduce regulatory burdens on developers; and Mayela Delgadillo, a leader of neighborhood organizations, who argued that the LVC policies “would allow capital to buy the city at will” (Azuela, 2019: 194).

The most significant aspect of this episode was the internal fracture within the left-wing bloc, which stemmed from MORENA's refusal to legitimize a controversial initiative proposed by the then-ruling PRD, framed under the rhetoric of preventing the creation of new taxes. While this position can be pragmatically interpreted as an effort to weaken the sitting city government, it is important to note that in subsequent years—particularly after MORENA's rise to the presidency—the party's aversion to tax increases persisted, suggesting a deeper ideological component.

Equally notable was the evolving stance of the opposition, particularly the PAN and PRI. Initially, their opposition was framed as a critique of the draft's technical deficiencies, but it eventually escalated to a complete rejection of the initiative. As will be explored in the final section of this paper, another striking feature of the Constituent Assembly's legislative process was the lack of strict party discipline, particularly among the smaller parties, where

significant internal dissent was observed.

Real Estate Business Groups and Landowners

Explicit statements from stakeholders in the real estate sector are relatively scarce, largely due to the nature of lobbying, which typically employs persuasive strategies that leave little documentary trace. However, a notable exception is the public statement made by Isaac Memún, president of the National Chamber of the Housing Industry (CANADEVI), who characterized the proposed measure as an attack on private property (Revista Expansión, 2016).

This rare public expression sheds light on the otherwise opaque positions held by powerful economic actors during the debate. It is particularly significant as it originates from a national organization representing major real estate investors in Mexico. Although caution must be exercised to avoid overgeneralization, Memún's remarks can be considered indicative of the broader sentiment prevailing within the construction industry and among large landowners regarding the constitutional proposal.

Media

Another critical factor influencing the outcome of the reform was the role of the mass media, which launched a campaign against the proposed initiatives from the final months of 2016 through to the definitive approval of the Constitution in January 2017. This campaign was notably spearheaded by journalists Sergio Sarmiento, Lily Téllez, and Francisco Martín Moreno, all associated with Grupo Azteca, the media conglomerate that owns Mexico's second-largest television network, TV Azteca. Their critical columns were published between October 11 and 18, 2016 (Azuela, 2019).

This selective engagement by influential media figures set the tone for the broader coverage that would follow during the legislative process. It is also important to underscore that media coverage—particularly from the major television networks—was not distributed evenly across the different stages of the parliamentary process. Instead, it concentrated selectively on specific issues, most notably the proposed reforms related to Land Value Capture (LVC). As Azuela (2019: 177) points out, the two largest television networks devoted no airtime to covering the electoral process itself, revealing a strategic selectivity in their engagement with public debates.

Academy

The defense of the Land Value Capture (LVC) policies was led exclusively by academics and professionals, some of whom publicly expressed their support by signing a manifesto on January 12, 2017. Among the signatories were Antonio Azuela, representing the Ibero-American Federation of Urbanists; Víctor Ramírez, from Forópolis A.C.; Ricardo Becerra, from the Institute of Studies for Democratic Transition; Enrique Ortiz, from the International Coalition for Habitat; David Baltazar Castañón, from the Mexican College of Urbanists; Tanya Jiménez, from Deliberative Democracy; and Andrés Lajous, from the Institute of Transportation and Development Policy, who would later serve as Secretary of Mobility in the Mexico City government under the MORENA administration (Azuela, 2019). This academic and professional support contrasted sharply with the political and media opposition that dominated the broader public discourse.

Lobbying and Other Deficiencies in the Proposed Drafts

It is important to emphasize that the nature of these interactions often leaves little to no concrete evidence, especially when they involve private negotiations between interest groups and public officials. Nevertheless, the convergence of multiple actors around a common position and the observable shifts in political stances toward a unified direction – combined with additional procedural shortcomings that will be discussed later – understandably raise concerns regarding the direct influence of interest groups on the legislative process. As Encinas Nájera (2020: 267–268) observes in his thesis analyzing the legislative proceedings of the Constituent Assembly, particularly in relation to the sequence of proposals concerning Land Value Capture (LVC):

It provoked the rejection of a powerful group with deep-rooted economic interests in the capital city and with a high capacity to influence its urban policies and legislations: the real estate developers. This exemplifies the power of veto as a condition that inhibits constituent deliberation. External forces to the Constituent Assembly exerted such influence throughout the process of deliberation that they ended up capturing and redirecting it. (Encinas Nájera, 2020: 268).

Other contemporaneous observers and participants also highlighted similar concerns regarding the process and its outcomes. Antonio Azuela, who actively participated in various committees and served as an advisor during the process, made significant observations regarding the manipulation of the constitutional provisions related to land value appreciation by vested interests. He underscored that the social ramifications of this manipulation, particularly those linked to patterns of homeownership, should not be dismissed as merely ideological concerns. Azuela also emphasized the conspicuous activism of several deputies in defending the interests of the real estate sector, noting that the PRD was the only major

political party where such advocacy did not openly emerge (Azuela, 2019: 193–194).

Encinas Nájera (2020) further expands on this point:

By the initial weeks of December 2016, the destiny of this initiative had been sealed. The allocation of resources by real estate firms had repercussions on the distribution of power . . . The manner in which the appropriation of real estate value was handled highlights the challenges that vested interests, preceding an institutionalized constituent process—and likely to persist in the new order—pose to democratic deliberation. (pp. 275–278)

The perception of undue influence was not limited to external analysts; it also surfaced within the Assembly itself. Even some constituent deputies publicly expressed concerns during the debates. Porfirio Muñoz Ledo, for instance, lamented the replacement of informed deliberation with the irrational defense of entrenched privileges, stating: “There are plenty of hunters of isolated phrases that separate concepts from their legal foundation. It seems like a campaign of misinformation through the proven method of repeated lies” (Encinas Nájera, 2020: 269). Similarly, activists and academics such as Andrés Lajous and Mónica Tapia denounced what they described as a coordinated campaign orchestrated by vested interest groups (Azuela, 2019).

Beyond these observations, additional events and one notable incident further reinforce suspicions of lobbying and direct interference by real estate groups in the legislative process. First, there was a significant shift in the positions of the PAN and PRI regarding Land Value Capture (LVC). Initially, their opposition was framed around technical objections to specific capture mechanisms; however, their stance later radicalized into outright rejection, invoking the rhetoric of “attacks on private property.” This shift can be interpreted as an effort to capitalize on public discontent, which had been amplified by media campaigns. Second, there was a coordinated media campaign, particularly through television outlets, that magnified the arguments and visibility of parliamentary actors opposing the LVC proposals. Third, the incident involving the introduction of transitory provisions is particularly revealing. After substantive debate on the main content of the law, members of the primary opposition groups to the LVC initiatives succeeded in inserting transitional measures that ultimately favored real estate developers. These patterns of influence were facilitated by structural weaknesses within the Constituent Assembly’s design and operation.

One of the structural factors enabling the undue influence of private interest groups was the Constituent Assembly’s lack of institutional safeguards. Its internal regulations did not address political lobbying practices, nor did they mandate the disclosure of registered lobbyists. Furthermore, no requirement was established for assembly members to recuse themselves in cases of potential conflicts of interest. In fact, the Presiding Board did not

formally receive any conflict of interest declarations during the Assembly's proceedings (Encinas Nájera, 2020: 250).

The legitimacy of any legal framework, particularly in the constitutional domain, fundamentally depends on the quality of public deliberation. In the case of Mexico City's constitutional process, the emergence of urban issues unfolded within a public sphere where no widely shared language on the subject yet existed (Azuela, 2019).

In this regard, Antonio Azuela (2019) identifies three key factors essential to understanding the fate of the Land Value Capture (LVC) proposals. First, the two constitutional paragraphs addressing LVC constituted a highly condensed version of the more comprehensive proposal initially submitted by the group of academic experts to the City Government's commission. Second, each paragraph envisioned a different use for the recovered value: the first proposed allocating the resources to restoring degraded natural areas, while the second aimed to direct benefits toward the lower-income sectors of the city. Third, both paragraphs inadvertently targeted different urban elements for fiscal capture – the first addressing increases in land value, and the second focusing on the right to build. This internal complexity blurred the political discourse once the public debate began and significantly complicated the defense of the proposals.

Beyond the internal complexity of the proposals, institutional design issues further weakened the legitimacy of the constitutional process. In this regard, the composition of the Constituent Assembly itself has also been subject to criticism, particularly revolving around that it was not fully democratically elected. This perceived deficit in democratic legitimacy likely eroded public trust in the Assembly and opened the door for critical and anti-establishment narratives to gain traction (Rodríguez Vázquez & Arroyo Cisneros, 2016).

Finally, it is important to note that citizen mobilization within the public sphere did exert influence over the constitutional process. However, reversing the entrenched dynamics would require the coordinated mobilization of political forces that are currently lacking within the Mexican political landscape. This challenge is further exacerbated by the fragmentation of the left and the absence of clear, cohesive political leadership (Azuela, 2019; Guaman Guaman, 2023).

Impacts on Marginalized Communities

Although precise quantitative assessments remain challenging, existing evidence suggests that legislative outcomes have disproportionately favored real estate developers. In this regard, an audit conducted in May 2019 by the Secretariat of Urban Development and Housing (SEDUVI) revealed that at least 48 out of 174 approved urban development reports

over the preceding two years exhibited irregularities (Isunza-Vizuet, Castro, & Munévar, 2021). Furthermore, as demonstrated by Aguilar-Velázquez, Rivera Islas, Romero Tecua, and Valenzuela-Aguilera (2024), housing prices and the associated process of residential segregation have sharply increased since 2014, a trend that has persisted even throughout the Covid-19 pandemic. For instance, In Mexico City, renter households are more prevalent than the national average and face higher rent burdens: around 26% of households in CDMX, renter households in CDMX devote 22% of income to rent on average, and the lowest-income decile devotes 44% of income to rent in CDMX; the poorest decile comprises 61% of income to housing and services (HIC-AL, 2021: 39–45). The lack of broader Land Value Capture mechanisms has prevented the City Government from curbing real estate speculation, thereby fueling a gentrification process that primarily affects the city's lower-income sectors and those who do not own their homes.

Noticeable, indigenous communities residing in the capital have faced broader deprivations and greater obstacles in accessing adequate housing and quality services, often living in precarious conditions exacerbated by the absence of redistributive urban policies. According to CONEVAL, Mexico City has the highest number of people living in improvised shelters (such as street encampments and informal settlements lacking basic services), a situation that disproportionately affects migrant Indigenous families (Hernández Alpízar & Acuña, 2020). For instance, 23.7% of adults nationally reported discrimination in the prior 12 months (ENADIS 2022), and 28.1% of Indigenous persons over twelve years old reported at least one discrimination incident, with salient arenas including work/school and public space (INEGI, 2023; CONAPRED, 2023). Such barriers plausibly translate into rental access constraints and higher displacement risk for Indigenous migrants in CDMX under rent shocks (INEGI, 2023; CONAPRED, 2023).

Finally, short-term rental platforms expanded notably. Inside Airbnb lists 25,623 active listings in Mexico City with 64.9% of its entire stock (Inside Airbnb, 2025). Local authorities announced a promotional agreement with Airbnb and UNESCO in October 2022 (El Economista, 2022); by October 2024, Congress approved limits capping STR rentals to six months per year (El País, 2024). Concentrations in central boroughs plausibly reduce long-term rental supply, amplifying rent shocks borne by low-income tenants.

Implications for Democratic Governance and Urban Equity

The analysis presented in this study contributes to the broader literature on lobbying and its influence on legislative processes at the local level. It also offers valuable insights into these dynamics within the highly complex context of Mexico City—the largest urban center in

the Western Hemisphere—which serves as a representative case for understanding similar processes currently unfolding across Latin American countries.

Although further research is needed to examine in detail the specific interactions, meetings, and exchanges among the various actors involved, the available evidence suggests that real estate investment groups likely influenced legislative activities, particularly by using media platforms to shape public opinion against the approval of the proposed initiatives. Moreover, the role of citizen engagement in the legislative process, as well as the reasons why the perspectives of technical experts and specialists failed to exert greater influence, remain critical areas for future investigation.

This review of the development and eventual failure of the Land Value Capture (LVC) initiative in Mexico City serves as a case study illustrating the critical importance of protecting institutional mechanisms—particularly parliamentary procedures—from the influence of vested interest groups. It underscores the necessity of broadening and complicating analytical frameworks by incorporating the role of new actors in the study of parliamentary lobbying.

Furthermore, it highlights the significant role of mass media in shaping public discourse and facilitating the political demands of private interest groups. Through media channels, these groups are able to exert indirect yet substantial influence over parliamentary activities. Addressing these dynamics requires strengthening both institutional protection and the broader democratic culture surrounding legislative bodies. In this sense, the resilience of legislative institutions becomes a critical factor in safeguarding democratic deliberation.

This case also invites reflection on the mechanisms available to democratically legitimize parliamentary institutions, particularly constituent assemblies. Such legitimization is essential for creating effective counterbalances against external pressures, as exemplified by the interventions of real estate interests in this process.

Conclusions

This study shows that the decisive action in urban land policy occurs at procedural margins and legislative junctures rather than in high-level statements of intent. Reading the Mexico City case through those edges reframes LVC from a normative ideal to a problem of enforceability shaped by agenda control, last-minute drafting, and the delegation of formulas to administrative bodies. Through the analysis of institutional and political arrangements, procedural dynamics, and the roles played by various actors during the parliamentary deliberations of Mexico City's 2016 constitutional process, the study demonstrates how the

interplay between private interests and structural weaknesses ultimately undermined the democratic promise of inclusive urban policymaking.

It is evident that responsibility for the amendment of the law does not lie solely with the deficiencies of democratic institutions in Mexico, nor exclusively with the strategic interventions of private interest groups, but rather with the interplay and coexistence of both factors throughout the process.

The research hypothesis proposed that the amendment of the 2016 Housing Law proposal, particularly in relation to LVC, was significantly influenced by lobbying activities carried out by real estate business groups seeking to protect their economic interests and avoid regulatory measures that could restrict their profits. Although it is not possible to prove this influence directly or to obtain transparent records of the mechanisms employed, the sequence of documented events and statements made by various parliamentary actors supports the plausibility of the hypothesis.

Furthermore, the study demonstrates that the nature of direct democratic participation mechanisms was insufficient to maintain or consolidate citizen-driven proposals over time. Although consultations and open forums were held to allow citizens to express their proposals for the new Constitution of Mexico City, the absence of mechanisms ensuring influence during the parliamentary deliberations led to the imposition of the interests of powerful groups, particularly in the realm of housing policy and specifically concerning Land Value Capture, over the common good.

The difference between capture and mitigation determines who pays and who benefits at the urban fringe, with direct consequences for renters, informal workers, and fiscally constrained districts. Weak statutory anchoring of LVC also undermines municipal revenue capacity, deepens territorial inequality, and creates path dependencies that are difficult to reverse once regulations and market expectations lock in.

In this context, lobbying practices are incompatible with the common good of marginalized urban groups, whose democratic participation was effectively nullified and who bear the primary burden of lobbying's effects on urban land and housing policy. Therefore, it is necessary to reflect on the development of new democratic participation mechanisms, whose institutional design ensures citizen and non-represented groups' oversight and monitoring throughout the urban political negotiation process.

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