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Innovative Approaches to Housing Policy and Production in Latin America

Two Cases: Sao Paulo, Brazil and Buenos Aires, Argentina

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Introduction

This paper explores innovative slum upgrading and low-income housing improvement programs of two South American cities: Sao Paulo, Brazil and Buenos Aires, Argentina. The case studies presented provide an overview of the important combination of a few crucial elements in the effective implementation of such efforts:

1. Effective Government

Governments must be willing to listen to and work with residents in order to determine the best approach for improvements. They must be responsive through the implementation of policies that allow for innovative and sustainable improvement efforts to take place.

2. Social Capacity

There must be in place some level of social and civic capacity in order for citizens to engage with planning processes and maintain active participation within housing improvement projects.

3. Public-Private Partnerships

Partnerships must be created and maintained by the government, the public, social organizations, and private stakeholders in order for policies and approaches to be effective.

These three elements are based on observations from research conducted on slum upgrading and low income housing projects in Latin America. The two case studies that will be explored represent efforts that have contained each of the three elements listed above. The first of these cases explores the revised 2001 urban development and housing policy of the Sao Paulo, Brazil municipal government. It is case of complete policy revision that illustrates the capacity of a local government to implement programs that are truly focused on improving the lives of the urban poor. The second case highlights the partnerships between two social organizations and the city government of Buenos Aires, Argentina. This case demonstrates the potential for public-private partnerships in relation to low income housing production.

What is Slum Upgrading?

Slum upgrading is a process whereby dwellers of low-income, informal and, temporary settlements become integrated into the infrastructure of the city. At a basic level, this means that slum dwellers receive greatly expanded opportunities for access to employment, education, health care, transportation and other services. It also means the physical improvements, construction or resettlement of slum dwellers or their housing.

Community Driven Development is a similar participatory model, but it is different in that it has an additional aim of providing previously isolated communities opportunities for civic participation and discourse around policies and procedures affecting their housing. Effective slum upgrading or community development should also include an active partnership between the municipal, state, or federal government, the residents, and in some cases, the private developers involved in a given project.

Types of Informal Settlement Communities

It is helpful to distinguish between and define the types of informal settlements that are commonly referred to as "slums". The term "informal settlement" in itself is a generic and technical term that seeks to capture the many features of those settlements that house many of the urban poor in developing countries. The name implies that the dominant feature of such settlements is their informality and the fact that they develop outside of the existing legal and regulatory framework.

The two main types of informal settlements are squatter settlements and informal subdivisions. Typically a squatter settlement is a chaotic, unplanned, and spontaneous occupation. Informal subdivisions are informal commercial operations in which the entrepreneur- the informal sector land developer- provides a surveyed plot and proof of purchase, but usually no infrastructure and no common space for public uses.

Different Approaches to Housing Provision

There are many different approaches to slum upgrading and housing provision for low income communities. These are implemented differently and achieve various results. Table 1 presents an overview of some of the most common approaches and their results.

TABLE 1

Models of Housing Provision in the Developing World

Model	Comments
Mass Provision	Mass provision is unlikely to be successful because it is more likely to benefit the middle classes - such accommodation may be unaffordable to the poor.
Site and Service	Site and service has become more popular in recent years and is supported by the World Bank. Such schemes can be disruptive to communities, poorly located and unsuitable to meet local need, because communities have little say in resource spending.
Upgrading	Upgrading is a relatively new model, responding to problems of the above approaches. Provides a relatively inexpensive response that benefits both communities and government, but can be 'top down' and open to possible political abuse and lack of accountability.
Community-driven Development	<p>Community-driven development is the favored current method of shack redevelopment and increasingly common.</p> <p>Relies on community resource and initiative to find innovative solutions to housing shortage that meet community need.</p> <p>The government role becomes one of resource support rather than direct provision. Advantages include: knowledge and understanding of community need; capacity to find sustainable decisions; and community, rather than individual support, to repay loans.</p>

Case Studies

The following two case studies are exemplary of situations where the necessary elements of Effective Government, Social Capacity and Public/ Private Partnerships have been successfully implemented into housing policy and construction projects in large Latin American cities.

Housing Policy Revision in Sao Paulo, Brazil

“The real challenge is to deal with the precarious land and housing tenure situation of those who are physically and socially excluded. To face up to this challenge, a shift in paradigms is required. A project-based approach grounded on the production of new housing and the extension of urban infrastructure networks, conceptualized and implemented separately by the different sectors of the municipal administration, must be replaced by a programmatic and integrated approach.”

-Sao Paulo, Brazil new housing policy and urban development proposal, 2001

In 2001 the Brazilian Workers' Party candidate Marta Suplicy, won the Sao Paulo municipal government elections and her administration took over a four year term. During that time, the administration rewrote the city's strategic master plan, and completely reformed the housing and urban development policy to prioritize improvements to low income and poor citizen's needs. This pro-poor housing approach was massively different to the policies of predecessor municipal governments.

While Sao Paulo is the largest city in Brazil and center of the county's economic activity, it has long been known as a city of stark contrasts. Some areas of the city are the most developed in Brazil, and even all of Latin America, and yet approximately one-third of its population lives in sub-standard settlements. The municipality of Sao Paulo has a population of 10, 434,252 and is located within a larger metropolitan region that includes 38 other municipalities of Sao Paulo state, which has a total population of 17, 878, 703.

Since the 1950's, Sao Paulo's urban areas have been rapidly expanding, which is largely the result of in-migration from other Brazilian states. During the 1970's and 1980's the city experienced its most rapid population growth of 6% per year. The existing housing and urban infrastructure was unable to cope with the expansion and it resulted in the growth of informal settlements. As demand for urban land and land prices began to rise, low income groups were forced to move even further away from the center of the city. Settlement began to take place in hazardous places, such as near delicate waterways and under major transit bridges.

The 2001 government therefore inherited a very large problem related to the housing conditions of the urban poor who had been shoved towards the periphery of the city. This was the policy of the military governments in control between 1964 and 1985. They would remove squatter settlements and resettle the population into large public housing estates on the very edges of the city. New informal settlements of those unable to find housing would emerge, creating even greater numbers of low income communities on the outskirts.

Many of these large public housing developments had become horribly dilapidated from decades of over-use and neglect. One of the largest of these developments, Santa Etelvina, is located on the far eastern perimeter of the municipality. It was built during the 1970's and is the largest public housing estate in Latin America, with 115,000 inhabitants.



Vila Nilo, Sao Paulo. Before and after city-led upgrading and revitalization. Photos Courtesy City of Sao Paulo, 2007

The complex has 84 clusters of run-down apartment blocks, with no schools or health centers. Residents have to rely on services found in other neighborhoods and many of the inhabitants travel up to two hours each way to their jobs in central São Paulo.

The new administration also found a city center that had been abandoned during the 1980's and 1990's after middle class and wealthy families, along with businesses and companies, relocated to newer suburban communities. 13 central districts were home to over 45,000 empty or abandoned buildings.

The new housing and urban development policy brought a new level of planning coordination by creating 31 district councils aimed at decentralizing the municipal government. SEHAB, the original housing and urban development agency broke into four related agencies: Housing, Urban Development, Administration and Finance, and Public Participation. The completely revised urban development strategy reduced land speculation and promoted social housing, and the new housing plan prioritized families living in the poorest settlements by focusing on the following:

- Production of new housing units to reduce the substantial housing deficit among low-income groups
- Upgrading and land tenure legalization of informal settlements
- Regeneration of the city center

- Modernization of the municipal administration
- Development of sustainable finance to optimize and mobilize public investment in housing, and direct subsidies to the poorest families
- Public Participation in all policy and implementation processes
- Completion of unfinished programs from previous administrations

New legal frameworks allowed the municipal government to become a major real estate player in the purchase and redevelopment of privately held land. One law required that the government be given the first option to buy any property in designated priority areas at market rate, and if the property owner refuses to sell, the city can take the case to court. Another program is the Debt-For-Property Exchange which allows property owners to pay off municipal back taxes by transferring their property to the municipal government. The properties must be appropriate for public or social use, viable for conversion, and owned outright. The municipal government evaluates the market price of the property, and if higher than the taxes owed, the owner can request a credit to offset future municipal taxes. Special zoning legislation has also been implemented to promote social housing and redevelopment projects. Social Interest Zones (ZEIS) prioritize urban redevelopment for low-income groups in specific areas, with three objectives:

- Legalizing land tenure without fulfilling conventional planning standards, as long as the settlement has basic infrastructure and adequate living conditions
- Enforcing compulsory development on undeveloped or underused property, and expropriating it if the owner does not comply
- Requiring property owners to produce a certain proportion of social housing for all (re)development.

The municipal government has also created incentives to encourage the private sector to produce social housing by providing exemptions on building fees, transfer of building rights to the municipal government at market rates, and exemptions from municipal taxes.

A public participation element was integrated and prioritized within the new policy, reflecting a commitment to encouraging the development of social capital and partnerships between the municipal government and citizen's groups. The public planning council is now comprised of 16 residents of popular housing developments, 16 representatives from civil society, and 16 members of government. The group is charged with providing assistance charged with policy definition and refinement in issues of housing and urban development.

One of the most effective elements of the new policy was the Informal Settlement and Integration Program. This program was created in 2001 and it functions specifically for the upgrading and legalization of land tenure of residents in informal settlements. The upgrading provides infrastructure, services, and public facilities, in addition to social assistance to inhabitants. As of 2004, the program had assisted 45,000 residents in over 160 squatter settlements gain land tenure. The program has also successfully relocated residents from hazardous and protected areas of the city, where many informal settlements had been established over the past four or five decades.

Other innovative programs have included the renovation and tenure of public housing estates and a city center regeneration program which aims to reverse inner city degradation and improve housing conditions of low income groups. As of 2003, these programs had benefited over 300,000 low income families in the city of Sao Paulo.

Housing Production and Social Movements in Buenos Aires, Argentina

Like Sao Paulo, Buenos Aires, Argentina is the largest city in its country and a major Latin American economic center. But, also like the situation in Sao Paulo, the number of people living in low income informal settlements has been steadily increasing since the 1980's. According to the 2001 census, there were 106,940 people living in very low income informal settlements. This is

twice the number of 10 years before, which was at 52,608 in 1991. In 1983, that number was only 15,000. The response by the city government to this growing number of those living informally was slow in terms of actual construction of social housing units. In any given year between 1998 and 2006, the annual number of new units constructed by the Buenos Aires City Government did not surpass 500.

After the Argentinean economic collapse of 2000, there was an increased recognized need for the provision of affordable housing units to be built within the city. Since the government was in a process of restructuring at this time, there was also an increased willingness to work with social organizations and civil society in partnership to achieve social goals. Two social movement organizations emerged to become major players in affordable housing construction development: The MTL (Movimiento Territorial de Liberación) and the Madres de Plaza de Mayo Association (Madres).

The MTL had a more recent emergence through the struggle of low income residents facing eviction from their buildings between 2000 and 2001. The organization has a double mission: producing labor opportunities through the promotion and organization of productive enterprises, and demanding at least minimum aid programs from state institutions. The MTL developed a construction cooperative that offered opportunities for employment of members of grassroots organizations who had no formal work experience. The cooperative currently has about 700 employees.

Their first housing project was the Monteagudo redevelopment which includes 326 apartments, a multi-use room, a complex of 10 business premises for commercial and service enterprises, a child care center, and a public square. The site is in an old centrally located industrial district that declined in the 1970's and left a considerable amount of derelict or idle factories, warehouses, and industrial buildings. The Monteagudo project is sited on a piece of land formerly occupied by an abandoned paint factory.

Its central location makes the project unusual compared to more typical residential developments of this kind. This was an intentional choice of the MTL to encourage integration with the traditional working class neighborhood and ensure good accessibility to local transit and commercial districts. The reception by local residents to the construction of the building was positive, with many thinking it would herald a revitalization of the neighborhood.

Financing for the project was provided by the Buenos Aires city government Housing Institute. Allocation for each unit was considered by all 3,500 membership families of the MTL and multiple criteria were established for provision of the units: degree of political militancy, family structure, capacity to live together, degree of necessity, and



El Complejo Monteagudo, Buenos Aires.

an ability to pay the mandatory installments to the Housing Institute over 30 years. These installments were not to exceed 20 percent of a family's total income to ensure permanent affordability.

For the second organization, Madres de la Plaza de Mayo, the focus of affordable housing construction is broader than focusing on the needs of its individual membership. The Madres

currently have projects all over Argentina, but they started in Buenos Aires with two major projects in low income neighborhoods. The funding for these projects was provided by the federal government through the Federal Housing Construction Program. The projects in Buenos Aires are jointly managed by the Madres, local housing cooperatives, Ministry of Human Rights, and the Buenos Aires City Government.

Similar to the Monteagudo project, these developments have hired workers as part of the cooperative who earn salaries, technical training, and all the necessary materials to carry out their task. Forty percent of these workers are women, and some are amongst the first female union delegates to the national construction union, thereby setting a new precedent for women in construction in Argentina.

An important expansion of the project occurred in 2007, when an agreement was signed by the Madres and Urban Territorial Policy Coordination of the city government authorizing the development of a factory to manufacture all of the panels necessary for housing construction. The plant's production capacity allows for at least 5,000 units a year to be built, and it is currently under operation in a rehabilitated warehouse. This plant is jointly managed by the Madres and the Buenos Aires city government. As of 2008, the Madres had completed construction of 72 units in two separate projects and had planned for the construction of over 1,700 units by the end of 2010.

Conclusions, Major Findings, and Future Research

There are many different approaches to the improvement and construction of housing for the urban poor in developing countries. Unique to some Latin American countries is a willingness on behalf of government agencies and politicians to implement models that favor strong public participation and prioritize changes that will benefit those in need of affordable housing.

Exemplified in both case studies examined in this paper, was a combination of those essential elements that are important for the successful implementation of housing improvements: Effective Government, Social Capacity, and Public Private Partnerships.

Further research could help to clarify the potential for replication of the approaches of the two case studies to other parts of the world. Additional investigation could examine the long term sustainability of policies and programs that are implemented under transitional political climates. In both the case of Sao Paulo and Buenos Aires, innovative policies were put into place under times of great change for both the local and federal governments. Finally, the extent to which residents, citizens and the public continue to engage in these programs is crucial to their effectiveness. More research could be conducted to help explain those mechanisms which ensure that the emphasis on public participation will be maintained.

Appendix 1

Common terms for Informal Settlements in Latin America

Country	Common Term and Meaning
Argentina	Villas Miserias
Brazil	Favelas or Invasoes (squatter settlements) and villas (informal subdivisions)
Chile	Poblaciones Callampas (squatter settlements)
Colombia	Barrios Piratas (informal settlements) and invasiones(squatter settlements)
Costa Rica	Precarios (squatter settlements)
El Salvador	Tugurios (squatter settlements) and colonias ilegales (informal settlements)
Mexico	Colonias Populares (informal settlements)
Paraguay	Rancherios Pobres (squatter settlements)
Peru	Barriadas or Pueblos Jovenes (informal subdivisions)
Venezuela	Barrios de Ranchos (squatter settlements)

Appendix 2

Glossary of Terms

Informal Settlement- Informal subdivisions are informal commercial operations in which the entrepreneur- the informal sector land developer- provides a surveyed plot and proof of purchase, but usually no infrastructure and no common space for public uses

Squatter Settlement - Typically a squatter settlement is a chaotic, unplanned, and spontaneous occupation.

Slum Upgrading - consists of physical, social, economic, organizational and environmental improvements undertaken cooperatively and locally among citizens, community groups, businesses and local authorities.

The main objective of slum upgrading is to alleviate the poor living standards of slum dwellers. Many slums lack basic local authority services such as provision of safe drinking water, sanitation, wastewater and solid waste management. Slums are characterized by unhealthy sanitary conditions, poor and unplanned housing, destitute families and low community cohesion save for lack of identity.

Appendix 3

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