

ID 1402 | LOW INCOME HOUSING PRODUCTION IN THE NEIGHBORHOOD OF SANTA IFIGENIA IN SAO PAULO, BRAZIL

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1 INTRODUCTION

This paper deals with the analysis of the production of Social Housing provided by private investors and public agencies in the neighborhood of Santa Ifigenia, a neighborhood located downtown São Paulo, State of São Paulo, Brazil. The time span corresponds to the administration of former mayor of the city, Gilberto Kassab, between March 2006 and December 2012.

The studied area corresponds to 10 blocks defined as Special Zones of Social Housing Interest (ZEIS). The ZEIS were created with the aim of controlling land value in certain areas of the city in order to be accessible to low-income people. The area is a very deteriorated portion of downtown Sao Paulo and, despite being occupied by tenement housing, it is in a historic district surrounded by areas where the land value is high due to the full urban infrastructure and job offer.

Plans to revitalize the area were strengthened during Kassab municipal administration. However, the private sector resists to participate in the process because it believes that the area designated for low income housing is too large (about 25% of the total) and that this discourages private investments. Developers have been pushing the municipal government to change the zoning of this area and to designate the ZEIS as a predominantly commercial area.

The area adjacent to the ZEIS has already been transformed and has been receiving significant investments from the public sector, such as the restoration of the Luz Train Station and the creation of the Museum of the Portuguese Language (partially destroyed in a fire in December 2015 and now undergoing restoration), the construction of a concert hall at Julio Prestes Train Station, and the creation of Estação Pinacoteca Exhibition Hall. (Fig.1)



Figure 1-Santa Ifigenia neighborhood showing the State Art Museum and Julio Prestes Train Station in the foreground and the ZEIS in the background left. Photo By Agnaldo Bertolo, March 2009

This paper deals with relatively recent housing policy provision, so literature about the subject is scarce. For this reason, the research method was mainly based in fieldwork and in an investigation of all housing projects that were approved for construction by the municipal government.

This study focuses on the perimeter defined by the 2002 Master Plan of about 10 hectares zoned as ZEIS 3, which correspond to a total of 5 complete blocks and 6 partial blocks. The goal of this study is to analyse the effectiveness of these ZEIS in the process of revitalizing the area and to determine whether or not the purpose of building housing for low income people has been reached.

2 ZEIS IN SAO PAULO MUNICIPALITY

The 2002 Strategic Master Plan (PDE-Lei n° 13.430/2002) established 686 ZEIS in Sao Paulo, with the purpose of reserving areas for the construction of social housing, in order to guarantee the permanence of low-income population where they already live, albeit in precarious conditions. Therefore, areas occupied by slums, illegal lots or tenement houses should continue to house the poor but in decent houses to be built by private or public development. Some underutilized areas were designated as ZEIS with the aim that urban property fulfil its social function, considering that Sao Paulo County had a deficit of 380 thousand housing units at the time of the elaboration of the Master Plan, when the population of the city was 10,4 million.

The 2002 Master Plan established 4 types of ZEIS (ZEIS 1, 2, 3 and 4). ZEIS 3 is located in central areas or adjacent to the railroad where transformations are in progress for several reasons. ZEIS 3 was set up in degraded areas that need immediate recuperation and this is one of the main guidelines of the Master Plan. The railroad border was also designated ZEIS 3 since the area has potential for transformation in view of the deindustrialization. Therefore, the ZEIS 3 designation came to meet the need to avoid gentrification, a process that frequently occurs when there is urban revitalization. (Pessoa, 2009) This is an effort to maintain low-income people in areas where there is good urban infrastructure rather than dislocate them to the periphery of the city, where infrastructure is insufficient. The ZEIS 3 also intends to avoid urban sprawling encouraging densification of the city. The population today suffers with a low-density occupation, facing problems such as waste of time in commuting or lack of urban equipment like schools or health facilities.

In ZEIS 3, at least 40% of the built area must be designated for Social Interest housing (HIS) and the units are to be sold for families whose income is lower than 6 minimum wages (about 1470 euros). UP to 40% of the units can be designated for Popular Market Housing (HMP), reaching a population that has a family income of up to 16 times the minimum wage per month (about 3.900 euros). The real estate market considers ZEIS 3 attractive to HMP but not to HIS. Therefore, developers have no interest in building in these areas.

3 SANTA IFIGENIA NEIGHBORHOOD

By the end of the 19th century, the Santos-Jundiai railway was built. This significantly altered the urbanization of the city of Sao Paulo. From then on, many farms on the border of the railroad were urbanized. The Swiss Frederico Gleite and the German Victor Northman acquired the Maua farm and parceled the land with streets larger than the ones of the “triangle” (the oldest area of the city), giving origin to the neighborhoods of Campos Eliseos and Santa Ifigenia. (Toledo, 1983)

Major urban transformations occurred during the administration of mayor Joao Teodoro Xavier (1872 to 1875) such as the Luz Garden, which was at that time the main park and leisure area of the city. The Luz train station was built during the decade of 1900, in the same place of the former station built in 1867. The new station, a steel structure, was fabricated in England and for quite some time was the main building of the city, symbolizing progress and the coffee production of the state which was at that time Brazil’s main export commodity.

From the decade of 1930 on, the area began to decline because of the coffee crisis. Other facts also contributed: the construction of a bus terminal, the high-income population that lived in the neighborhood moved to other parts of the city and, later, the displacement of downtown activities to the Paulista avenue. By the end of the 20th century the area was occupied by homeless and drug addicts, reinforcing the decay of the region. At that time, Santa Ifigenia neighborhood was named Crack Land, in allusion to crack addicts that live in the area. Many efforts were made as an attempt to reverse this trend with no success.

4 NOVA LUZ [NEW LUZ]

Because of the deterioration of Santa Ifigenia neighborhood, the region became the focus of requalification proposals, considering that it is a place with good infrastructure, good transportation system and is part of downtown urban fabric. In 2005 Gilberto Kassab, vice mayor during Jose Serra administration, delimited an area defined by Maua street and Casper Libero, Ipiranga, Rio Branco and Duque de Caxias avenues, totalling 105.000m² as a public utility area. The idea was to attract private enterprises to invest in the area as an attempt to recuperate it, considering that it is one of the most degenerated in the city. In this occasion, 23 companies applied. (Souza, 2010)

The area was informally renamed as Nova Luz, which is thought to be an attempt to disqualify the neighborhood and the old region that carries an important part of the history of the city. In December 2005, Jose Serra passed the Municipal Law 14.096 that grants tax incentives for the companies that registered to invest in the area. (Souza, 2010)

In March 2006, Gilberto Kassab became major of Sao Paulo and soon afterword announced that he would expand the Nova Luz project design area, including avenues Rio Branco, Duque de Caxias, Prestes Maia, Ipiranga and Alfredo Issa square, totalling 27 blocks that could be subject to intervention and expropriation. The new perimeter totalled 26,9 hectares. A few months later, an area was expropriated to build the Technology, Information, and Communication Center of Sao Paulo (PRODAM) and also for the Metropolitan Civil Guard. (O Estado de São Paulo, p. C3, March 10, 2007) The Odebrecht Construction Company, among others, said it was willing to invest in the region but had difficulty in acquiring real estate because the buildings had many owners and the area was very fragmented. The Patronal Housing Union (Secovi) lead a group of developers interested in the area, with the purpose of implementing the urban design project conceived by Jaime Lerner, former mayor of Curitiba, Paraná. The project advocated by Secovi Vice President, Claudio Bernardes, proposed a new occupation for the blocks with low-rise buildings. Their central patios would have semi-public commercial areas, while blocks with only residential apartments would have private central patios. In the perimeter, 80-storey towers would be built, exploring the maximum construction potential of the blocks (coefficient of utilization equal to 4 and exemption from onerous granting).

The tenants and building owners were surprised at this design project, which was developed without their participation. This adversely affected the municipal purpose, because even though the area is very degraded, it is not abandoned and there is economic activity. On the contrary, the electronic equipment trade in Santa Ifigenia Street and surrounding area is a very intense economic activity and is the second source of municipal taxes for the city. At that time, the Santa Ifigenia Merchants Association (ACSI) was established, in order to discuss issues related to the Nova Luz urban design project. (Souza, 2010)

5 THE CONSORTIUM URBAN DESIGN PROJECT

In May 2010, the news about the enterprises that formed the consortium in charge of the revitalization of Santa Ifigenia neighborhood came to public. They were: City Company, Concremat Engineering, Aecom Technology Corporation, and Getulio Vargas Foundation. (OESP-11/05/2010) The City Company, originally an English company, is well known in Sao Paulo since the beginning of the XX century because of the design of neighborhoods of Jardim Europa, Pacaembu and Alto de Pinheiros among others. The City Company was also responsible for the master plan of the 2012 London Olympic Village. At the time, the municipality granted private companies the right to apply the urbanistic concession allowing the private sector to expropriate areas. This was the cause of strong complaints from the owners of the buildings. This issue will be addressed later in this paper.

In December 2010, the consortium presented the design project for the area surrounded by avenues Casper Libero, Ipiranga, Sao Joao and Duque de Caxias and by Maua Street, totalling 45 blocks qualified in 5 sectors. (Arcoweb-28/03/2011)

6 ZEIS AT NOVA LUZ

The 8 hectares area that comprehends the ZEIS at Nova Luz was defined by the 2002 master plan, aiming to maintain in the neighborhood the population that already lived in the area (in precarious homes and tenement houses) and to improve their living condition. The ZEIS is seen by Claudio Bernardes as an obstacle to the implementation of Jaime Lerner's urban design project, because in ZEIS only 20% of the area could be used as non-residential area. It is implied that a large area reserved for low-income people would not be attractive for real estate investors who were only interested in risk-free profit.

“The map of the concession area indicates that the core of the polygon – which includes Rio Branco, Ipiranga and Duque de Caxias avenues and Maua and Casper Libero streets – is formed by ZEIS 3. In this area, the local government guideline provides for the construction of up to one thousand low-income housing units – two lots totalling 15 thousand m² have already been expropriated for that purpose at Aurora and Vitoria streets.

“But the investors sided with the housing syndicate (Secovi) considered that this amount of low income housing units should be spread out rather than concentrated in only one area, which could limit the middle-class interest in living downtown.

“Nova Luz was conceived to disseminate a new growth pattern for the city, mingling various uses in the same region. The proposed pattern is not interesting for the real estate market. Our design project was conceived by Jaime Lerner and he will not participate in the competition anymore” says Bernardes.

“He still refutes the urban planners’ critical comments that the market does not want to build low income housing for low profit. “We want to build but in a spread-out way.” (OESP October 2009)

Once again, a ZEIS in a central area (Fig.2) is seen as a depreciation factor that discourages investments, as in other areas of the city the ZEIS apartments are being built but units are being sold for middle class population rather than for families earning up to 6 minimum wage income. A search in the county website in July 2011 showed that no permit for construction of low-income housing was requested. It seems that all activities ceased while awaiting the Nova Luz urban design project definition. At Santa Ifigenia's ZEIS, the only building that started to be built was a self-help construction organized by Compamare, a cooperative of the paper and recyclable materials collectors. The building was not finished and the construction was paralyzed.



Figure 2-ZEIS at Rua do Triunfo showing a well-preserved old building. Photo by the author, December 2015

7 URBANISTIC CONCESSION

The consortium project keeps the ZEIS as it is, considering that it is part of the Zoning Law of the city and cannot be altered. Stephen Engblom, an American architect and one of those responsible for the revitalization design project of Luz, believes that the areas reserved for low-income houses may repel some investors. On the other hand, he advocates the idea that people should not live in segregated places and sees social diversity as a positive factor. The master plan of the city aims to avoid gentrification and was therefore conflicting with mayor Gilberto Kassab and the main investors.

Gilberto Kassab was elected mayor of Sao Paulo in October 2008, defeating Marta Suplicy. In November, he announced his plan to expand the urban policy instrument named Urbanistic Concession for Santa Ifigenia neighborhood. This instrument must be approved by the Municipal Council and then applied in Santa Ifigenia area. Since then, many mistakes were made by the municipality and by the press, misinterpreting the instrument and its application in view of the Statute of the Cities, a law that regulates policy instruments.

“The Statute of the Cities never provided for Urbanistic Concession (Federal Law 10.257/2001), although the media, politics and civil entities frequently misinterpret it as it is made clear in public hearings.” (Souza, 2010)

Even worse is the fact that the municipality was aiming to use the urbanistic concession at Santa Ifigenia area, allowing private companies to expropriate with the excuse of implementing an urbanistic project, and then later invest in real estate enterprises in the expropriated lots, and profiting from this action. The previous owners of the buildings would be excluded from the process. That would be a very negative precedent, considering that expropriation is a prerogative of the public sector, with very rare exceptions.

“This provision refers to public service concessionaires that execute services for the public sector under a public concession or permission, after a bidding process, pursuant to article 175 of the Federal Constitution. That includes electric energy supply services, communication services, water and sewage supply, urban public transportation services etc. (Harada, 2009)

The concessionaires offer services in exchange for the granting of the concession (Union, States, Federal District, or County) and are authorized to charge users a fair tariff for the value in the winning bid. The question is: can the concessionaire execute public service and charge for this service? Is there a legal provision that allows private enterprise to expropriate and pay compensation with non-public resources in order to implement urban revitalization design projects? Can the private sector profit by selling units resulting from the expropriation? In practical terms, the bill of law is creating the institute of concession of real estate speculation, which is prohibited for the public sector. It is not possible to expropriate with the purpose of reselling. (Harada, 2009)

In 2011, the Electrical Material and Home Appliances Retail Union filed a Direct Action for Declaration of Unconstitutionality (ADIN) against the Urbanistic Concession Law (Law 13.917/2009).

According to the urban planner Lucila Lacreta, of the non-governmental organization Defenda São Paulo (Support Sao Paulo), the Federal Constitution, article 182, 4th paragraph, says that the Municipal Government is authorized, under a specific law and for an area included in the master plan, to require, under the terms of the Federal Law, that the owner of no-built, underutilized or not-used urban land promote its proper use. Breach of the law results in the payment of progressive property tax and further expropriation. What is clear is that the proprietors should participate in the urbanization project. Nevertheless, none of the real state owners were notified by the municipality to participate in the revitalization process in the analysed time span. This is an extremely serious failure because it excludes the landowners and gives to private investors the possibility to profit with the process. What is proposed in the bill of law is compulsory expropriation, even when the landowner is willing to participate in the urban renewal process. In the revitalization, the investor shuns the proprietor by paying the current market value, which is low because of the degradation of the area.

In April 2011, the Courts suspended the Nova Luz project, but in August of the same year, the ruling was reversed, and the ADIN was dismissed.

8 CONCLUSION

The starting point of this research was to understand the reasons why the construction of social housing in the Santa Ifigenia neighborhood did not occur despite the great need in central areas. In the course of the investigation, what was found is that there is a complex game of power where the municipality takes the side of the large construction groups, disrespecting the rights of the landowners or tenants of commercial or residential units. Once again, an urban area is treated as merchandise that generates high profit for small but powerful groups while the concept of "social function of the city", recently introduced by the Statute of the City remains ignored.

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ID 1405 | IMAGE AND QUALITY OF LIFE IN NEIGHBORHOODS WITH RENEWAL DEMAND – CHALLENGES IN THE COOPERATION BETWEEN URBAN PLANNERS AND HOUSING PROVIDERS: THE CASE STUDY WÜRZBURG

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This paper focuses on residential neighborhoods that are located in or near the city center and characterized by a negative (external) image as a result of demographic, social and economic transitions. Using the case study of Würzburg-Zellerau as an example, it will explore approaches to improving a neighborhood's image with a view to enhancing quality of life and to identifying potentials as well as limiting and success factors.

1 BACKGROUND

This paper is based on the research project "ImiWo – Images of Inner-City Residential Quarters." Using two neighborhoods, one in Berlin and one in Würzburg, as case studies, the project identified framework conditions, influencing factors and relevant stakeholders along with their specific impact on the development of neighborhood image. In addition, the role of public-sector housing providers and