

The social housing production process inducing the disorderly urban growth in Brazil.

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Abstract

The main objective of this paper is discuss the process of the public production of large housing projects in Brazilian cities, highlighting the impact of these on the urban development process and pointing out new possibilities for such actions. It begins with a reflection regarding the process of production of urban space, from the viewpoint of authors such as Topalov, Lojkine, Castells, Campos Filho, Villaça, in additon to Gottdiener and, more recently, Harvey. It also analyzes the production of spaces which result from the State's action in the supply of social housing in Brazilian cities, and emphasizes the fact that the territorial distribution of social housing is a significant catalyst of urban development and has direct implications on the dwellert's quality of life, due to the distance established with regards to urban services and commerce activities. Finally, it proposes new directions for the State's actions, so as to increase the possibilities of the municipal social housing agencies to purchase land in previously urbanized areas, thus diminishing speculative gains by the means of the implementation of tools for urban design interventions, in order to oppose real estate speculation in Brazilian urban space, as defined by the Federal Law, no. 1025/01, known as the 'Statute of the City'.

The urban space production process

The concept of urban space production, developed in the 1970s, evolved to a new theoretical construction and an epistemological break. Several authors, such as Topalov (1979), Harvey (1973/ 2005), Campos Filho (1979/2001), Lojkine(1981), Gottdiener (1987), Pickvance (1992), Smolka (1992), Castells (2000), among others, identify the urban spatial patterns as products of the social structure.

According to Harvey(2005), “the urban process is molded by the logic of capital circulation and accumulation”. According to Castells and Gottdiener, **the space is a historical product characterized by a complex combination of production modes in a given social formation.**

“Socially speaking space, like time, is a conjuncture, that is to say, the articulation of concrete historical practices” Castells (2000).

“The societies define themselves according to their production mode. They are forms of social organization, comprised by classes, ownership relations, a State and the state administration, with regulation mechanisms and spatial logics of production and reproduction” Gottdiener (1987).

However, in my opinion, the author that more deepened in the analysis of urban space production was Topalov. According to the author (1997, p.20),

“The capitalist city results from the capitalist urbanization process, which by its turn is a result from multiple private processes for space appropriation, which are determined by their own rules for valorization of each particular capital, each fraction of the capital. The city is a form of capitalist socialization of the productive forces. It results from the social division of work and a development form of cooperation among production units.”

*In other words, for the capital, **the use value of the city** is due to the fact that it is **a productive force**, as it concentrates the general conditions for the capitalist production. In addition, **it is the result from the spatial system of production, circulation and consumption processes, which count on physical supports, i.e. with material supports incorporated to the terrain (real estate ones)***

According to Topalov (p.117), “any productive activity requires a spatial base. Therefore, any producer must be provided with a soil ownership power, an effective control for using a fraction of land”. In the case of agriculture, the terrain can be a production element or a simple base of production for most of the industries.

However, the **real estate production** is the only sector in which each productive process implies in the use of a new soil. When the work is finished, the contractor must be provided with a new soil. One of the conditions for production of the industrial capital of construction is the soil, a recurring hindrance that reappears in the start of each productive cycle. Why it is a hindrance? Because the urban soil is not reproducible and is an object of private property, it is monopolizable.

The **urban soil** has its own valorization rules, such as retention of a property, generating forced shortage, as a form of increasing its price. The soil primarily affects the real estate production.

Thus, the city founded on the capitalist logic is not limited to a space occupied by the urban life and the productive system, as it turns itself into a business sponsored by the real estate entrepreneurs. The capitalist city, which serves of physical base for the capitalist development, is formed by a set of real estate goods, with producers that are in general looking for profit.

According to Campos Filho (1979, p.31):

“The urban space results from a social development process in which different players and social agents play their roles, each one marking its intervention in accordance with its own objective interests.”

Indeed, **the private and public real estate agents produce the city**, and become directly involved with the rise of social, economic and political-administrative problems. They include: civil construction industry; real estate developers; real estate investors; real estate creditor; brokers; land owners, among others.

The civil construction industry is the fraction essentially productive of the real estate production cycle; the **real estate developer** brings together the land, constructive program, building project and funds to ensure the “contracting” of the construction industry. The **development capital** is aimed to make feasible the real estate capital reproduction cycle; the **real estate investor** buys the property already built to feed the real estate rental market; it is inserted in the real estate capital cycle, providing support to the real estate development process as a whole; and the **real estate creditor** is the financing agent of the real estate production cycle. It contributes for financing the investor’s capital and also the future owners of the properties.

In addition of these agents related to the real estate market in the Brazilian cities, there are **other agents**, such as **the clandestine developer, squatter, slum tenement seller, and self –**

constructors apart from the formal market, in addition to the ones related to the civil construction industry (producers and traders of construction materials, designer contractors, etc...), and **the public agents, the State**, which together with its public service executive bodies, such as basic sanitation, urban infrastructure, traffic and transportation systems, among others, produce the soil valorization.

In Brazil, the actions of the **speculative real estate capital** and **the State** in the urban space production process result in intra-urban unbalances: **excessive verticalization** of central areas (saturated and congested, requiring that the State replaces one infrastructure by other, with larger support capacity), and the **excessive horizontalization of urban peripheries**, with scarce occupation, interleaved by urban voids, vacantly stocked, and expecting for real estate valorization, and high urbanization costs.



Central area of São Paulo



Peripheral area of São Paulo

As a consequence, the prices of services, goods and industrial products, urban transport and labor, increase, and the workers need greater wages to support their basic living conditions. Different **exchange value of urban properties** appear, which are determined in the spatial distribution of the population in the city: **the low-income population** is excluded from the areas well served by the public infrastructure and equipment, and go to the peripheral areas, risky and hazardous areas, etc., increasing the existing **social inequalities**. This valorization, obtained by the increase of the value derived from investments of third parties, especially the governments, is what we call as “real estate speculation”.

According to Campos Filho (1989, p.48):

*“The **urban real estate speculation**, in general, is in the capitalism scenario a form by which the land owners receive an income transferred from other productive sectors of the economy, especially via public investments in urban infrastructure and services, which are collective production and consumption means, at the urban space level.”*

That is, the real estate speculation *“is any gain in properties, achieved by the increase of the value derived from investments of third parties, especially the governments, from changes in building and urbanistic standards, and retention of a property, thus generating forced shortage, or resulting from fiscal and credit standards, which benefit some owners over others”* (1979, p.27) .

Villaça (1998, p.141-142), *“reveals the **segregation** as a fundamental process to understand the urban spatial structure; it is a process by which different social classes tend to be more and more concentrated in different regions or groups of districts of the cities”*.

According to the author, to understand the segregation it is important to observe the social site defined by Santos (1993, p.96):

*“The real estate speculation derives, in a final analysis, from the combination of two convergent movements: superposition of a **social site** (bold font in the original) over to natural site and the dispute between activities and people by a given location. [...]. This creates social sites, as the functioning of the urban society transforms the places in a selective way, by molding them to its functional requirements. This is the reason why certain points become more accessible, certain paths become more attractive, both of them with higher valorization”*.

According to Villaça(1998, p.141):

“One of the most outstanding characteristics of the Brazilian metropolis is the spatial segregation of residential districts of the different social strata, by creating very specific social sites, and the concept formulated by Milton Santos is useful both for analysis of the residential districts produced by and for the bourgeoisie, and the business areas they also produce for themselves”.

However, we must note that this spatial segregation referred by Villaça occurs not only in the metropolises, but also in most of the Brazilian cities. The areas produced by and for the bourgeoisie are also produced by actions of the State on the urban space (at its three government levels, especially the municipal one), and the real estate speculation derives from the action of real estate agents, mainly due to the State actions to meet the demands from high and middle classes, providing accessibility, urban infrastructure and social equipment to these social spaces or sites referred to by Santos, which generates an even greater real estate valorization.

According to Villaça, several authors address these questions. According to Lojkine (1981, p.166 apud Villaça, 1998, p.143), the segregation is a manifestation of urban land income, which is a phenomenon “produced by the soil pricing mechanisms, which by their turn are determined [...] by the new social and spatial division of the work”. Lojkine (1981, p.166 apud Villaça, 1998, p.143), “distinguishes three types of urban segregation (non-excluding):

- (a) an opposition between the central areas (where the soil price is higher) and the periphery;
- (b) an increasing separation between zones and residences reserved for the more privileged classes, and zones of low-income residences;
- (c) a generalized breaking of the urban functions disseminated into zones geographically different and more and more specialized: offices, industrial, dwelling, etc.”.

The researches of Preteceille et al. (1986). on the segregation in the region of Paris confirm a correlation between segregation and State action in the production of collective equipment, privileging the areas with higher income.

Vetter and Massena (1981 apud Villaça, 1998, p.151), like Preteceille et al. (1986), “correlate the segregation with the political and economical power and the role of these powers in the pressure over the State, in order to promote unequal distribution of investments in infrastructure”. The research presented by Vetter and Massena shows the unequal action of the State in the urban space, in the production of public improvements in the city of Rio de Janeiro from 1938 to 1965. Other examples of the State actions in Brazil for production of infrastructure to the most privileged classes are mentioned in the Villaça work (1978, p.336-338).

Thus, one concludes by several researches conducted, that the production of spaces resulting from actions of the State, as a producer of infrastructure and entrepreneur of large housing projects of social interest, can, in the choice of the location of such enterprises, generate large “speculative” gains to the land owners, over the quality of life of the urban population as a whole, in addition to urban growth chaotic and highly segregated.

Growth and poverty

In Brazil, urban space, resulting from the capitalist accumulation model, has acquired more and more a perverse character, in which social inequalities are reflected, with a significant increase of the deterioration of living conditions of large part of the population: environment pollution, lack of urban and transport services, crime increase and inadequate housing conditions, with limited disponibility of land and high prices.

The images below show some of the social-environmental urban problems in the country, **resulting from social-economical issues + social exclusion processes:**



Ocupação de Mananciais



Encortiçamento de Áreas Centrais



Proliferação de Favelas



Ocupação de Várzea

In Brazilian cities, on one hand, we can observe, central areas and their immediate surroundings, very well equipped and with infrastructure, and, on the other hand, peripheral areas with irregular lay outs, rarefied occupation, with urban voids unused, in the expectation of real state valuation. When subdividing the land, or allowing the parceling of the city in a disorderly manner, thus creating such voids, the public sector becomes an ally of the real estate speculators.

When providing disconnected areas in the urban fabric, with transport and service infrastructure, the public sector adds to each empty property and its immediate surroundings

a private gain, even more, a private appropriation of the value produced collectively, accumulating value, in the form of land rent.

This is the logic of chaos, so well depicted by Camargo, Cardoso, and others (1976, p.9-10).

“The real estate speculation adopts its own method to parcel the city lands: a new land lot is never installed within the close surroundings of the previous one already provided with public services. On the contrary, a vacant land is left between the new land lot and the previous one already equipped, without being divided into lots. Once the new land lot is completed, the bus line that will service it would necessarily be an extension from the last equipped center. When extended, the bus line passes by the area not yet divided into lots, thus providing its immediate valorization. The same occurs with other public services: to service the extreme point occupied in land lots, the lines pass by vacant areas, which will be immediate beneficiaries of the public improvement. Thus, the public improvement is transferred to the land value in a direct and usually anticipated way”. (Camargo,1973, p.9-10).

The **voracity of growth** makes that, by one side, part of the infrastructure installed in the central area remains with its service capacity exceeded, and is replaced by another one, with greater capacity and high costs: and by the other side, the periphery urbanization, in areas with scarce occupation, and even vacant, demands very high public costs, funded by taxes and charges, paid by the society as a whole.

Therefore, income from other productive sectors of the economy, embedded in public investments allocated in the execution of infrastructure and urban services, is transferred to real estate owners. Transfere-se portanto, renda de outros setores produtivos da economia, embutida nos investimentos públicos alocados na execução de infraestrutura e serviços urbanos, para proprietários imobiliários. This is the “socialization of costs and the privatization of profits”.

Environmental problems, low or poor availability of areas, high price of the land, urban growth and expansion within a short time period, and increase of slums and irregular land lots (without basic infrastructure and social equipment) are common in our cities.

The images below show some examples of the public production of low-cost and low-quality houses in urban peripheries, lacking infrastructure and urban equipment, and inducing growth:



Housing Project “Itapeva” promoted by the state government in the city of Itapeva-State of Sao Paulo



Housing Project “Santa Etelvina” promoted by the Housing Secretary of Sao Paulo

New paths for action

In order to redirect the process for production, appropriation and consumption of the urban space, looking to reduce conflicting social-spatial unbalances in the territorial distribution of activities, promote an urban development more socially fair, emphasizing the fight against speculative real estate processes, and to better control and adapt the utilization of urban soil to the infrastructure capacity for activities within the territory, in order to prevent social exclusion in the urbanized areas, pollution and environmental degradation, it was enacted in Brazil the Federal Law 10.257, of 10/07/2001, called as “Statute of the City”.

“The Statute defines the *“full development of social functions of the cities”* and *“the guarantee of the right for sustainable cities”*. In its several articles and paragraphs, this right is detailed: right for land, dwelling, environmental sanitation, transport and public services, work and

leisure, sets forth general guidelines of the urban policy; also offers a group of urbanistic, taxation and legal instruments for control of land use and occupation, in addition to a new strategy of democratic management of the city, participative budget management; also defining other instruments to enable the participation of the population in the decision-making processes on the purpose of the cities, such as: public hearings and inquiries, popular initiative for bills and urban development plans, programs and projects, among others. It opens options for the development of an urban policy to face the urban problems, provided that applied in a properly way.

From the group of instruments with urbanistic nature in the Statute, we highlight some of the most significant innovations to fight against real estate speculation: Compulsory Division, Building and Utilization; Urban Property Tax (IPTU) Progressive over the Time; Expropriation with payment in bonds, and Right for Preemption, among others.

The compulsory division, building and utilization instrument enables the public power to intervene in properties that do not fulfill their social function, so as to impose on the owners their proper use, provided that they are previously delimited in the master plan of the city. If the owner does not meet the provisioned conditions and deadlines to parcel, build or use the property, he will be subject to the incurrance of urban property tax (IPTU), progressive over time, with the increase of the tax rate during five consecutive years without exempting from the original obligation. And, if the owner does not meet the obligation to parcel, build or use the property within five years, the municipality is entitled to maintain the IPTU charging at the maximum tax rate (established by specific law), until the referred obligation is fulfilled, or proceed with the property expropriation, by paying with public debt bonds. The expropriation value must reflect the IPTU calculation basis, which enables the municipality to proceed with the property expropriation, once elapsed five years with progressive IPTU and the owner has not fulfilled the obligation to parcel, build or use the property.

The right of preemption instrument enables the municipal public power the preference for acquisition of urban property, object of profitable alienation between private parties. The master plan must delineate the areas in which the right of preemption will be applied. This right must be exercised whenever the public power needs areas for land regularization, execution of habitational programs and projects of social interest, land reserve, urban expansion planning and directioning, deployment of urban and community equipment,

creation of conservation or protection units of historical, cultural and landscape interest, among others.

It is evident that the utilization of such instruments in the sequential form – compulsory utilization, progressive IPTU tax and expropriation – enables the public power to intervene on vacant lands in order to impose their utilization on the owner, or in case of non-fulfillment, acquire them by expropriation with public debt bonds, or by purchase, using its preference right. Thus, they permit to handle the retention of vacant lands in sectors of the cities that are valorized when equipped with infrastructure and urban services, increasing the urbanization costs and expanding the urban areas. Therefore, they are essential instruments for the urban development policy of the cities, especially to obtain areas suitable for habitational purposes of social interest and the deployment of other large urban projects. To be applied with justice and efficacy, they require a careful preparation by the municipal public power, which must maintain a real estate database permanently organized and up-to-date.

Another significant instrument provisioned by the Statute of the City to handle the effects of real estate speculation is the named “outorga onerosa” of the right to build, which is the right to perform construction above the basic and allowed utilization coefficient, adopted by the legislation for land use and occupation of the cities, with compensation to be provided by the beneficiary, in areas defined by the master plan. This is a legal-fiscal instrument capable of recovering the real estate valorization parcel generated by public investments in social or physical infrastructure, or by changes in the zoning law, or in the building model specifications, which permits greater verticalization. This valorization funding by the municipality can be used to finance the provision of infrastructure and urban public services for improvement of the quality of life of the needy population, as the investments performed used taxes collected from all the citizens (we must remind that such valorization has been privately appropriated by the privileged portion of the population).

The utilization of the set of innovative urban instruments of the Statute of the City to regulate the soil utilization and occupation opens new perspectives for implementation of large habitational projects, with environmental quality. The Statute of the City and the urbanistic legislation impose norms, indicate guidelines and offer devices for their implementation, but their application is not assured. There are contrary interests for their utilization and the democratization of the city. Therefore, the municipality is in charge of making the best

utilization of the existing instruments, by joining with other parties interested in their application.

Based on the arguments mentioned above, one concludes that the urbanistic instruments provisioned in the Statute of the City enable the municipality to intervene on the properties that do not fulfill their social function; their application may result in the reduction of public costs for urbanization and access to the land, and the mitigation of urban unbalances. If they are properly applied with responsibility, this can be a response to minimize urban problems, opening possibilities for the development of an urban policy against them, and thus it is an innovative law: it provides conditions to combat the real estate speculation by using the concept of social ownership of the soil, which enables the change of the right of urban property. Then, **giving** conditions to **change the direction of disorderly urban growth**, characterized by social inequalities of our cities, towards a more equal distribution of urban space, providing social inclusion and improving life conditions for the low income population.

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