The Cost of Avoiding Crime: The Case of Bogotá

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We use hedonic price models to estimate the value households are willing to pay to avoid crime, and in particular, high homicides rates, in Bogotá. We and find that households living in the highest socioeconomic stratum, stratum 6, are paying up to 7.2% of their house values to keep their average homicide rates and avoid increasing them in one standard deviation. On their part, households in strata 5, that with the next group of richest population in the city, would be paying up to 2.4% of their house values to keep their average homicide rates.

The result reveals the willingness to pay for security by households in Bogotá, and additionally, reveals that a supposed pure public good like security, ends up propitiating urban private markets that auction security. These markets imply different levels of access to public goods among the population, and actually, the exclusion of the poorest.

We find as well evidence of negative capitalization of the rate of attacks against life, and positive capitalization of the presence of police authority in the form of Centers of Immediate Attention, CAIS.

Fuente: https://www.banrep.gov.co/en/news/events/cost-avoiding-crime-bogota-14-september-2007