



Challenges to Move Upgrading and Regularisation to Scale in São Paulo

4.1. Introduction

This publication analyses the *Bairro Legal* Programme and related actions implemented by SEHAB: measures against forced eviction and in favour of secure land tenure and the *Bairro Legal* TA project. Through these actions, significant advances have been made towards a comprehensive and integrated urbanisation and regularisation policy.

However, there are still many obstacles to be overcome with respect to land regularisation for precarious settlements and the implementation of the outcomes of the *Bairro Legal* TA Project. These obstacles need to be analysed in the context of the consolidation of SEHAB's policy.

4.2. Completing Land Regularisation for Public and Private Land

A broad legal framework on both the federal and municipal levels underpins SEHAB's land regularisation policies. Notwithstanding, there are still many stumbling blocks on the road to issuance of title deeds for the hundreds of thousands of families currently living in irregular situations. Conclusion of regularisation processes does not depend solely on SEHAB, nor the municipal administration as a whole, but a myriad of players including: the state government (which is partly responsible for regularisation of subdivisions); the original landowners of the subdivisions in question and the notary publics and property registries processing documentation. This lengthy chain of procedures and players hinges upon SEHAB's active role in fostering dialogue and collaboration among all agents involved in land regularisation. This experience is of interest not only to those involved in regularisation processes, but also to urban upgrading and housing projects nationwide.

4.3. Institutionalising the Housing and Urban Action Plans

The Methodology developed through the *Bairro Legal* Technical Assistance Project constitutes an important contribution to participatory planning technique in Brazil and abroad. Still, several obstacles require attention to heighten the impact of the action plans. The following are some of the concerns to be addressed:

- Consolidation of such action plans as an institutionalised planning instrument used by local agencies and other governmental levels: this is contingent on the establishment of a mediation and coordination body within SEHAB (or the *Subprefeituras*) to promote dialogue between all stakeholders involved in the specific development actions prescribed by the plans. In the short term, the action plans will need a coordinator to organise sets of actions across the different organisations involved in putting the strategies into practice.

- Gradual but continuous implementation: action plans are organised into short, medium and long-term measures; implementation is, therefore, both a gradual and continuous process. In the districts where plans have been prepared, it will be important to build and strengthen relationships across all levels, from the municipal administration and *Subprefeituras* to community groups and residents who participated in the planning process. In this regard, it is desirable that these stakeholders also participate in the development of an implementation strategy for the short-term actions described in the plan.

- Replication in other districts of São Paulo: replication of action planning in other districts can be facilitated if SEHAB is not solely responsible for implementation. In the long-term, *Subprefeituras* could assume responsibility for action plans under SEHAB’s overall guidance⁴⁷, provided that capacity-building is undertaken in these new government bodies, which still lack financial and human resources. A move in this direction would represent a significant advance towards the municipal Administration’s goal of decentralisation through capacity-building and execution of public policy at the local level⁴⁸. SEHAB’s role, in this case, would be to facilitate the participatory planning process and build local capacity along the way⁴⁹. Actually, replication of the action plans in other districts would require capacity building within both the *Subprefeituras* and SEHAB, which would need to develop specific outreach capacity.

Such practical actions aimed at providing continual support for the housing and urban action plans could be implemented as part of the proposed second phase of the *Bairro Legal* Technical Assistance Project, which is currently under negotiation between the municipal Administration and the Cities Alliance.

⁴⁷ SEMPLA (Municipal Planning Department) decentralised the development of PDRs, transferring the responsibility to the *Subprefeituras*. It still, however, coordinates the process and participates in the consolidation of the plan’s contents. The same could be done by SEHAB and the district action plans.

⁴⁸ São Paulo has been promoting public participation in decisions over budget allocation through the Participatory Budgeting process. However, in this process, investment proposals have been fragmented, reinforcing a pattern that the Administration is trying to avoid. The participatory budget could be adopted in tandem with the local action plans to define priority actions. This way, the action plans would have a permanent, institutionalised channel of public participation, and the participatory budgeting process would have the benefit of being based on coherent local development plans.

⁴⁹ In the near future, SEHAB will continue to coordinate implementation, particularly for projects financed with external funds and through central planning units within the department.

4.4. Improving SEHAB’s Technical and Financial Capacity for the Consolidation of Urbanisation and Regularisation Policies

In examining São Paulo’s tenure regularisation actions and the *Bairro Legal* TA Project, it is important to address a key structural issue: expansion of SEHAB’s technical and financial capacities..

4.4.1. Expanding SEHAB’s Technical Capacity and Coordination Role

SEHAB’s overall operations would gain considerably from efforts to expand technical capacity. Progress in this area would enable the Housing Department to pursue a greater role as coordinator of urban upgrading and development programmes and in doing so adopt a cross-sectoral approach to the city’s urban development and housing inequalities, as well as better identify the instruments to tackle these issues. This is the challenge for SEHAB and all agencies committed to promoting comprehensive development.

4.4.1.1. Adopting a Cross-sectoral Approach

In early 2003, SEHAB created a new management structure, establishing three Coordination Units (*Coordenadorias*) responsible for communication between the Housing Secretary, programme managers and unit directors. SEHAB’s *Coordenadorias* are organised as follows: Housing, Urban Development, Administration and Finance. The *Coordenadorias* are currently seeking broader integration among SEHAB’s different divisions and have already established permanent communication channels within the department. Over time, this structure is expected to be strengthened and gain support instruments.

There is clearly also a need for a consolidated information system to monitor the implementation and results of SEHAB’s programmes. At present, each one of SEHAB’s units has its own information system, but few are accessible to the whole department. A unified information and monitoring system would be a valuable asset that could afford SEHAB a better understanding of the municipality’s housing issues as well as the effectiveness of its programmes around the city.

The cartographic database developed under the *Bairro Legal* TA Project provides a comprehensive and consolidated overview of the city. If SEHAB is successful in providing a complete, block-by-block diagnosis of the city’s problems through such instruments and the housing and urban action plans, it will also be possible to develop a detailed map of possible solutions.

By improving central capacity across the housing sub-sectors and strengthening instruments that provide information on the city's housing and urban development issues, the municipal administration has sought to benefit all parties involved in the implementation of integrated development programmes (SEHAB, *Subprefeituras* and other stakeholders).

4.4.2. Developing a Comprehensive Financial Strategy

The consolidation of a comprehensive financial strategy is a critical element in scaling up urban upgrading and housing development. According to the Municipal Housing Plan, there is a gap between the volume of resources that would be needed and those that are available for housing and urban development projects in São Paulo. While there are ample resources for housing finance (from FGTS), there is a shortage of federal and municipal grant funding for urban upgrading (see Chapter 1). In reality, the biggest impediment to greater availability of resources for urban upgrading and social housing is represented by the financial constraints on municipalities imposed by the Fiscal Responsibility Law. Since the beginning of the current Administration, SEHAB developed and implemented its housing policy on an average annual budget of US\$ 100 million, including the department's overhead expenses. SEHAB's current budget represents only a fraction of what would actually be needed to meet the city's low-income or social housing needs through 2012, as demonstrated by the Municipal Housing Plan⁵⁰.

In an attempt to close this gap, SEHAB has lobbied for an increase in its share of the municipal budget. SEHAB has also incorporated the recommendations of the Municipal Housing Plan, and is seeking to access more state and federal funds⁵¹. At the same time, SEHAB is working to leverage the percentage of private capital in urban upgrading and housing development, both through sale of development rights and through direct incentives for private involvement.

As part of a concerted effort to leverage non-public sector resources, SEHAB has formed a landmark partnership with Bradesco, Brazil's largest private sector bank and a leading financier of the low-income population through its subsidiary FINASA. Under the partnership, FINASA created the *Crédito Direto ao Consumidor-Material de Construção*, a consumer credit line covering 100% of construction material purchases at National Association of Construction Material Retailers (ANAMACO) member stores. Sales teams at ANAMACO affiliated stores will receive special training to aid residents of SEHAB intervention areas and to grant up to R\$ 5,000 (US\$ 1,700) in credit on-line to individuals without proof of income. SEHAB's pilot project aims to improve the quality of housing in precarious settlements by facilitating acquisition of construction materials and providing technical assistance to self-managed home improvement and expansion. The first such project is in the *Nicarágua-Vila da Paz* settlement in South São Paulo, which has approximately 350 households

Another important partner in SEHAB's effort to leverage resources is the Banco Popular do Brasil (the People's Bank), the low-income arm of Brazil's largest bank Banco do Brasil. Through *Projeto Primavera*, Banco Popular will grant as much as R\$ 10,000 (US\$ 3,000) in credit for construction material purchases. Like the partnership with FINASA, resources are granted through ANAMACO affiliated stores for a specific region indicated by SEHAB. The pilot project for this partnership is *Jardim Arantes*, a subdivision in East São Paulo with 240 households.

These two pilot projects were launched in September 2004 and will be closely monitored in order to develop a replicable model. SEHAB aims to implement such projects throughout the city in those areas that have undergone upgrading programmes. This kind of project should constitute the final phase of action plans in *favelas* and informal subdivisions, upgrading and expanding dwellings in intervention areas.

Backed by the rights extended by the City Statute, SEHAB has also structured new alternatives such as the sale of development rights to finance slum upgrading in the city's two largest *favelas*. This project should only bear fruit in six to seven years, due to the high volume of resources needed for the undertaking. The partnership with the private sector represents, however, a first step in creating a sustainable resource base to continue upgrading programmes in the city.

Overall, the combination of the City Statute, MP 2220/01 and the Municipal Strategic Plan provide many legal and urban planning instruments to increase availability of funds on the municipal level (see Chapter 1, Section 1.4.2.1). The use of such instruments, however, depends entirely on private sector demand. In this regard, SEHAB is developing a strategy to leverage private capital for upgrading and social housing production.

Leveraging more municipal budget funds will also translate into a stronger government commitment to expand urban upgrading, housing development and land tenure regularisation programmes. In this regard, housing and urban development action plans can be powerful instruments for SEHAB (and the *Subprefeituras*) to leverage more municipal budget funds. Development actions implemented through district action plans will have impacts that extend beyond the urban development and housing sectors, promoting socio-economic development and improving public safety.

Finally, the Cities Alliance recommends that SEHAB develop a clear subsidy policy and cost recovery strategies for investments in urban upgrading programmes with a view to expanding its capacity to conduct interventions and provide subsidies to low-income families, according to their varying levels of need. Historically, slum upgrading projects in Brazil have not employed a cost recovery policy: the State has usually assumed full financial responsibility. By providing a full subsidy to every family living in the informal settlements it upgrades, the government misses the opportunity to recover part of its investments from those who can afford some kind of payment and target most of its subsidies to those families who cannot.

⁵⁰ (As mentioned in Chapter 1, SEHAB requires an annual budget of US\$ 330 million).
⁵¹ SEHAB is seeking an annual budget of US\$ 95 million from state sales tax revenue distributed through CDHU, for example. In SEHAB's opinion as CDHU's annual budget is US\$ 241 million and the city represents 40% of the state's housing needs, it should receive 40% of CDHU's annual budget.

4.5. Conclusion

This study has shown São Paulo's decisive moves towards a comprehensive policy framework for urban upgrading and regularisation of precarious settlements in the city, with a clear and consistent focus on low-income families. The *Bairro Legal* Programme, through actions against housing eviction, towards land tenure security, and the design of a methodology for development of housing and urban development action plans, has demonstrated the city's visionary commitment. Overall, actions implemented by SEHAB during the 2001-2004 administration have benefited over 300,000 families.

Key to the success of this strategy has been the fact that the processes for land tenure regularisation and development of district action plans are all based on stakeholder participation and negotiation and promote capacity-building among all involved parties.

This publication also demonstrates that the local Administration alone does not have the necessary resources to finance upgrading projects and housing production. Indeed, the Cities Alliance believes that SEHAB will strongly benefit from an efficient strategy to leverage resources, particularly those from the private sector, but also from the residents themselves. Microfinance programmes are also an effective development tool. In the same manner, a greater share in the municipal budget would ensure that SEHAB's urban upgrading, housing development and land tenure regularisation programmes are given the priority they deserve.

The current São Paulo municipal Administration has pioneered a comprehensive, integrated urban policy that is not only applicable on a citywide scale, but is also capable of withstanding the electoral cycle. In order to ensure the consolidation of this policy, it is important to refine the innovative instruments created by SEHAB, as well as reinforce its technical and financial structure. Through its members, the Cities Alliance intends to give its continued support to the municipality in pursuit of these auspicious goals.

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