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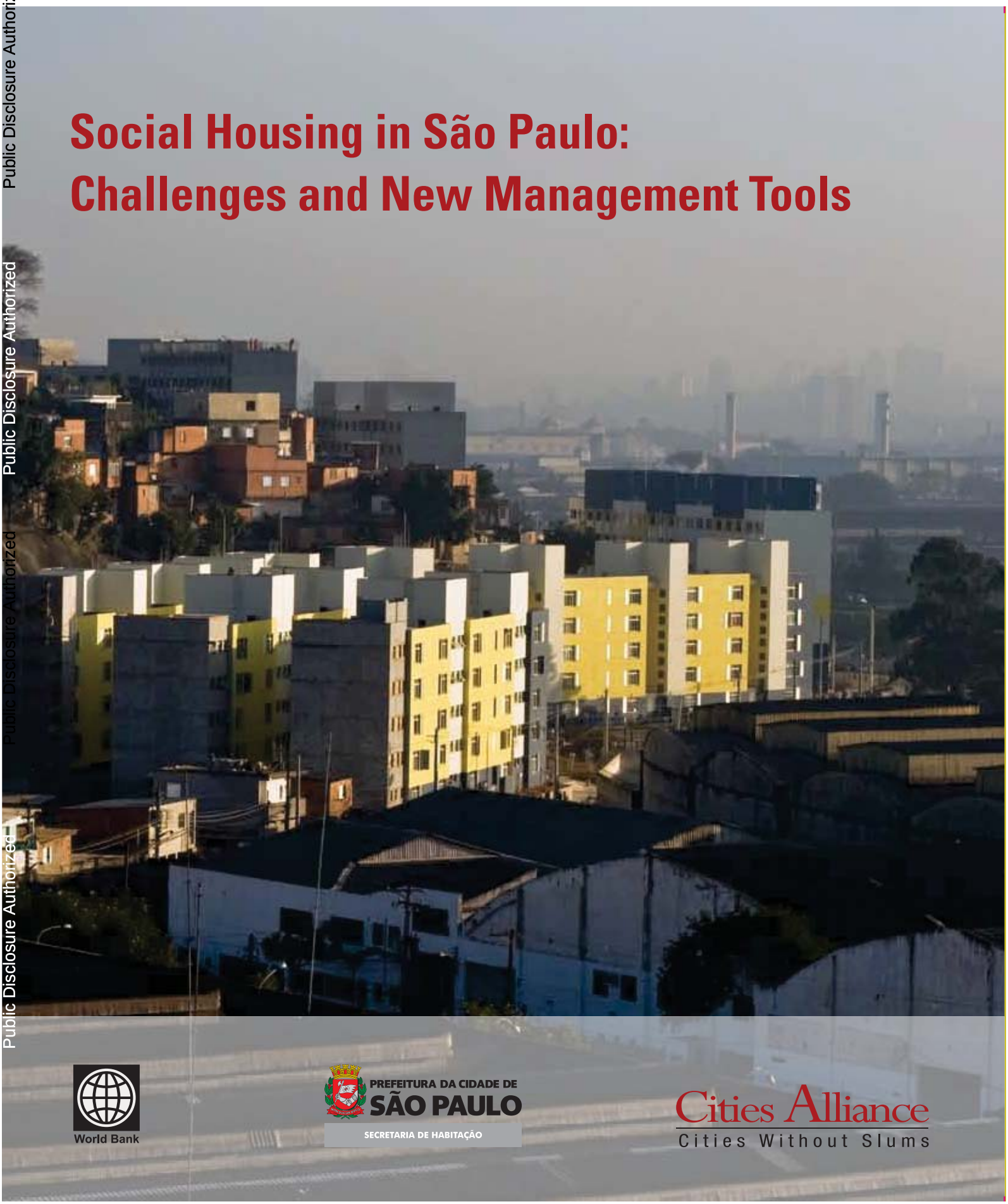
Social Housing in São Paulo: Challenges and New Management Tools



World Bank

PREFEITURA DA CIDADE DE SÃO PAULO
SECRETARIA DE HABITAÇÃO

Cities Alliance
Cities Without Slums

Social Housing in São Paulo:
Challenges and New Management Tools

World Bank

PREFEITURA DA CIDADE DE SÃO PAULO
SECRETARIA DE HABITAÇÃO

Cities Alliance
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Foreword

This publication reflects the tremendous progress that São Paulo has made in becoming a city that serves all its citizens. Assisted by outstanding coordination from the World Bank, the city government of São Paulo and the Cities Alliance have had the privilege of sharing mutual technical support, with favorable results for everyone. However, it is important to emphasise that this partnership has had a significant impact on the Cities Alliance itself.

Prominent among the various lessons learned is the importance of taking the long view. Doing so has ensured that this partnership could survive different city government administrations, as well as changes in leadership at the Cities Alliance. The cooperation begun in 2001 has remained stable and consistent through different city administrations and changes at the Cities Alliance, thanks to the active participation and dedication of the technical staff of SEHAB.

São Paulo has become an important model for the Cities Alliance in its support for cities around the world. The city government affirmed the crucial importance of working with reliable data, supported by the kind of comprehensive system of managerial information that most cities do not yet have. São Paulo also recognised the importance of investing in a slum upgrading program and legitimising land tenure in subdivisions on a city-wide scale by appropriating substantial budgeted funds, a key component of municipal administration, year after year. Continuous support and funding from all three levels of government – local, state, and federal – demonstrate the priority given to combating urban poverty and promoting economic growth.

In short, there are no secret ingredients that explain the present progress in São Paulo. On the contrary, the lessons learned come from good urban management, a stable and consistent political commitment, and active participation by the community – not in the form of demands, but as involved citizens.

The Cities Alliance has furnished international assistance and served as a source of learning and shared experiences. Our investment and commitment come from the belief that São Paulo – by international standards, a city that is not poor – will gradually become enormously valuable to the efforts of Cities Alliance in lending support to other cities. We firmly believe that the best lessons are learned from cities that have found solutions to problems shared by other cities in the world.

We would like to emphasise that the Cities Alliance has had inestimable support from its office at the University of São Paulo which, in turn, has benefited greatly from generous support from the Italian Government.

On behalf of SEHAB and the Cities Alliance, we would like to say that we are proud to have been able to contribute to the remarkable progress made in São Paulo, and that we look forward to continuing this mutually beneficial partnership.

Municipal Housing Secretariat and the Cities Alliance

Abbreviations and Acronyms

ABCP	Brazilian Association of Portland Cement
ABRAMAT	Brazilian Association of the Construction Materials Industry
BAT	Alto Tiete Basin
BNH	National Housing Bank
CAIXA	Federal Savings Bank
CDHU	Housing and Urban Development Company of the State of São Paulo
CEM	Center for Studies of the Metropolis
COHAB	Metropolitan Housing Company of São Paulo
EMPLASA	State of São Paulo Company for Metropolitan Planning
FIPE	Economic Research Institute Foundation
FLACMA	Latin American Federation of Cities, Municipalities and Association of Local Governments
FMH	Municipal Housing Fund
FUNAPS	Municipal Fund for Attending Residents of Substandard Housing
FUNDURB	Urbanisation Fund Administered by the Municipal Planning Secretariat
GDP	Gross Domestic Product
GTZ	German Technical Cooperation
HABI	Social Housing Authority
HABISP	Information and Prioritising Intervention Systems
HIS	Social Interest Housing
HMP	Real estate social Housing
IBGE	Brazilian Institute of Geography and Statistics
IDB	Inter-American Development Bank
IPTU	Urban Property Tax
MSP	City of São Paulo
PAC	Growth Acceleration Program
PAR	Residential Leasing Program
PAT-PROSANEAR	Program for Urbanizing, Regularizing and Integrating Precarious Settlements
PGU	Project Management Unit
PMSP	Government of the City of São Paulo
PNAD	National Survey of Sample Households
RESOLO	Department of Regularisation of Informal Land Subdivisions
MRSP	São Paulo Metropolitan Region
SABESP	Basic Sanitation Company of São Paulo
SEADE	State Data Analysis System – São Paulo
SEHAB	São Paulo Municipal Housing Secretariat
SEMPLA	São Paulo Municipal Planning Secretariat
SFH	Housing Finance System
SNHIS	National Social Interest Housing System
UCLG	United Cities and Local Governments
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
ZEIS	Zones of Special Social Interest

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Introduction

The Cities Alliance (*Aliança de Cidades*) has been working on technical cooperation projects with the São Paulo Municipal Housing Secretariat (*Secretaria Municipal de Habitação de São Paulo*, SEHAB) since 2001. This publication presents the results of the second phase of the partnership,[1] developed between 2005 and 2008. The goal in this latest phase was to establish a set of management tools that would permit the continuation of strategic planning with respect to municipal housing.

São Paulo is a city of contrasts, remnants of an economic development model that left – and is still leaving – part of its population excluded from the wealth that was created and the ensuing benefits. Although the city is Brazil's wealthiest and most populous, one-third of the city's population lives in *favelas* (slums) and informal land subdivisions. Combating poverty, creating jobs and generating income, reducing social inequality, and contributing to environmental sustainability are challenges intrinsic to housing policy.

While the flow of internal migration resulting from the strong attraction that industrial jobs hold for residents of Brazil's poor regions has drastically diminished and industrial enterprises are being distributed more homogenously over the nation's territory, large numbers of poor people are still concentrated in major Brazilian metropolises such as São Paulo, Rio de Janeiro, Belo Horizonte, Salvador, and Recife. A large portion of this population, particularly the poorer segment, remains in the cities despite exclusion from a formal labour market that demands skilled labour.

This problem is not restricted to today's Brazil. It can be found in major cities of the southern hemisphere that have undergone intense urbanisation in recent years. Globally, the outlook cited by the United Nations Human Settlements Programme (UN-HABITAT) is that by 2030, the world's urban population will have reached 5 billion, out of a total population of 8.1 billion. It is estimated that the urban population worldwide will grow at an average rate of 1.78 percent per year between 2005 and 2030, almost twice the rate of the total population. The highest percentage is likely to be found in countries of the South, particularly Africa and Asia. In those countries, urban population growth rates have been much higher than in the countries of the North (Europe and North America). While the growth rates of the urban population in sub-Saharan Africa are reaching 4.58 percent per year, growth in the cities of the so-called developed countries does not exceed 0.75 percent per year; and in some cases the trend is negative. UN-HABITAT estimates that the urban population in poor countries will double by 2030 and predicts that the number of people living in *favelas* may total 3 billion in 2050.

1. The first phase of the program is described in a publication entitled *Intergrating the Poor: Urban Upgrading and Land Tenure Regularisation in the City of Sao Paulo*, SEHAB and Aliança de Cidades, São Paulo, 2004.

What has happened in these countries is that urbanisation has been accompanied by a concentration of poverty. Major Brazilian cities and large urban agglomerations worldwide continue to be the locations where a substantial portion of the poorest elements of their countries' population is concentrated. In cities, those people find social support networks and opportunities to obtain employment and earn income that they do not find in rural areas or the more remote and poorer urban centers. The United Nations Population Fund (UNFPA) *State of World Population 2007* report states that although cities contain concentrations of poverty, they also represent the best hope for combating it.

In Brazil, where more than 80 percent of the population lives in cities, urbanisation rates have stabilised at growth rates lower than those in the countries of Africa and Asia. As a result, Brazil's cities could serve as examples, both good and bad. Extensive informal occupation of areas requiring environmental protection, for example, must be prevented. Among the lessons learned that should be conveyed is the progress made in the field of city law, represented by a set of land tenure regularisation measures and rules on access to urban land that are found in the City Statute (*Estatuto da Cidade*).

These challenges have been addressed on broad, differentiated fronts. Taking place at the same time as *Programa Mananciais* – which deals with environmentally protected water supply areas and is a successor to the Guarapiranga Basin Environmental Cleanup Programme (*Programa de Saneamento Ambiental da Bacia do Guarapiranga*) – will be a cleanup of the Guarapiranga and Billings potable water reservoirs. By upgrading slums and regularising more than 60,000 dwellings in favelas and informal subdivisions, the social rental programmes and slum tenement improvement programmes will upgrade the central areas of the city with social inclusiveness. Solving different housing and environmental problems requires a commitment by all of the social agents involved. To achieve this, it is vital to improve managerial skills and refine the tools used in government planning in order to create clear and effective channels for a housing policy that is shared with society as a whole.

The project entitled "Strategies for Planning, Financing, and Sustainable Implementation of Housing and Urban Development Policy" (*Estratégias para o Planejamento, Financiamento and Implementação Sustentáveis da Política Habitacional e de Desenvolvimento Urbano*) was developed by SEHAB and the Cities Alliance with support from the World Bank during the second phase of the technical cooperation effort. Begun in December 2005, the key objective of the project was to establish a strategic planning process that would be supplemented by specific studies in order to address the reality that is undergoing transformation. The final results that were achieved helped the agency's technical staff to formulate the Municipal Housing Policy.

Under this initiative, strategic, continuous and systematic planning was established within SEHAB to make it possible to learn more about the demand for housing and to redirect human, financial, institutional, and legal resources toward the execution of programmes most likely to meet that demand.

An important managerial information system, called HABISP, was adopted. It is updated regularly and includes information about residents of precarious settlements of various kinds – *favelas*, informal land subdivisions, slum tenements, hazardous areas – and of government housing developments. Gathering the data made it possible to update the characteristics of those settlements and classify them in order to obtain a comprehensive view of all the various types. It also permitted the setting of priority criteria for interventions based on the different programmatic lines adopted.

In a city as large and complex as São Paulo, a more thorough knowledge of demand is something that requires continual updating and criteria refinement. An important step was taken toward organising the available data into a system that is easy for SEHAB personnel to use, with user-friendly data design and data entry tools. The partnership with the Basic Sanitation Company of São Paulo (*Companhia de Saneamento Básico do Estado de São Paulo,* or SABESP), the city's water and sewer company, was vital to obtaining orthorectified aerial photos (taken in 2003 and 2007 and provided by SABESP). Progress was made both in obtaining data that is more compatible with the physical reality and in correcting distortions in the old system, in which the maps were not georeferenced.

Other studies contributed to the formulation of policies that encompass the different aspects involved in meeting the demand for housing. Alternatives to the internal layout of SEHAB were studied, including ways to coordinate with other levels of government to improve the focus of service and the allocation of funds for housing subsidies. The consolidation of the results of workshops on planning and the recommendations made in the technical studies are culminating in the proposed Municipal Housing Plan, now under discussion by the Municipal Housing Council (*Conselho Municipal de Habitação*), after which it will be sent to the City Council (*Câmara dos Vereadores*).

Moreover, there has been a strong increase in federal and state investment in housing for the municipality as well as growing private sector participation in producing new units for a segment of demand considered to be of social interest, namely those with average monthly incomes of up to six minimum wages. In light of these factors, SEHAB should give priority to investing in slum upgrading and regularising land tenure in precarious settlements so that families are able to stay in the areas they occupy. Another priority should be the implementation of an environmental cleanup of the hydrographic sub basins that comprise the Alto Tietê Basin. In order to make this effort efficient in environmental terms, criteria for prioritising interventions were established. These criteria consider the hydrographic basin to be an integrated unit for management and intervention within the plan to upgrade *favelas* and regularise subdivisions.

The original time frame for the activity was 24 months. It was extended by seven months so that the results could be disseminated to other large partner cities in the Cities Alliance of Brazil and cities around the world that are experiencing similar difficulties related to the increase in poverty that accompanies the concentration of population in large cities. To that end, a dialogue entitled "Challenges of Slum Upgrading: Sharing São Paulo's Experience" was held in March 2008. The event was attended by representatives of international cities as well as representatives of the Brazilian state and federal governments.

Chapter 1 of this publication provides an overview of the housing situation in the municipality of São Paulo, taking into consideration its status as an important hub of wealth production that is interconnected with other regions of Brazil and globally. At the same time, the city is marked by rising indices of social inequality of which the housing situation is an important element. The challenges that lie ahead in order to reverse this situation are outlined and addressed in Chapter 2, which presents the results of the technical studies that enabled SEHAB to draft the Municipal Housing Plan. Chapter 3 is specifically dedicated to the dissemination of results and the sharing of experiences among Brazilian cities and internationally. The balance sheet of activities – gains, favorable results, as well as difficulties inherent in the process that need to be dealt with by São Paulo and other partner cities in the Cities Alliance – is presented in Chapter 4.

Finally, Chapter 5 addresses the challenges awaiting new technical assistance projects that take as their starting point knowledge of the challenges posed by the growing urbanisation of this planet, how to deal with them, and ways to promote improvement in the living conditions of the urban poor.

Chapter 1

Challenges Facing Housing Policy in the City of São Paulo

The city of São Paulo is the capital of the state of São Paulo and the seat of metropolitan São Paulo, which in turn is composed of 39 municipalities. It is Brazil's most populous city; the 10,879,619 residents[2] represent 6 percent of the country's total population. It is also the most significant city in terms of the production of wealth; São Paulo alone is responsible for about 9 percent of Brazil's national gross domestic product (GDP). [3]

The economic dynamism of the city is reflected in a landscape that is in a state of constant transformation. New urban fragments coexist with obsolete older structures that were designed to support the productive activities of the earliest days of industrialisation, some of them still waiting to realise their potential for renovation.

In the past 30 years, the services sector has assumed leadership of the city's economic production, overtaking the historic primacy of the industrial sector. Growth is most significant in fields associated with information technology, the production of knowledge, and culture. These economic transformations have repercussions for the urban landscape and land use.

Huge commercial enterprises have set up shop in vacant industrial sheds. Centres of high-tech services are situated in neighbourhoods whose streets cannot support the impact of new traffic flows. Tenements and *favelas* maintain their place in the urban fabric. Some of them, like Paraisópolis and Heliópolis, have been promoted to the category of consolidated areas.

Figure 1. Paraisópolis – former large slums have been raised to the status of consolidated neighbourhoods

2. Estimate for 2008, by the Fundação SEADE based on figures from the 2000 Census conducted by IBGE.

3. *PMSP, SEMPLA – Olhar São Paulo–Contrastes Urbanos, p. 08, São Paulo, 2007.*

Meanwhile, new services and communications networks are creating flows of data and financial transactions that expand the radius of the influence, and interdependence, of the city of São Paulo well beyond the boundaries of the metropolitan region. New links of economic production and traffic flows are being forged with residential communities and companies in the metropolitan areas of Campinas, Baixada Santista, or the huge urban agglomeration along the valley of the Paraíba (of which São José dos Campos is the hub), in addition to intermediary urban agglomerations – thus creating the so called São Paulo macro-metropolis.

Figure 2. Heliópolis – former large slums have been raised to the status of consolidated neighbourhoods

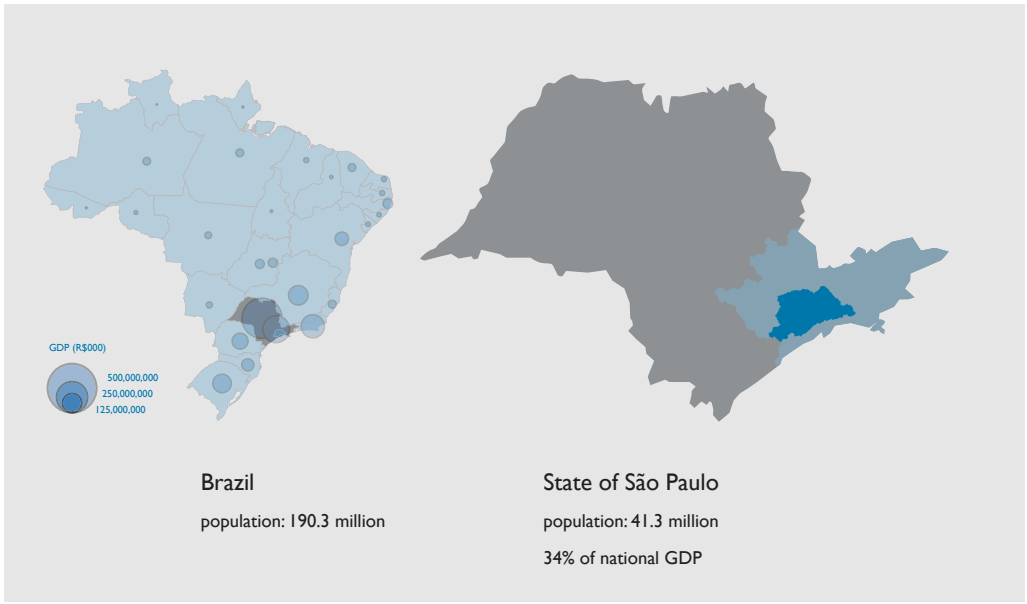
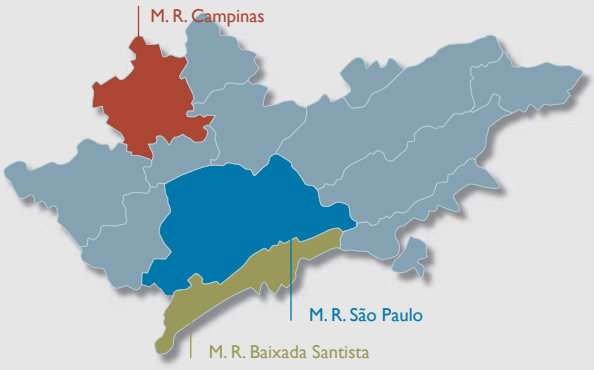


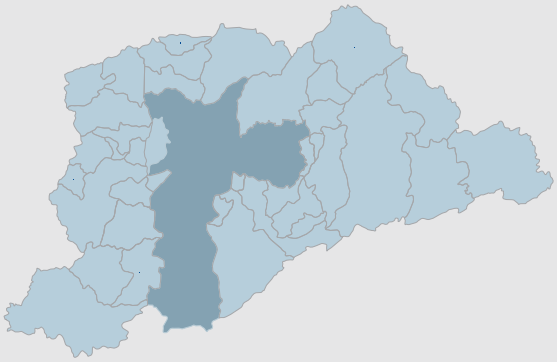
Figure 3. Location of the municipality of São Paulo within the São Paulo Metropolitan Region, the State of São Paulo, and Brazil.

In this metropolitan complex, usually referred to as the macro-metropolis, live about 70 percent of the population of the state of São Paulo. This complex is formed by the metropolitan regions of Campinas, São Paulo, and Baixada Santista, in addition to the macro regions of Sorocaba, São José dos Campos, Bragança Paulista, and Jundiaí.

Figure 4. The mosaic of urban fabrics forms a heterogeneous and dynamic city



São Paulo Macro-metropolis



Metropolitan Region of São Paulo

population: 19.8 million

15.6% of national GDP

Municipality of São Paulo

population: 10.8 million

9% of national GDP

1.1. São Paulo's urban expansion

These transformations, though numerous, are not changing the pattern of extensive urbanisation focused on the periphery. This pattern is supported by roads and streets laid out in a hub-and-spokes format, the legacy of the first corridors created by the city to carve out routes toward the coast and inland to the interior of the state. São Paulo's economic and urban development was driven by its strategic location as a link between the inland locations where goods were produced and their point of export through the port city of Santos. These roads provided support for various modes of transportation, from animal traction, to railroads and to the highways built early in the second phase of industrialisation, which started in the 1950s.

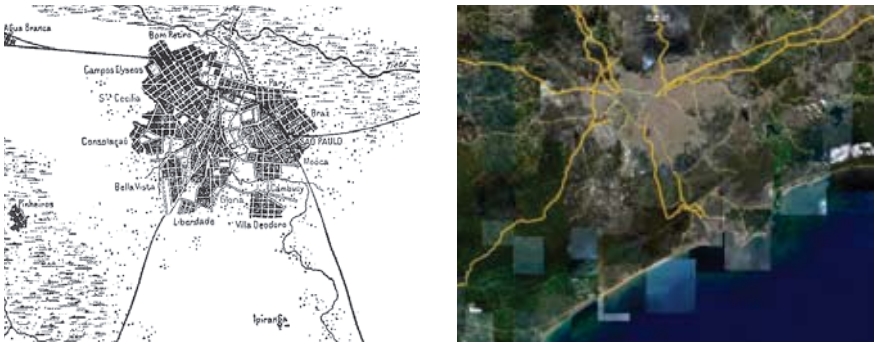


Figure 5. Highway layout is radioconcentric: connector roads link the interior with the coast

Supported on this structure, new occupations of land – most of them informal – have driven the continued expansion of the urban fabric toward the outskirts of the city. Far from where the jobs are, without the assistance of public transportation, lacking adequate urban services and equipment, in houses mostly built by the occupants themselves, these fronts of expansion will configure the so-called "urbanisation without a city."[4]

With the new surge in industrialisation in the 1950s led by the durable consumer goods industry, the new factories that sprang up in São Paulo attracted huge numbers of migrants from other parts of the country. The main housing option for this population proved to be the purchase of a lot in the informal land subdivisions that were opening up on the fringes of the consolidated urban fabric, leading to consolidation with neighbouring municipalities in the MRSP. The problems in transportation, housing, and sanitation that resulted from this extensive urbanisation assumed metropolitan dimensions, which led to the creation of the MRSP and the related government agencies responsible for integrated management of these problems in the late 1960s.

4. Meyer, Regina Maria Prosperi, Marta Dora Grostein, and Ciro Biderman, *São Paulo Metrópole*. São Paulo: Imprensa Oficial do Estado e EDUSP, 2004.

In 1976, the State Water Supply Protection Act (*Lei Estadual de Proteção aos Mananciais*) was passed to protect the areas around the Guarapiranga and Billings reservoirs. However, the resulting legal restrictions on the subdivision and occupation of the properties limited the opportunities for their sale on the formal market. In a lethargic real estate market, these areas became sites of informal occupation by the poorest strata of the population. Not only were an urban infrastructure and a means of establishing land tenure lacking in these areas, but the restrictions on settlement and building prevented residents from accessing employment and education opportunities.

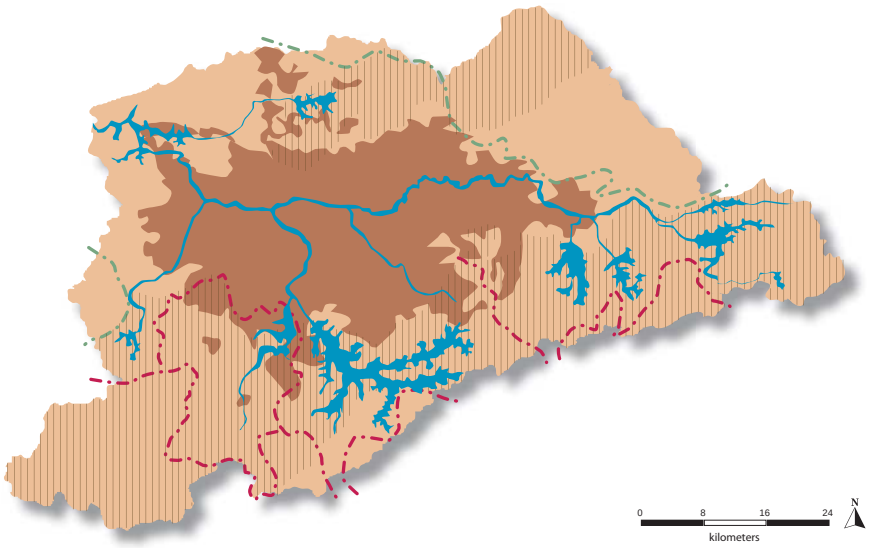


Figure 6. Zones of protection for environmentally sensitive water supply areas in the MRSP. Source: EMPLASA, 2003.

Starting in the 1980s, which was also a period of decline in industrial employment, the demographic growth of the city (and of the MRSP) faltered, as demonstrated by the declines in population growth rates depicted in Table 1.

Table 1. Trend in the residential population and growth rates in the city (MSP) and the metropolitan region of São Paulo (MRSP) between 1950 and 2010

Year	Residents		Period	Average annual growth rate	
	MSP	MRSP		MSP	MRSP
1950	2,198,031	2,696,031	1940-1950	5.2	5.45
1960	3,824,102	4,905,421	1950 – 1960	5.69	5.96
1970	5,978,977	8,172,542	1960 – 1970	4.57	5.5
1980	8,475,380	12,575,655	1970 – 1980	3.67	4.46
1990	9,646,185	15,542,537	1980 – 1990	1.18	1.86
2000	10,434,252	17,878,703	1990 – 2000	1.01	1.01
2010	10,970,942	20,309,647	2000 – 2010	1	1.01

Source: IBGE (Population Censuses of 1950, 1960, 1970, 1980, 1990, and 2000), Fundação SEADE (projection for 2010).

Figure 7

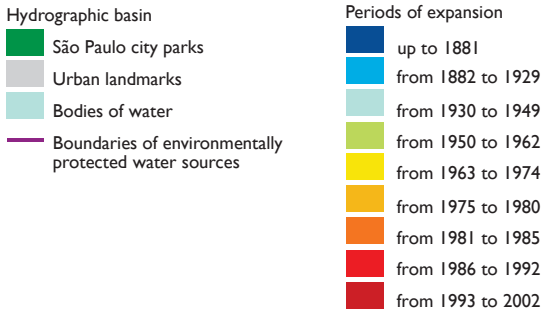
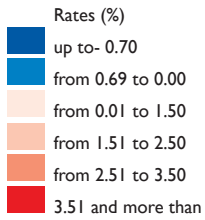
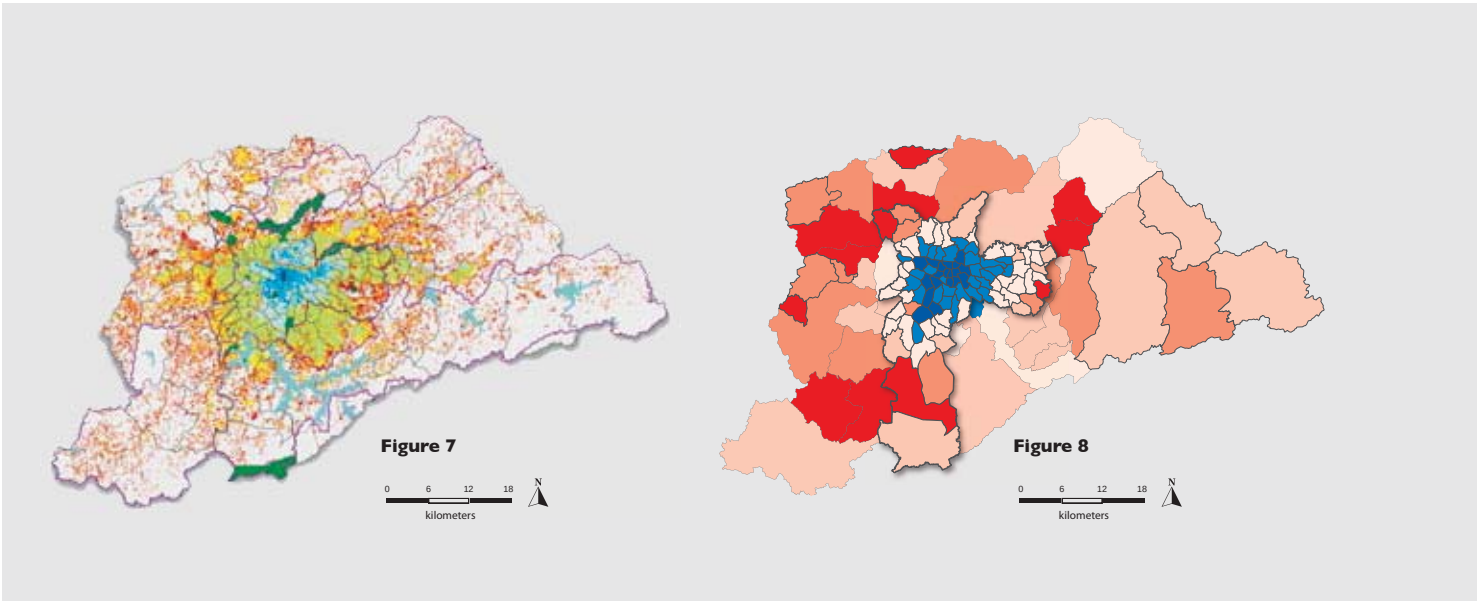


Figure 8

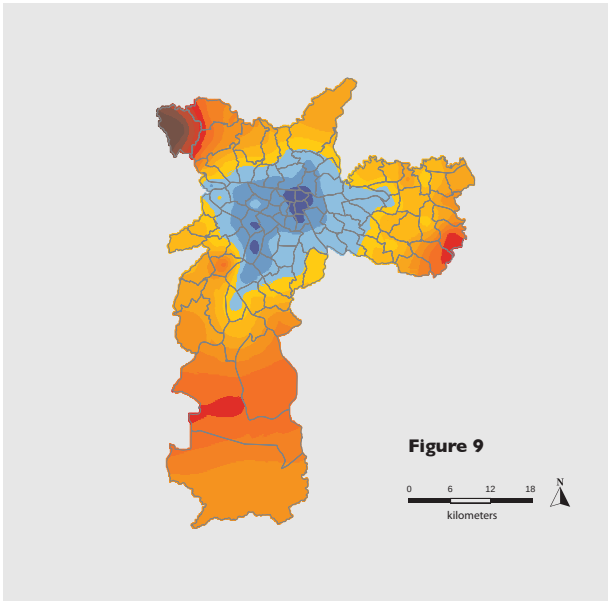


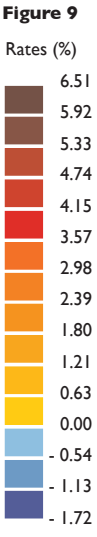


According to Brazilian economist Tânia Bacelar,[5] in the past 35 years, industrial production has shifted from southeastern Brazil to alternative industrial centers and is now distributed more homogenously and evenly throughout the national territory. Even so, both São Paulo state and metropolitan São Paulo maintain their leadership in industrial production, particularly in the segments that account for the highest value-added. Domestically, however, the industrial sector is losing its dominance in economic production. That role has shifted to the services sector, primarily the specialised services associated with industry, the financial sector, and the production of knowledge and information.

Although the role of MRSP economic production in the national GDP has fallen from 18.17 percent in 2000 to 15.57 percent in 2007 – the same decline in participation observed by the city of São Paulo, from 11.57 percent of national GDP in 2000 to 9.09 percent in 2004 – São Paulo's economic production still has a strong influence on the economic performance of the nation. The industrial sector remains vigorous and includes a significant part of the services sector. The state of São Paulo accounts for 42 percent of Brazil's industrial product exports, 46 percent of imports by the country's industry, 46 percent of the domestic processing industry, and 43 percent of the revenues from services rendered to people and companies.[6]

While these economic shifts led to the occupation of certain parts of the city's territory, they have not significantly changed its pattern of urbanisation toward the periphery. On the contrary; informal occupation of land on the outskirts of the city and close-in areas designated for environmental protection is on the rise. As the accompanying tables and charts demonstrate, the rates of population growth for the 1980s and 1990s are higher for the more remote districts of the state capital. The same is true of the municipalities in the São Paulo Metropolitan Region.





5. Address to the City Council of São Paulo, December 2007.

6. According to data from Fundação SEADE (www.seade.gov.br).

Figure 7. Urbanised area, by period of expansion: MRSP 1881–2002. *Source:* EMPLASA, 2006.

Figure 8. Annual population growth rates – Metropolitan Region and Districts in the City of São Paulo. *Source: EMPLASA, 2006.*

Figure 9. Annual population growth rates – Districts in the city of São Paulo. *Source:* PMSP, SEMPLA, 2007.

7. Fundação SEADE. Updated census figures for the population that lives in favelas and informal land subdivisions in the city of São Paulo. São Paulo: SEHAB / Aliança de Cidades, São Paulo 2008.

This growth on the periphery is occurring in precisely those areas that exhibit the worst indicators of social vulnerability and violence, and where the population, predominately young and uneducated, has less access to the labour market.

The resurgence of economic growth in São Paulo, and in Brazil as a whole, that began in 2004 has not yet been sufficient to improve access to jobs for a significant part of the poor population. Sectors such as finance, information technology, biotechnology and others depend on highly skilled workers who are also very innovative. The chances for people living in *favelas* and informal settlements to be included in that market are small, and they are often forced into lower-paid jobs. According to a study by Fundação SEADE,[7] the great majority of this segment of the population is employed, mostly in formal employment relationships.

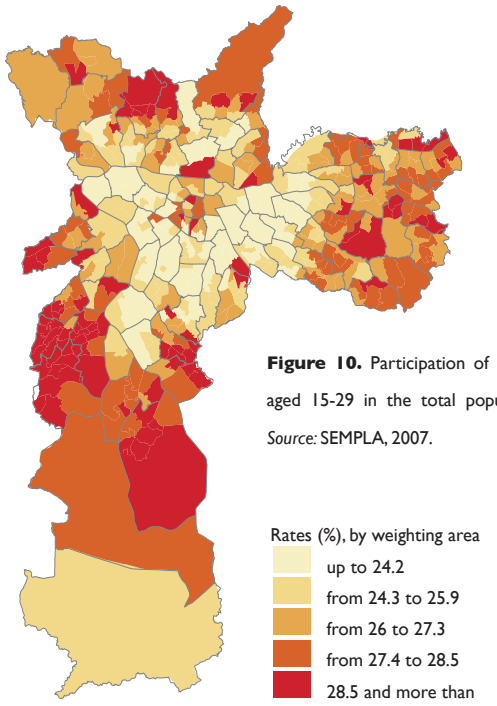


Figure 10. Participation of people aged 15-29 in the total population. *Source:* SEMPLA, 2007.

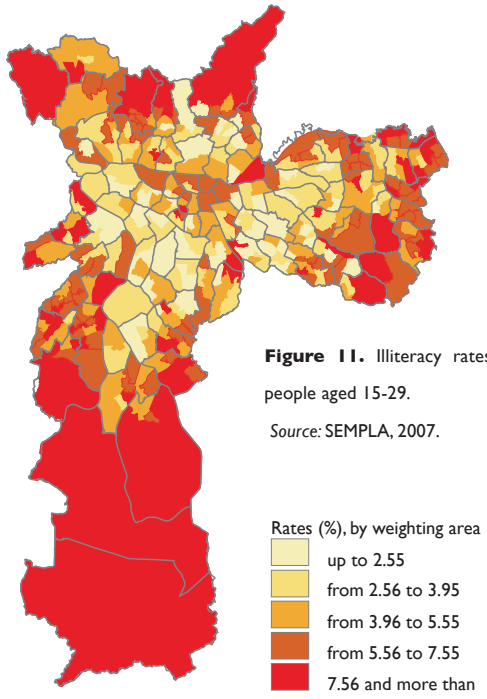


Figure 11. Illiteracy rates among people aged 15-29. *Source:* SEMPLA, 2007.

Employment, however, does not mean their income is improving; most of the families living in these informal land subdivisions earn a total of no more than three minimum wages, not enough income to enter the formal housing market. According to that same survey, about two-thirds of the families who live in favelas have monthly incomes below the monetary *poverty line*[8] and almost a third are below the *indigence line*; in other words, they are living in extreme poverty. One alternative means of supplementing these low incomes has been the *Programa Bolsa-Família*, or Family Allowance Program, instituted by the federal government. The programme reaches 16.2 percent of favela residents and 10.2 percent of those who live in informal land subdivisions.[9]

8. The poverty scale uses a *per capita* family income of up to R$280.40 per month, updated to September 2007, based on the 1987 Family Budget Survey (POF/IBGE). That figure is used to define ***absolute poverty***, guided by a standard of family consumption considered sufficient only for survival in terms of satisfaction of needs for food, clothing, and hygiene. The ***indigence*** line corresponds to a monthly income of up to R$140 per capita and refers exclusively to family spending on food. Fundação SEADE, op. cit, pp. 26–27.

9. "Os programas de transferência de renda pesquisados pela Fundação SEADE foram: Bolsa Família, Renda Cidadã, Ação Jovem, Benefício de Prestação Continuada, Renda Mínima, Agente Jovem de Desenvolvimento Social, além dos antigos programas Bolsa Escola, Auxílio Gás, Cartão Alimentação e Peti (Programa de Erradicação do Trabalho Infantil), incorporados no Bolsa Família." Fundação SEADE, *op. cit*, p.26-7.

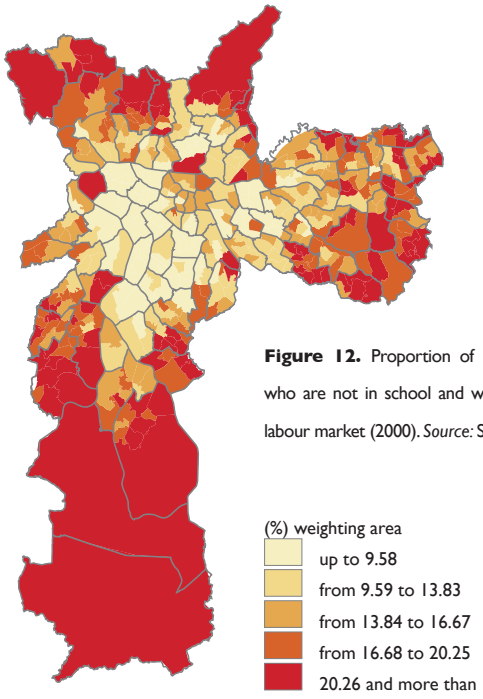


Figure 12. Proportion of people aged 15-19 who are not in school and who are outside the labour market (2000). *Source:* SEMPLA, 2007.

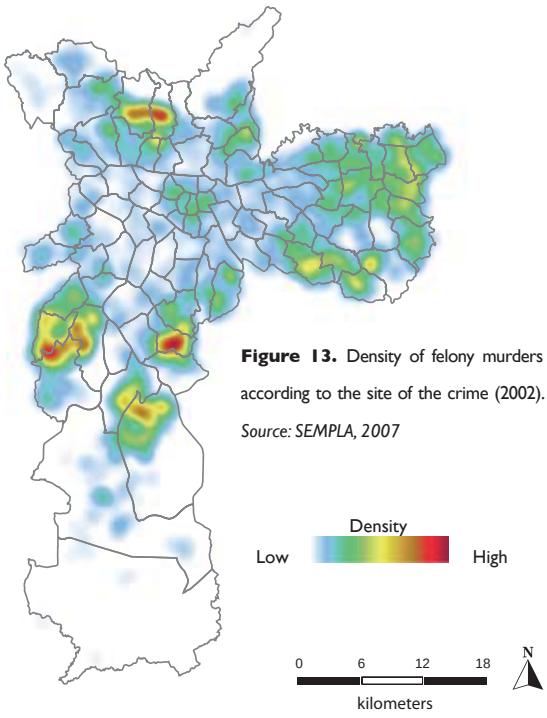


Figure 13. Density of felony murders according to the site of the crime (2002). *Source: SEMPLA, 2007*

Figure 14. COHAB project in Cidade Tiradentes

1.2. Poverty and the cost of urban land: formation of precarious and informal settlements on the outskirts of the city

The social vulnerability of the urban poor is also reflected in living conditions. In general, the principal housing option for this population is either build-it-yourself or the purchase of a house in the precarious and informal settlements that continue to develop, albeit more slowly than in the 1980s. Old *favelas* are becoming more densely settled through construction of taller buildings. The spread of occupation in the direction of the environmentally-protected water supply areas continues to occur, now with greater intensity in the northern part of the city. Taken together, these land occupations depict the unsatisfied demand for housing and pose challenges to the integration of public policies that promote social inclusiveness, worker training, job and income creation, better sanitation, and environmental preservation.

The timeline presented in this chapter shows how population growth in precarious settlements has always exceeded that of the city as a whole, which highlights the insufficiency of the formal alternatives for social housing production offered by government or private enterprise.

If only the demographic growth of the favela population is considered, the number of these dwellings rose from 14,504 in 1973 to 377,236 in 2007; an increase of more than 360,000 homes in *favelas*. During that same period, government agencies offered a total of 220,000 units, which nonetheless did not prevent the formation of a significantly larger stock of informal and precarious dwelling units.

People earning less than three minimum wages are unable to afford the cost of the financing offered by housing programmes, even if various levels of subsidy are included. In December 2007, the Fundação SEADE study mentioned referenced previously noted that two-thirds of the favela population had an average family income in that bracket. While it is absolutely necessary to develop public policies to create jobs and improve the income of this population, another issue that must be addressed is the huge barrier to lowering the cost of housing in big cities, namely the price of land.

In general, this price is determined by the location in the city and the costs of urbanisation. At present, the requirements imposed by federal legislation governing the parceling of land (Federal Law 6766/79) serve to increase the final cost of an urbanised lot. A revision of this legislation, under consideration in the federal Chamber of Deputies in the form of legislative proposal 3057/00, may indicate some ways to reduce these costs and facilitate access by low-income residents.

The location of a given plot of land in the city is another factor that influences its price. In São Paulo, land costs more in the southwest quadrant of the city, where the best accessibility (roads and transportation), urban infrastructure, public and private equipment, jobs, and recreational activities can be found. Starting in the city center and moving toward the eastern, northern, and southern outskirts, land generally costs less the farther it is from the central area.

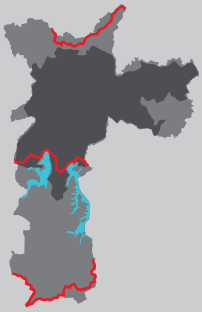
In the 1970s, the low cost of land was one of the principal arguments advanced by the former National Housing Bank (BNH) and the Metropolitan Housing Company of São Paulo (*Companhia Metropolitana de Habitação*, COHAB) in favour of building large housing projects on the distant edge of Zona Leste, in Cidade Tiradentes. However, the effort was not enough to lower the cost of production due to the relatively high the cost of extending the infrastructure and urban services networks out to these regions. The social cost to the families was also rather high; lacking access to basic equipment, people faced lengthy daily commutes in shabby public buses and trains. Furthermore, from the architectural and urban design standpoint, the large-scale construction of a single housing type resulted in housing projects that sat on a featureless landscape.

Today, the landscape on the outskirts of the city is a blend of monotonous housing projects and the houses built by the occupants themselves in informal subdivisions or in favelas, which routinely take over the most remote parts of the city until they reach the environmentally protected water supply areas of the northern and southern zones. Now that the supply of land in the eastern and southern regions of the city has been exhausted, occupation is starting to intensify in the foothills of the Serra da Cantareira to the north, near the Forest Reserve.

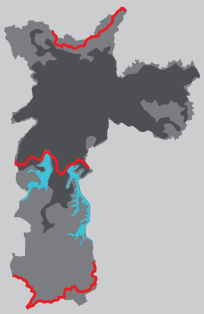
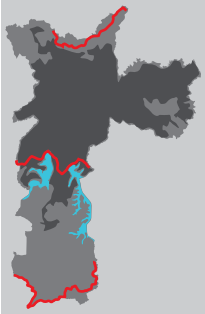
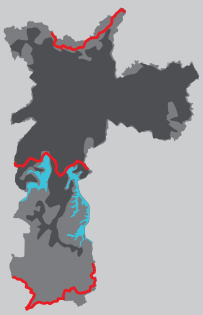
Meanwhile, the low-income population that works or earns some type of income from informal activities in the central areas of the city is living in slum tenements where building safety, health conditions, and social vulnerability are unfavorable. According to data from HABI Centro, the central parts of the city (the boroughs of Sé and Mooca) have 22,000 tenements housing an estimated 48,000 residents. In addition, the Municipal Department of Development and Social Welfare (*Secretaria Municipal de Desenvolvimento and Assistência Social*) estimates that in 2007, 10,000 people were living on the streets in the city center.

Figure 15. The Paraisópolis Favela – occupying the banks of a stream

Figure 16. Recanto dos Humildes – a settlement on the borders of the Cantareira Forest Reserve

			1940	1950	1960	1973
Population	*Favelas*	population				71,840
		% of population				1.09%
	Subdivisions	population				
		% of population				
	Slum tenements	population				
		% of population				
	Environmentally protected water supply areas	population				
		% of population				
	Municipal population		1,326,261	2,198,096	3,781,446	6,560,547
Representations of type of *favelas* (Figures 17 - 21)						
São Paulo urban stain (Figures 22 - 28)						
Slum upgrading projects (Figures 29 - 31)						
Principal legal frameworks			**1942** – Tenants Rights Act The urbanisation of Brazil - 31% of its people live in cities			**1976** – Water Supply Protection Act The urbanisation of Brazil - 55% of its people live in cities
Sources						
Favela census - HABI			There is no comparable historical data on the evolution of the population living in irregular settlements, slum tenements and environmentally protected water supply areas.			

1980	1987	1991	1993	2000	2007
	812,762	1,044,981	1,901,892	1,160,560	1,539,271
4.40%	7.70%	10.83%	19.56%	11.12%	14.21%
					1,783,562
					16.46%
					22,000
					0.2%
					645,057
					5.95%
9,209,853	9,226,927	9,646,485	9,722,856	10,434,252	10,834,244

1979 – Lehmann Act regulates new divisions of land into parcels and makes covert subdividers subject to criminal law

Rate of urbanisation in Brazil - 80% of its people live in cities

1988 – The new Federal Constitution takes effect (guarantees the social function of property)

2001 – Enactment of the City Statute
2003 – Establishment of the Ministry of Cities

Update of the 1973 census – HABI

Favela census - PMSP

Estimate - CEM

Estimate - Fipe

Estimate - CEM

Sample survey - SEADE

1.3. The current status of housing in the city: principal challenges

At first considered as a temporary, marginal solution, *favelas* and informal land subdivisions have consolidated their presence in the city's urban landscape. This trend is reflected in the more persistent forms of home construction and land use. The precarious initial structures built of recycled materials (cardboard, sheet metal) are replaced by masonry. As well-worn paths become more like streets, the physical appearance of the *favelas* comes to resemble the informal subdivisions.

Early in the formation of these precarious settlements, the distinction between favelas and informal subdivisions was fairly clear. Those who were the first to settle in *favelas* tended to favor public areas such as the banks of streams and other sites used by the general public. Occupation of privately owned land was rare, and because in the majority of cases these were disorganised and spontaneous settlements, lots were not commercially sold. In contrast, informal subdivisions were carved out of privately owned areas, circumventing city laws and with no approved construction plans. If in fact such plans existed, the dwellings were not built to their specifications. Lots were generally sold by middlemen to evade oversight and make it difficult to identify and prosecute the responsible party as permitted under Federal Law 6.766 beginning in 1979.

Today it is hard to tell the difference between a *favela* and an informal subdivision. About 20 percent of *favelas* occupy private land. Lots are sold to the residents, even in public areas. In both *favelas* and in informal land subdivisions streets and paths are of a variety of types; straight and well-maintained in some places and crooked and worn in others. Some *favelas* were established on the public areas of informal subdivisions and some of these subdivisions are surrounded by *favelas* that developed on their perimeters.

At the same time, a city statute enacted in 2001 (see Box 2) opened up a broad range of alternative ways to address the regularisation of illegal occupation of land in both public and private areas. It is now possible, and desirable, to treat the two situations in an integrated fashion, focusing on both the urban and environmental upgrading of the territory and on the environmental cleanup of the hydrographic basins, as was learned in the Guarapiranga Program (See Box 1).

Therefore, familiarisation with the different types of physical occupation and land tenure in these precarious settlements is vital to the process of identifying multiple alternatives that meet the needs of residents, rather than adopting standardised solutions that do not take the characteristics and peculiarities of each community into account. This is a crucial challenge for managers of large cities.

It is also the reason for linking the drafting of the strategic plan for housing to the updating of official records on *favelas*, informal subdivisions, and slum tenements in the central part of the city. The project was overseen by technical personnel from SEHAB's permanent staff. They worked concomitantly and in harmony with the construction of a managerial information system, known as HABISP (http://www.habisp.inf.br). In December 2007, the updating process identified the existence of 1,235 informal land subdivisions that housed families whose average monthly income was six minimum wages or less. It also identified 1,573 *favelas* and 222 urbanised clusters of dwellings (former favelas upgraded with 100 percent of installed infrastructure).

The Fundação SEADE conducted a sample survey to estimate the number of households and inhabitants in *favelas* and informal land subdivisions. The universe of the property listings and questionnaires applied to the sample represented 10 percent of the total dwellings. These dwelling units were identified by determining the boundaries of the perimeters and structures in each existing settlement through aerial photographs and by studying the results of field inspections performed by technical staff from HABI and RESOLO.

Updating the database of information on the settlements led to the identification of a large number of them as highly urbanised. In the case of *favelas*, the results obtained indicated that the total population has grown, following the trend seen in previous decades as shown on the timeline on pages 26 and 27.

The results of that survey, taken in December 2007, found a total of 1,539,271 people living in *favelas*, 125,401 living in urbanised clusters, and 1,783,562 in informal land subdivisions. This means that there were 3,448,234 people living in precarious settlements in the city of São Paulo. Inasmuch as Fundação SEADE projected the 2007 population of the city as being 10,834,244, those living in precarious settlements represent 31.83 percent of the total. When we add the 48,000 people living in slum tenements in the central parts of the city, the percentage comes to 32.27 percent.

Table 2. Total Dwelling Units and Residents in Favelas and Informal Land Subdivisions – São Paulo – 2008

Type	Locations	Total	Dwelling units	Residents	% of municipality
Favelas	Water supply areas	247	56,176	228,159	
	More than 1,000 dwelling units	50	83,965	341,462	
	Others	1,276	237,095	969,650	
	Outside water supply areas	1,326	321,060	1,311,112	
	Total	1,573	377,236	1,539,271	**14.21%**
Urbanised clusters	Water supply areas	78	14,143	57,579	
	Outside water supply areas	144	16,659	67,822	
	Total	222	30,802	125,401	**1.16%**
Informal land subdivisions	Water supply areas	325	94,850	359,319	
	0 to 49 dwelling units	405	26,216	104,151	
	50 a 499 dwelling units	359	94,068	348,472	
	More than 500 dwelling units	146	269,105	971,620	
	Outside water supply areas	910	389,389	1,424,243	
	Total	1.235	484,239	1,783,562	**16.46%**
Total		**3,030**	**892,277**	**3,448,234**	**31.83%**
Informal dwellings in water supply areas		**650**	**165,169**	**645,057**	**5.95%**
Total population of the municipality in 2007 - SEADE estimate				**10,834,244**	**100.00%**

Source: Fundação SEADE - Updating of census data on population in favelas and informal land subdivisions in the MSP, final report, May 2008. São Paulo

In addition to estimating dwellings and inhabitants, the survey developed a socioeconomic profile of this population. In general terms, there is a certain socioeconomic similarity between *favela* residents and those who live in informal land subdivisions; in general, all of these families live in housing that is physically or legally precarious. Combined with their relatively low per-capita income, this precariousness has contributed to an increase in their social vulnerability. Heads of families and their spouses have little education and face problems in entering the labour market. Those who have obtained jobs have tenuous employment bonds. A large majority of the youths lag behind in vocational training, and they are the ones who have the hardest time finding employment.

The *favelas*, however, exhibit more acute situations when compared with informal land subdivisions in every aspect. The sewer system has less coverage, particularly in favelas situated in environmentally protected water supply areas. The families are younger with more children, and it is more common to find spouses who are unemployed. Two-thirds of the families have an average income of no more than three minimum wages – not enough to provide basic and social necessities, especially in homes with more children. This scenario suggests that the long-term outlook is dimmed by the difficulties of staying or ensuring adequate achievement in school, since the number of young people up to the age of 24 who have finished high school is still comparatively low.

In the case of the informal land subdivisions, the most precarious socioeconomic conditions are found in recently settled subdivisions and those situated in environmentally protected water supply areas. In general, the higher the educational level achieved by heads of families who live in these settlements, the more likely they are to enter and remain in the labour market and, therefore, the better the opportunity for higher family incomes.

The survey demonstrates once again the need to train and build the skills of this part of the population in order to improve their opportunities for access to jobs and other means of earning an income, especially for families who live in *favelas*. Increasing their income is vital if these families are to be able to gain access to financing in order to purchase a home, even if subsidised.

These findings make it clear that informal housing is the only viable alternative for the great majority of the city's poor. Once temporary and precarious settlements, the favelas and informal land subdivisions have become consolidated communities and their occupation is irreversible.

Indeed, the figures from the SEADE survey indicate that in 2007, 57 percent of the people living in favelas and informal land subdivisions had lived there for more than 10 years in structures made of masonry. About 10 to 20 percent of the properties in these settlements are rented, which may indicate the presence of a more dynamic real estate market within these settlements as a result of their urban consolidation.

However, when we look at the maps in Box 1, it becomes clear that these settlements are situated on the outskirts of the city, precisely where the environmental conditions are unfavorable – both from the geotechnical standpoint and the pollution of streams and important environmentally protected water supply areas.

Therefore, improving the living conditions of this population by ensuring healthy surroundings as well as installing infrastructure and social equipment is a fundamental directive for municipal housing policy.

Figure 32. Slum Upgrading Programme – Vila Nilo

Figure 33. Slum Upgrading Programme – Nova Jaguaré

Various programmes have been launched by the city government over the past 30 years to ensure that people may continue to live in these areas and enjoy a decent quality of life. Sporadic programmes to install infrastructure (Pró-Água and Pró-Luz, for example, for water and electricity) were followed by complete slum upgrading programmes, some of which involved building new housing units on the same site. There have also been more complex programmes, such as the Guarapiranga Programme. Programmes to regularise land tenure are more recent. Among those worth mentioning are *Lote Legal* and the Program for Regularisation of Municipal Public Areas (*Programa de Regularisation de Áreas Públicas Municipais*) that issued special use concession titles (one of the tools for land tenure regularisation established under the City Statute, as described in Box 2).

At present, SEHAB is engaged in slum upgrading programmes, land tenure regularisation of municipal public areas, sanitation improvement in environmentally protected water supply areas, and regularisation of informal land subdivisions. Using strategic planning, clear technical criteria were established to prioritise the interventions under each of the programmes and decide how to allocate funds. In order to ensure that the most vulnerable population groups receive assistance, prioritisation criteria are based on indicators of infrastructure, health, social vulnerability, and incidence of risk areas.

The dimensions of São Paulo's housing problem demand attention and resources from both the federal and state government, which is beginning to translate into sizeable investments. City investments in the various housing programmes described below exceed R$2 billion. Since 2006, the government has invested more than R$680 million in the city, mainly in works projects under the Growth Acceleration Programme (*Programa de Aceleração do Crescimento*, PAC) and the state government has spent R$600 million, both in slum upgrading programmes and in *Programa Mananciais* (see Box 1), with construction of new dwelling units intended for the resettling of people living in risk areas.

In addition to the slum upgrading programmes, the protection of environmentally protected water supply areas and the regularisation of informal subdivisions, housing units are being built as part of various programmes. These include short-term community mobilisation of volunteer labour, enterprises in the central area aimed at producing social rental properties, the programme for slum tenement improvement, and the state government's Tenement Assistance Programme (*Programa de Atendimento aos Cortiços*) implemented by the Housing and Urban Development Company of the State of São Paulo (CDHU), with funds from the Inter-American Development Bank (IDB).

Table 3. Assistance under SEHAB housing programmes 2005-2008

Program	Completed units (Sept/2008)	Units underway (construction)	Families benefited
Slum upgrading	2,330	6,351	73,749
Land tenure regularisation of municipal public areas	-	-	23,022
Regularisation of informal land subdivisions	-	-	28,150
3Rs (credit, business, land tenure)	-	-	12,119
Tenement upgrading	-	-	7,000
Guarapiranga	729	-	38,000
Water supply areas(*)	7,726	-	60,024
Affordable rentals	265	85	350
COHAB projects	2,111	1,393	3,504
Volunteer mobilisations	640	1,060	1,700

(*) No Project was Finished between 2005 and 2008

Source: Planning Department of the Popular Housing Superintendency, SEHAB, São Paulo, 2008

The *favela* upgrading programme now underway combines environmental cleanup and the improvement of physical conditions with land tenure regularisation, resulting in improved quality of life with secure possession. The upgrading involves not only installation of an infrastructure that improves sanitation, but also the construction of 10,000 dwelling units to replace the unhealthy residential arrangements or those situated in risk areas. The key feature of these projects, however, is the creation of equipped public spaces that enhance the settlements and integrate them into the formal city.

Figure 34. Mananciais Programme – Jardim Iporanga

Programa Mananciais, successor to the Guarapiranga Programme, merits special mention because of its innovation in terms of integrated management by different government agencies (see Box 1).

In order to evaluate the achievement of goals, indicators for monitoring are being applied to the various housing programmes. While it is necessary to improve the physical conditions and regularise precarious settlements, it is also important to combat the formation of new settlements by exerting proper oversight and providing new housing.

BOX 1

Occupation of the physical environment and its environmental effects on the Alto Tietê Basin

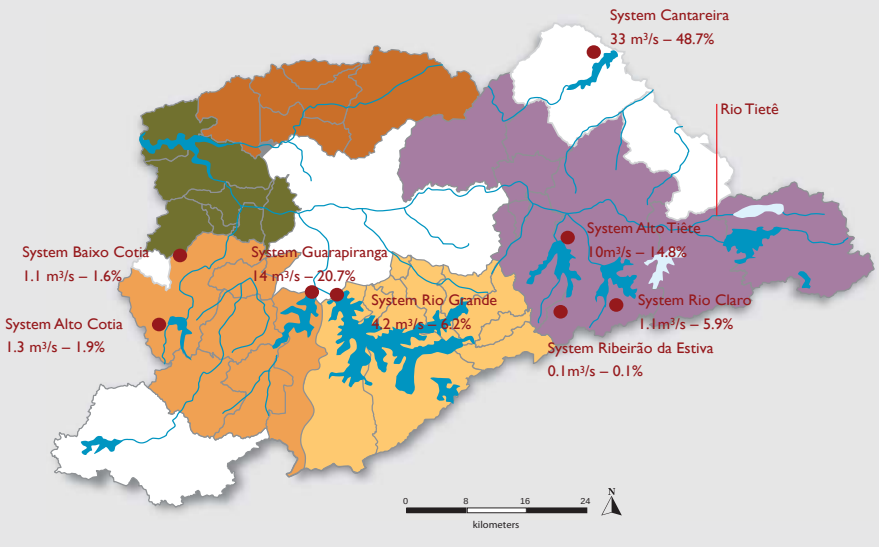
The city of São Paulo is situated in the Alto Tietê hydrographic basin (BAT). The Rio Tietê rises in Salesópolis to the east, and crosses the basin in the direction of western São Paulo state before emptying into the Parnaíba River. To the north and south, the boundaries of this hydrographic basin are formed by the foothills of the Serra da Cantareira and the Serra do Mar, where the watercourses are born that form the potable water reservoirs of the entire MRSP (except for the reservoirs that compose the Cantareira System, which are outside the boundaries of the Alto Tietê Basin). The urban occupation of the basin began with small hamlets that later developed into the municipalities that comprise the São Paulo Metropolitan Region, so the administrative boundaries (MRSP) and the geographic boundaries (BAT) coincide almost completely.

Within the city of São Paulo, the environmentally protected water supply areas of the Guarapiranga and Billings reservoirs are home to 645,057 residents (equivalent to 6 percent of the city's total population).

At the end of the 1980s, the state government and the governments of nine municipalities implemented the Guarapiranga Basin Environmental Cleanup Programme (*Programa de Saneamento Ambiental da Bacia do Guarapiranga*) in order to restore the water quality of this water supply area. With a loan from the World Bank, the programme was coordinated by a Project Management Unit (PGU) under the state's Department of Water Resources

Figure 35. Systems producing potable water for the MRSP.

Source: EMPLASA, SABESP, 2006.



Total capacity: 67.7 m³/s

- Sub-region Juqueri-Cantareira
- Sub-region Alto Tiête-Cabeceiras
- Sub-region Cotia-Guarapiranga
- Sub-region Billings-Tamanduateí
- Sub-region Pinheiros-Pirapora
- Existing reservoirs
- Projected reservoirs

(*Secretaria de Recursos Hídricos*). The Guarapiranga Program included five integrated subprogrammes aimed at restoring and improving the quality of the water produced: (1) installment of water and sewer services; (2) collection and final disposal of trash; (3) urban rehabilitation (precarious settlements and restoration of risk areas); (4) environmental protection; and (5) management of the basin by tripartite committees composed of representatives of the state and municipal governments as well as private citizens.

This unprecedented institutional arrangement made possible the integration of different agencies and elements of the government that focus on land. During the first stage of the programme from 1993–2000, 87 settlements (*favelas* and informal subdivisions) were upgraded, benefiting 38,000 families. Three housing projects with 528 units were built to house families who had been relocated from risk areas. The principal forward step made during this stage of the programme was the adoption of a new approach to slum upgrading intervention. Rehabilitation of public spaces became the central pillar:

"Compared to the first seven *favelas*, where plans had centered only on the installation of a basic infrastructure, this time we evolved into taking much more complicated actions. Plans and construction work began to be based on the theory of permanence and urban rehabilitation so that when the work was completed, we had resolved not only the issue of sewage and trash removal, but had enabled a new neighbourhood to become part of the city and its residents to be recognised as participants in the public administration, particularly as responsible for the defense of the greater good of the region, the quality of the water from the reservoir, and the uniqueness of the region's landscape."[10]

The second phase of the programme began in 2008 with the inclusion of the environmentally protected water supply area near the Billings reservoir. Now called the *Programa Mananciais*, the programme has a budget of about R$250 million from the PAC, R$42 million from the state government (SABESP), and R$660 million from the city government. The funds are to be used to upgrade 81 settlements, favelas and informal subdivisions, by 2012.

As a result of this innovative and comprehensive experience, the city's housing policy has adopted social inclusiveness associated with environmental sustainability as its fundamental pillars. During the drafting of the Municipal Housing Plan, the hydrographic basin was chosen as the focus of intervention for the entire municipality. The criteria used to prioritise interventions identify the presence of precariousness in favelas and informal land subdivisions and consider the entire set of these conditions by sub-basin. Thus it is now possible to identify the degree of environmental precariousness of each of the 103 sub-basins situated in the city's territory.

10. Elisabete França (coord.). *Guarapiranga: recuperação urbana e ambiental no município de São Paulo*, São Paulo, M Carrilho Arq., 2000.

The informal subdivisions of social interest, in turn, receive assistance from RESOLO. So far, RESOLO has invested more than R$100 million from the Urbanisation Fund administered by the Municipal Planning Secretariat - FUNDURB (*Fundo de Urbanização da Secretaria Municipal de Planejamento*) in the upgrading and land tenure regularisation of 59 subdivisions, benefiting 28,150 families. With the implementation of the legal tools established in the City Statute, land tenure regularisation programmes are playing an increasingly important role in public housing policy. At HABI, the first phase of the Programme for Land Tenure Regularisation of Municipal Public Areas has already issued 45,000 concession titles, and the second stage of the programme will provide assistance to an additional 23,000 families.

In addition to the regularisation of informal subdivisions and favelas, the *Programa 3Rs* is regularising the units constructed in 52 public projects under the Guarapiranga, Prover, and Procav programmes. In addition, COHAB has regularised property tenure in more than 72,000 units of its housing projects.

Despite these developments, production of new units still involves high costs, primarily because of the cost of land. When compared with the capacity of the poor population to pay, these costs make it impossible to purchase a home unless heavy financial subsidies are provided. Making this product accessible to low-income families would require government action on three well-coordinated fronts: improving income; reducing the unit cost of construction, especially the most expensive ingredient, urban land; and establishing alternative programmes for access to housing, such as the social rental program. While the first two actions would produce results only over the medium and long term, the social rental programme is a short-term alternative for providing access to housing, although it remains in the initial phase of implementation.

In order to boost the income of this population group, housing programmes conduct social actions with residents, both in new projects as well as in slum upgrading and in land tenure regularisation programmes. Besides strengthening the participation and organisation of residents and promoting a collective commitment to preserving and maintaining the improvements that have already been accomplished, diagnoses of productive capacity are being made to create alternative types of training in order to create jobs and generate income.

Furthermore, the City Statute includes urban planning tools that are intended to control, or even curb, the rise in the cost of urban land in order to adapt it for the production of social interest housing (*habitação de interesse social*, HIS). In São Paulo, the Strategic Master Plan approved in 2002 stipulated that Zones of Special Social Interest (*Zonas de Especial Interesse Socia*l, ZEIS) would be created according to four categories (see Box 2). In ZEIS Nos. 2 and 3, where there are vacant lots and empty buildings, the mandate to allocate a percentage of land (between 50 percent and 70 percent) to HIS could have the effect of lowering the price of the land.

However, although São Paulo has tracts of land that have been designated as ZEIS Nos. 2 and 3, this has not yet been sufficient to lower the cost of land in those areas enough to make homes accessible to families whose income is below six minimum wages. This market is still restricted to those who earn between six and 10 minimum wages a month, and actual use of that land to build social interest housing is still in the initial stages. Consequently, efforts to reduce unit cost either by regulating the price of land or by reducing construction and infrastructure costs are not sufficient to reach families in the lower income brackets, even when associated with subsidies.

The alternative to access to a new unit for this segment of the population is social rental. The programme, which began in 2001, covers eight housing projects in the central part of the city with a total of 827 units. Families pay rent on a sliding scale between 10 and 15 percent of their monthly income, depending on size of income and family composition. In addition, they pay a condominium fee that is returned to COHAB for maintenance of the buildings. This programme is still in its infancy, and SEHAB must still resolve a number of problems that have arisen in managing the condominiums and recovering its investments. These problems are being addressed so that the programme can be considered a viable alternative for moving the poorest families into new housing projects, especially in the central city.

New units are also being built in the city by agencies of the state government (the CDHU), the federal government (the Federal Savings Bank, or CAIXA), and private entrepreneurs. If demand for the new units is to be met, it is vital that the three levels of government coordinate with each other to develop information about the demand, determine suitable products and their respective housing subsidy levels, identify sites, and monitor the progress.

The housing problems in the city of São Paulo, both with respect to living conditions prevailing in precarious and informal settlements and with regard to access to a new home, must be dealt with by coordination among the different agents that are involved with the issue. Coordinated effort is the key element that can rationalise public investments as well as the collective and individual efforts made by the families themselves to ensure access to decent housing. The graph in Figure 37 of Box 3 depicts the existing institutional channels for coordination among the different agents involved in housing policy in São Paulo, both public and private.

BOX 2

The City Statute

Federal Law 10.257, known as the City Statute[11], was enacted in 2001. This law represents a significant advance toward improvement of the living conditions of the poorest population groups by recognizing the social function of property and establishing a set of tools that municipalities can use to ensure greater access to urban land and security of possession.

Different aspects of urban development such as decent housing, land tenure regularisation, and democratic management of cities are addressed in the statute. To use the tools, a municipality with more than 20,000 inhabitants must have developed a Strategic Master Plan that has been approved by the City Council and sanctioned by the mayor. In the case of São Paulo, that plan was approved in 2002 and ratified by Municipal Law 13.430/02.

The introduction of the principles of urban development is intended to combat real estate speculation and encourage the use of vacant properties through parceling, construction, or compulsory use; an Urban Property Tax (*Imposto Predial and Territorial Urbano*, IPTU) that is progressive over time; and expropriation using government bonds, for example.

The mechanisms for financing urban policy, associated with the principles mentioned above, provide funds for increasing the municipality's financial capacity to invest in urban development. These resources may come from large and small operations, counterparts from private investors for use in local urban development, or the assessment of a progressive IPTU whose levies are proportional to the size of the property.

For land tenure regularisation, as a matter of social justice the guarantee of the right to decent housing is conferred on every citizen, especially the poorest segment of the population and those who live in precarious and informal settlements. The primary resources for this are the special adverse possession of urban real estate, the grant of special residential use, the grant of an in rem right of use, and the ZEIS.

In the city of São Paulo, the Strategic Master Plan approved in 2002 created four categories of ZEIS, as shown in the following table and map.

The Statute also explores ways to democratise urban management by creating collegiate urban policy-making bodies. In São Paulo, urban policy is managed by the Municipal Urban Policy Council (*Conselho Municipal de Política Urbana*), and housing policy is managed by the Municipal Housing Council (see Box 3). In addition, the City Statute stipulates that the principal urban and housing questions must be debated at public hearings and consultations.

11. The full text of the City Statute is available on the Ministry of Cities Web site (http://www.cidades.gov.br).

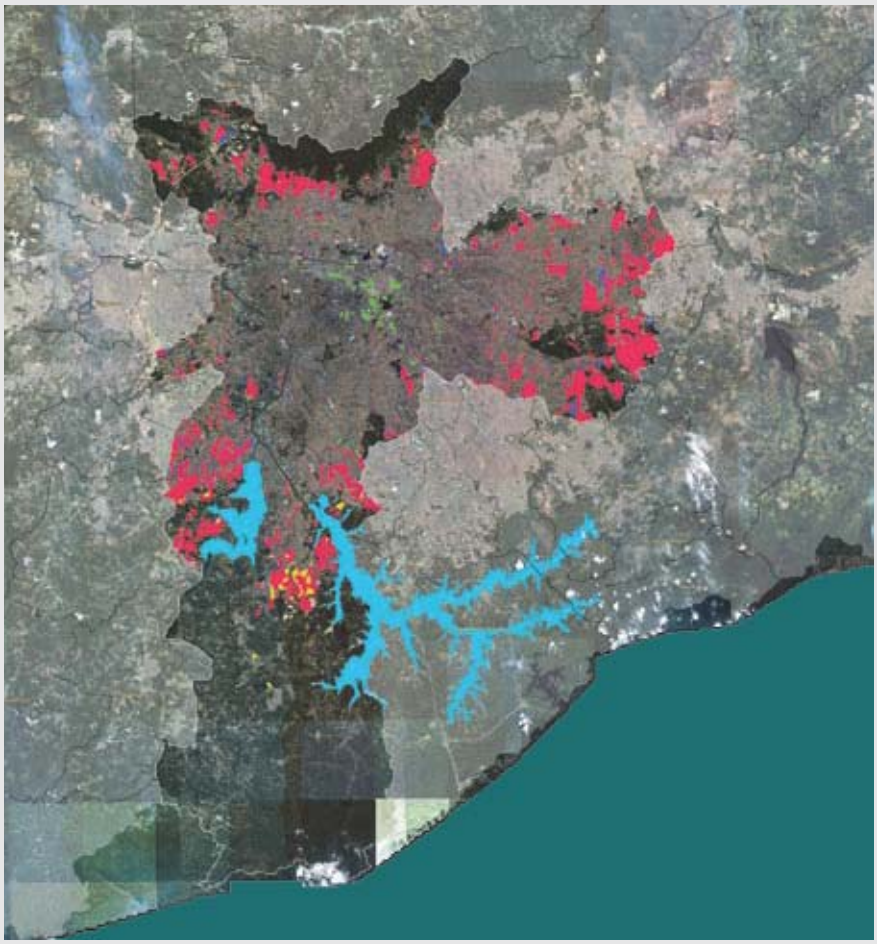


Figure 36. Zones of Special Social Interest (ZEIS) in the city of São Paulo. *Source:* HABISP, 2008.

ZEIS 1
ZEIS 2
ZEIS 3
ZEIS 4

N

not to scale

Table 4. Current ZEIS (Zones of Special Social Interest) in the Município of São Paulo (MSP)

Zone number	Description	Number	Area (m²)
ZEIS 1	Favelas, precarious settlements, and social interest housing projects	640	122,239,451.59
ZEIS 2	Vacant or underutilised areas	147	7,730,135.85
ZEIS 3	Vacant or underutilised areas with infrastructure and urban services (central areas)	145	5,915,788.67
ZEIS 4	Undeveloped land in environmentally protected water supply areas	32	3,566,142.83
Total		**964**	**139,451,518.94**

Source: Strategic Master Plan of the Municipality of São Paulo Municipal Law 13.430/02

BOX 3

Institutional coordination among housing programmes in the municipality of São Paulo

The agents involved in formulating and implementing municipal housing policy in São Paulo come from various sectors of the municipal, state, and federal government, as well as from the private sector and civil society. SEHAB, which is responsible for housing policy in the city of São Paulo, has worked in the area of production of social interest housing, as well as the regularisation and slum upgrading of existing settlements. SEHAB works through HABI, which was created by Decree 22.284 of 1986; RESOLO, established by Decree 28.607 of 1990; and COHAB, created by Municipal Law 6738 of 1965.

About 10 percent of the resources allocated to housing policy come from the Municipal Housing Fund (*Fundo Municipal de Habitação*, or FMH), which was established in 1994 to replace the former Fund for Assistance to Residents of Subnormal Housing–FUNAPS (*Fundo de Atendimento à População Moradora em Habitação Subnormal*). The rest of the investment comes from appropriations from municipal budgets and formal agreements reached with state and federal agencies as well as international financial institutions. The sectoral policy adopted in 1994 by the city government assigns to HABI the responsibility for developing social interest housing policy. The policy is executed by COHAB, which is also responsible for managing the funds from the FMH.

This meant that COHAB assumed responsibility for the regularisation and marketing of the projects run by the former FUNAPS and the FMH, in addition to regularising and marketing its own housing projects that are built with funds from the Housing Finance System (*Sistema Financeiro da Habitação*, SFH). RESOLO promotes land tenure regularisation and upgrading of unauthorised settlements and sites of illegal parceling, of which about 35 percent are occupied by a population whose income, for the head of the household, is less than six minimum wages.

At the federal level, CAIXA has several programmes that finance housing. Prominent among them are the Residential Leasing Program (*Programa de Arrendamento Residencial*, PAR) and the Letter of Credit. The Ministry of Cities, in turn, invests in the upgrading of favelas both inside and outside the areas designated for the protection of sensitive water supply areas, especially through the PAC, but also under the Programme for Urbanising, Regularising, and Integrating Precarious Settlements (*Programa de Urbanização, Regularisation and Integração de Assentamentos Precários*, PAT–PROSANEAR) and others. The State Housing Secretariat (Secretaria Estadual de Habitação), through the CDHU, invests in the supply of residential housing, slum upgrading, and the regularisation of land tenure in precarious settlements. Its activities now include 12 housing programmes.

Figure 37. Agents involved with municipal housing policy

Level	Public agents with policies integrated in the housing policy	Agent responsible for preparation of the policy	Agent responsible for operation of the policy	Management and planning instruments
Federal		**Ministry of Cities** **National Housing Secretariat**	**CAIXA** - Federal Savings Bank	**SNHIS** - National Social Interest Housing System **FNHIS** - National Social Interest Housing Fund **City Council** **PLANHAB** - National Housing Plan (in preparation)
State	**SABESP** - Basic Sanitation Company of São Paulo **Sema** - State Secretariat of the Environment	**State Housing Secretariat**	**CDHU -** Housing and Urban Development Company of the State of São Paulo	**Housing Guarantee Fund** (legal establishment pending) **CEH** - State Housing Council (legal establishment pending) State Housing Plan (in preparation)
Municipal	**SIURB** - Municipal Secretariat for Urban Infrastructure **SMADS** - Municipal Secretariat for Assistance and Social Development **SMSP** - Municipal Secretariat for Administrative Subdistricts **SVMA** - Municipal Secretariat for Green Space and the Environment **SMPP** - Municipal Secretariat for Participation and Partnership **SMTRAB** - Municipal Secretariat for Labor	**SEHAB** - Municipal Housing Secretariat **HABI** - Social Housing Authority **RESOLO** - Department of Regularization of Informal Land Subdivisions	**COHAB -** Metropolitan Housing Company of São Paulo	**FMH** - Municipal Housing Fund **CMH** - Municipal Housing Council **PMH** - Municipal Housing Plan (under study)

Monitoring the allocation of resources by the three levels of government is essential in order to assess the impact of public policies and to prevent duplicate, or even triplicate, focus on a single family to the detriment of others. To that end, the assistance databases of the three levels of government are now being integrated using the Single Register (*Cadastro Único*) that has been adopted for federal social programmes.

It should be noted that all three levels of government have been drafting housing plans in accordance with the principles of the National Social Interest Housing System (*Sistema Nacional de Habitação de Interesse Social*, or SNHIS), which reinforces institutional linkage and alignment. Thus, the areas of civil society participation needed to monitor all stages of municipal housing policy are being expanded through the Municipal Housing Council and the Management Councils of each of the housing projects, both in new areas and in the upgrading and land tenure regularisation of existing settlements.

All this coordination seeks to establish an ongoing process in which clear goals are established and monitoring is constant. To that end, integrated actions aimed at providing management training for SEHAB teams are necessary. The technical cooperation project that the Cities Alliance carried out with SEHAB during this second phase (2005-2008) consisted of a set of systematic strategic planning actions associated with ad hoc technical studies that contributed to the drafting of the Municipal Housing Plan.[12]

12. Federal Law 11.124, enacted in 2005, establishes the responsibilities of the components of the SNHIS – Ministry of Cities, Management Council of the FNHIS (National Fund for Social Interest Housing), the Federal Savings Bank (*CAIXA*) and the state and municipal housing councils – and requires that the application of FNHIS resources be decentralised, implemented through the states, the Federal District, and the municipalities. They are to establish funds using their own budgetary appropriations and set up councils that represent the different segments of society associated with housing. They are also charged with drafting social interest housing plans based on citizen participation that consider the specificities of the local situation and local demand. The draft of the Municipal Housing Plan for São Paulo, developed with the assistance of the Cities Alliance, is now being reviewed in and awaiting approval by the Municipal Housing Council, after which it will be sent to the City Council for analysis and approval.

Chapter 2

Partnership between the Municipality of São Paulo and the Cities Alliance

The Cities Alliance has been supporting housing programmes run by the city government of São Paulo since 2001 under two technical assistance projects. The first project[13] ran until 2004 and helped put together the programme known as *Bairro Legal*, which adopted as its strategy the integration of housing policy with urban and social development policies. The purpose was to assure residents of informal land subdivisions or precarious settlements that they could retain possession and gain access to urban services. This was to be done by integrating the actions of various parts of the city administration, NGOs, and civil society.

The Cities Alliance's specific contribution to the development of this programme was the formulation of action plans for each of the three districts of the city that had the highest indices of social exclusion – Brasilândia (Zona Norte), Cidade Tiradentes (Zona Leste), and Jardim Ângela (Zona Sul). Actions were conceived as local pilot projects intended to build an integrated methodological approach coordinating housing issues with urban, social, and environmental questions. Participants included technical experts and managerial personnel from other municipal departments, representatives of social movements, neighbourhood associations, and other civil society groups. These plans can be viewed on the Web sites of the HABISP system (www.habisp.inf.br) and the Cities Alliance (www.citiesalliance.org). The results of that first phase are described in the publication entitled Integrating the *Poor – Slum Upgrading and Land Tenure Regularisation in the City of São Paulo*. [14]

The second technical cooperation effort, conducted from 2005 to 2008, built on and expanded the progress made in the first phase of the partnership. Its primary objective was to introduce a set of planning tools that would permit assisting with the drafting and routine review of municipal policy on social housing. Those resources can be shared among city government technical staff, representatives of civil society, agents from the public sector at all three levels of government, and agents from the private sector, thereby expanding the role of society in conceiving, implementing, and following up on the city's housing policy.

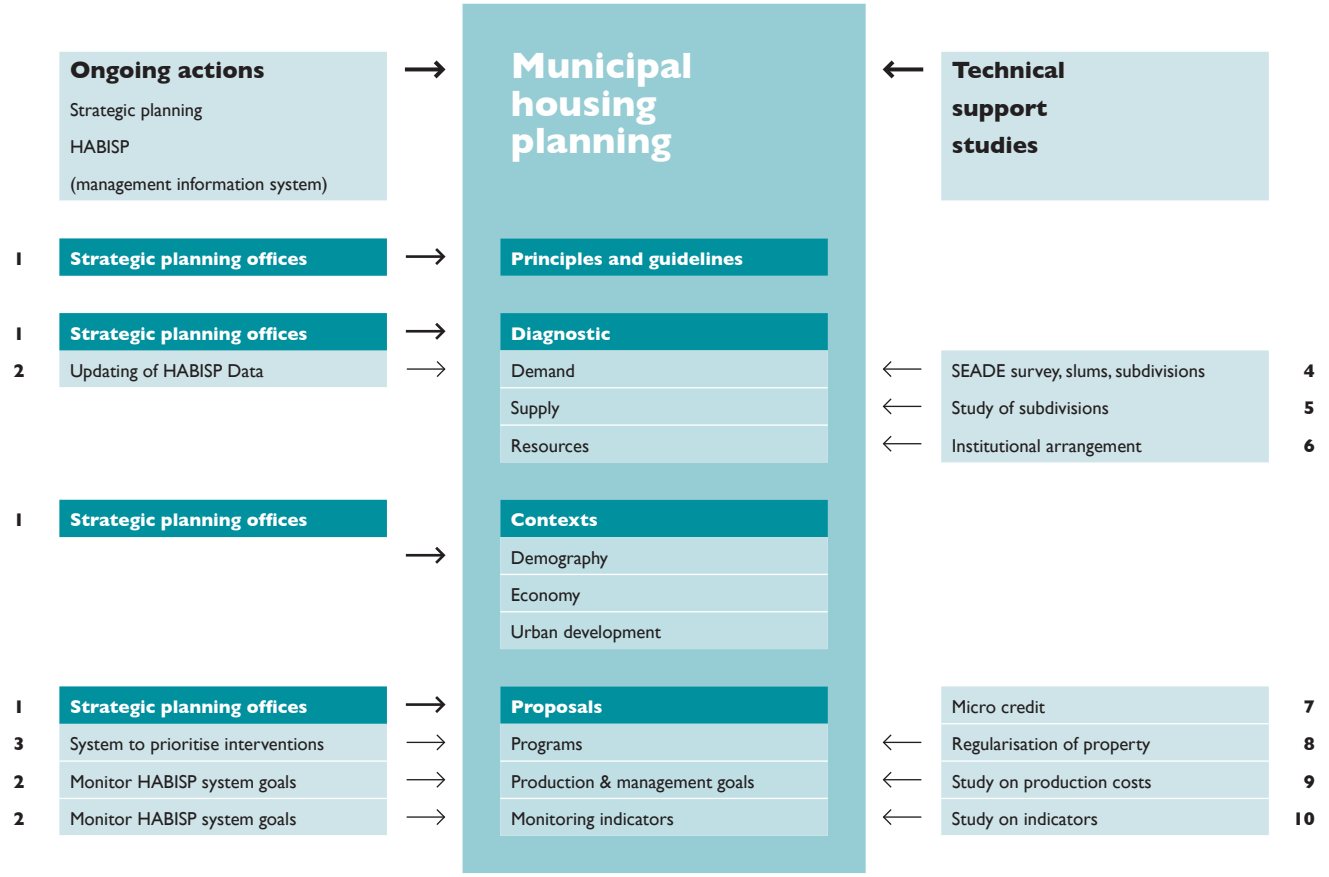
Constructed with the broad participation of SEHAB technical personnel, the goal was to revise their working procedures and continue by implementing strategic planning, a tool that consists of instruments and actions used in formulating, evaluating, and continually adjusting housing assistance. In practice, this helps improve guidelines, diagnoses, scenarios, plans and targets. In addition to the routine actions that involved the teams from HABI and RESOLO, specialised studies were commissioned on current pressing issues or topics in the field of housing policy.

13. The first grant from the Cities Alliance to SEHAB totaled US$300,000; the grant was administered by the World Bank. The second grant, also administered by the World Bank, was US$450,000.

14. For its role in the *Bairro Legal* Programme, the SEHAB was awarded the Right to Housing Prize given by the Centre for Housing Rights against Evictions (COHRE) in 2004, because the programme had prevented the eviction of some 24,000 families.

That set of tools helped bring the Municipal Housing Plan in line with the Strategic Master Plan and the National Housing Policy, particularly the SNHIS. Figure 38 (below) depicts the linkage established between the two action groups and shows how the Municipal Housing Plan was drafted.

Figure 38. Project activities and the development of the Municipal Housing Plan



Another vital component was the dissemination of the results, a process described in Chapter 3. In total, there were three groups of activities implemented using funds from the Cities Alliance grant, with a counterpart from SEHAB or a grant from partners, as summarised in the following table.

Figure 39. Summary of project activities and distribution of responsibilities

		Consultant hired	City partership	SEHAB	Partners
1	**Strategic planning**	Thomas Hagenbrock (1ª etapa) Tereza Herling (2ª etapa)	X	X	
2	**Management information system**	equipe de TI SEHAB		X	
3	**System for priorisation os interventions**	Eliene Rodrigues	X	X	
4	**Sample survey of *favela* & subdivision population**	Fundação SEADE	X	X	
5	**Housing subsidies policy**	Eduardo Rottmann	X		World Bank Prof. Marja Hoeck
6	**Institutional layout alternatives**	Antonio Veríssimo – diagnóstico Ricardo Pontual – propostas	X		
7	**Micro-credit housing program feasibility study**	Frederico Celentano Gustavo Riofrío	X		
8	**Property regularisation programmes**	Ricardo Pontual	X		
9	**Study on production coasts**	Henry Cherkezian		X	
10	**Study of monitoring indicators**	Fabrizio Rigout		X	
11	**Course on programme and project management**	Peter Pfeiffer			GTZ
12	**Prevention of violence in urbanisation projects**	Bernice von Bronkhorst		X	
13	**International Policy Dialogue**		X	X	
14	**Seminar on social placement**		X		

2.1. Strategic planning and the instruments of planning and management

A housing plan is developed from a set of data that varies over time. The behaviour of demand, whether in demographic or social terms; the outlook for economic or urban development; its influence on the patterns of income distribution; and the impact on the battle against urban poverty – these all are data that vary over time. They also exert a significant influence on the orientation of public policies related to housing policy, such as environmental preservation, social development, urban development, education, and transportation. Diagnoses, scenarios, programmes, and targets are elements of these public policies that must be monitored constantly in order to enable the established goals to be updated and revised.

Strategic planning presupposes the involvement of different sectors of society – government agencies from all three levels, social movements, construction companies, researchers, and academic institutions – in formulating the policies for providing housing assistance, allocating the funds to the different programmes, and in subsequent stages of follow-up and monitoring of the established targets.

Therefore, systematising the information on all these questions is of fundamental importance to a comprehensive understanding of the housing situation by all agents involved and for the monitoring of its evolution and transformation, as well as the assessment of the effectiveness of the policies and strategies adopted.

During this project, the steps taken in planning were decisive in enabling SEHAB technical staff to assemble in logical form a vast system of information – the HABISP system. By including data that had previously been dispersed, the entire group of staffers was able to create a broad and comprehensive view of the current housing situation in the municipality and the challenges that lie ahead if services are to be improved. The following stages were involved:

1. Planning workshops held with technical personnel from HABI and RESOLO during the initial period (diagnosis) and at the end (table of goals and indicators for monitoring) of the process;
2. Construction of the HABISP data system;
3. Preparation and installation of the system for prioritising interventions; and
4. Preparation and installation of a set of indicators for use in monitoring the housing programmes.

These four stages enabled the corps of personnel to gain a comprehensive knowledge of the housing situation prevalent among the city's low-income population and to go beyond the limitations imposed by their daily work routines. Instead of learning about housing problems through administrative routines, they were able to draw a broad, complex, and dynamic panorama of the occupation of the city's land by the various kinds of informal settlements. They compared scattered data and analysed the differences and similarities between *favelas* and informal land subdivisions. All this helped them consolidate technical criteria to guide the setting of priorities.

2.1.1. Workshops in strategic planning

Workshops in strategic planning were held at the beginning and end of the project, as support for the Municipal Housing Plan and the management tools that had been incorporated by the technical teams.

The first series of workshops performed an initial assessment of the status of housing assistance in February 2006. Four main challenges were identified to improve municipal housing policy: (1) increase the financial support available for assistance and for the production of social interest housing; (2) adapt the available product to suit the nature of the demand; (3) prioritise the interventions; and (4) improve institutional coordination internally within the São Paulo city government and among the three levels of government.

Increased funds for slum upgrading and land tenure organisation in favelas were obtained under formal agreements between the city government and the state and federal governments. This intensified the challenge of improving managerial skills and prioritising interventions. Understanding the demand and, especially, systematising that knowledge so that actions could be planned expeditiously was the second key challenge faced by the technical teams from SEHAB. This challenge was addressed by implementing the HABISP information system.

The third challenge led to the creation of a system for prioritising interventions. The final challenge, improving institutional coordination, led to the commissioning of specific studies of the internal institutional layout and the housing subsidies policies implemented at the three levels of government. Inter-institutional coordination is also being continually refined through formal agreements and transfers of investments from the PAC. Coordination has also been fostered by the institutionalisation of national and state housing plans and national and state social interest housing systems that, as has been explored in this publication, consolidated the realignment and redistribution of responsibilities and functions among the federal, state, and municipal levels of government.

Figures 40 to 42. Planning workshops involving the HABI and RESOLO teams

Using the assessment from the first series of workshops, the technical teams defined the vision and mission of SEHAB, the expected scenarios that influence the behaviour of demand and supply, and the financial, human, and technical resources required to meet housing needs. This made it possible to compose a table of directives to be used in guiding housing policy.

Using these directives, an ongoing process was begun – not limited to this project – of recognising demand for housing and systemising the data, which made it possible to develop more fully the directives that had initially been established.

After consolidating data about demand (with an indication of the degree of prioritisation of interventions) as well as the supply and availability of appropriated funds, new workshops in strategic planning were held that targeted the same audience. This led to the definition of a chart of goals for management and the production of housing by programmes suited to the various kinds of problems and demands. The resources needed to execute the goals and the indicators for monitoring performance were also established.

2.1.2. The managerial information system – HABISP[15]

The first step toward systematising the existing knowledge about the demand for housing was to create a managerial data system. Developed by experts in information technology, the system adds a batch of data and is accessible online at www.habisp.inf.br.

Built with user-friendly tools, the system became an important tool for management and was rapidly adopted by SEHAB personnel because it provides data that is georeferenced to cartographic and photographic databases – orthophotos and satellite images.

The first batch of data, essential to the development of housing assistance policy, refers to demand. In July 2006, the teams from HABI and RESOLO began to update the database of records on *favelas*, informal land subdivisions, slum tenements, and housing projects. At the same time, the information technology team was beginning to construct the system's first data fields.

The boundaries and property record information about these settlements were collected during inspection visits and entered into the system directly by technical personnel. The boundaries of the *favelas* as shown in the database of the Social Housing Authority were updated directly within the system, whose resources are readily understandable even to users unfamiliar with the technology.

In addition to the information from the inspection, data about the water and sewer mains network was obtained from SABESP. By cross-checking this against georeferenced data, it became possible to identify the extent to which such services had been installed in each settlement.

15. The entire process of constructing the HABISP system is described in the publication *HABISP: mapeando a habitação na cidade de São Paulo.* São Paulo, Secretaria Municipal de Habitação: São Paulo, 2008.

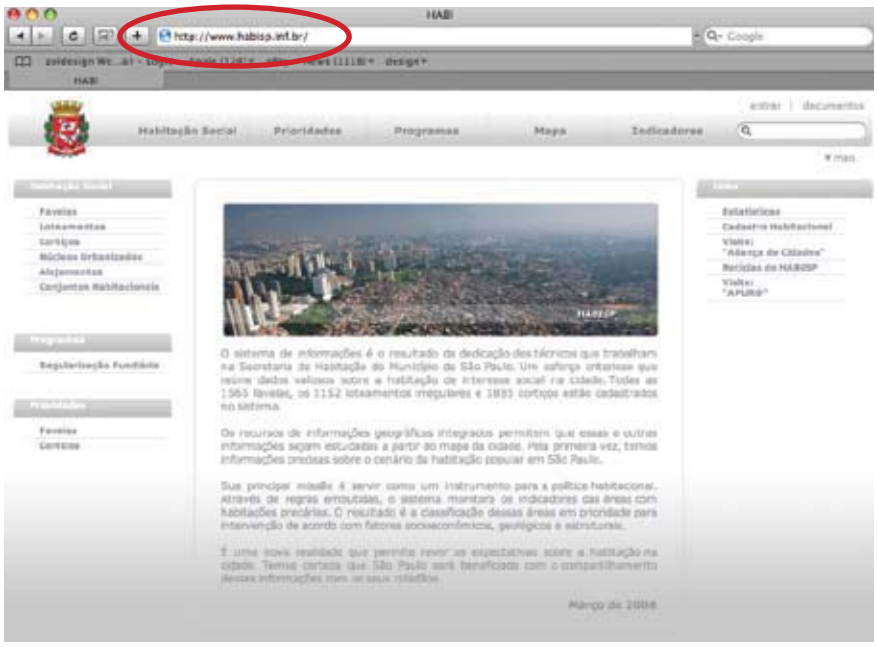


Figure 43. Initial screen on HABISP Web site

The figure above provides an example of the updating that was completed. By reading the orthorectified aerial photo furnished by SABESP that represents a 2003 flight on the scale of 1:8,000, and then making a field visit, the employee responsible for monitoring the area identified the expansion of three favelas whose boundaries had become intertwined and enlarged. In this case, the boundaries of the three *favelas* (shown in red) were deleted and replaced by a single one (shown in yellow). In other cases, for example, lines representing the boundaries of *favelas* that had been removed but still appeared in the database could be deleted.

Figure 44. Updating of *favela* perimeters

By concentrating and standardising the entry of data that had either been recorded on paper or dispersed among separate databases that were not linked, the system was able to identify a series of technical and conceptual inconsistencies relating to the different types of precarious settlements.

Often, a single settlement appeared in the databases of different agencies but with a different description in each one. Sometimes it was a favela and sometimes an informal land subdivision. In other cases, different boundaries were shown for the same settlement. While the technical inconsistencies were resolved, the conceptual discrepancies became the subject of a series of workshops attended by technical personnel at which the features used to classify each type of settlement were defined. As a result, the data system became not only a working tool but an important instrument in the production, systematisation, and dissemination of knowledge.

The settlements were defined in the following manner:

***Favelas*:** Occupations of public areas or private areas belonging to third parties that were developed without regard to urban land use and city government regulations, predominately disorganised and with a precarious infrastructure. Structures are predominately substandard and self-built by low-income and socially vulnerable families.

Informal land subdivisions: Occupations that are not in compliance with technical and legal standards that were developed by an agent who is not resident in the community, where the boundaries of the parcels permit identification of an individual lot in relation to the access path or street. These subdivisions are most commonly developed on privately owned land purchased through some form of commercial means, and may include residents of all income brackets. Those informal subdivisions considered to be a target of social interest housing policy are those in which the heads of household have a monthly income of not more than six minimum wages.

Slum tenements are defined by Municipal Law 10.928/91 (the Moura Act) as: "a unit used as a group residence, housing more than one family, and exhibiting all or some of the following characteristics: It is composed of one or more buildings on a single urban lot; the buildings have been subdivided into rooms that are rented, sublet, or made available on some other basis; a single room serves several functions and there is common use and access to open spaces and sanitary facilities, means of circulation, and infrastructure. In general, these buildings are overcrowded and in a precarious state of repair."

Entering data into a single system has also allowed an overall appreciation of the occupation of city territory. Many sites are concentrated close to the hydrographic basins, and so would require integrated solutions. The cartographic databases in the system show the boundaries of the sewer districts as furnished by SABESP, which conveys a clearer and more accurate picture of the occupation status of each of the city's 103 sub-basins.

Figure 45. Degree of priority of interventions in *favelas*. *Source:* PMSP, HABISP, 2008.

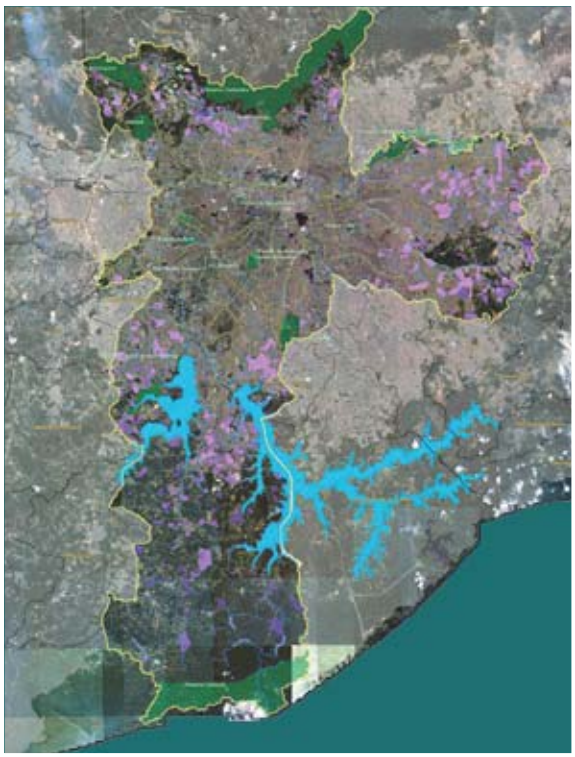


Figure 46. Degree of priority of interventions in informal subdivisions. *Source:* PMSP, HABISP, 2008.

Using the conceptual definition of each type of settlement and the updated database information made it possible to begin two other ativities in order to further deepen this knowledge:

1. The development of a system to analyze the data gathered by the teams that will facilitate identification of the degree of precariousness of the settlements and to prioritize the interventions.
2. The conduct of a sample survey to determine the number of dwellings and residents in favelas and informal land subdivisions and their socioeconomic profiles.

The information in the databases about the settlements made it possible to develop criteria and weights to be used in prioritizing the interventions. In addition, the HABISP system includes data on the families who have been assisted by housing programs since 2005 slum upgrading of favelas, the 3Rs program (Restoration of Credit, Revitalization of the Business, and Regularization of Land Tenure), social renting, etc. as well as all the special use permits granted during the second phase of the Program for Regularization of Municipal Public Areas. Information is also available on the funds allocated to relocation of families who are going to receive housing assistance.

The construction of the HABISP system is a continuing effort: the possibilities for superimposition and cross-checking of data are continually being expanded, and new data fields are being created to record construction in progress and information about the technical works in HABI's library. The data system should incorporate all the indicators from the monitoring and evaluation system for each SEHAB housing program, thereby permitting society in general to monitor the programs over the Internet.

Other improvements are planned, such as the possibility for external users to produce their own thematic maps by superimposing the data over the existing maps. That new content could be stored on the system for later consultation by any other user. A procedure for recording and monitoring all the social work carried out under SEHAB programs is being studied.

All SEHAB personnel have been receiving continued training in the use of the system. The technical staff has gone through one or more of the four training modules maps, data on social housing, housing records, and the preparation of special use permits under the Program for Regularization of Municipal Public Areas. The public can view the training manuals on the HABISP Web site.

The next steps involve conceptual training about the construction of the system, covering topics ranging from its physical structure to the design of the charts and construction of the databases. The materials for this new phase are now being prepared. There are also plans for training technical personnel from the headquarters of each of the 31 boroughs (*sub-prefeituras*) that make up the municipality of São Paulo.

2.1.3. The intervention prioritisation system

The system for prioritising interventions includes four stages used to rank the need for providing assistance under a given housing programme: description of the settlement, classification, eligibility per program, and degree of priority to be attributed to assistance per program.

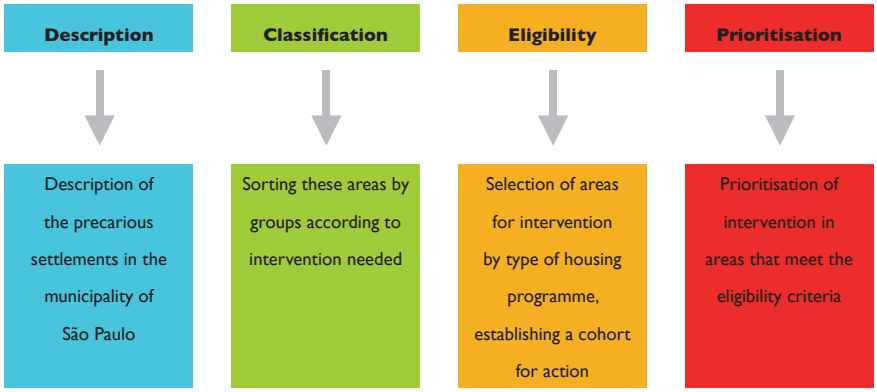
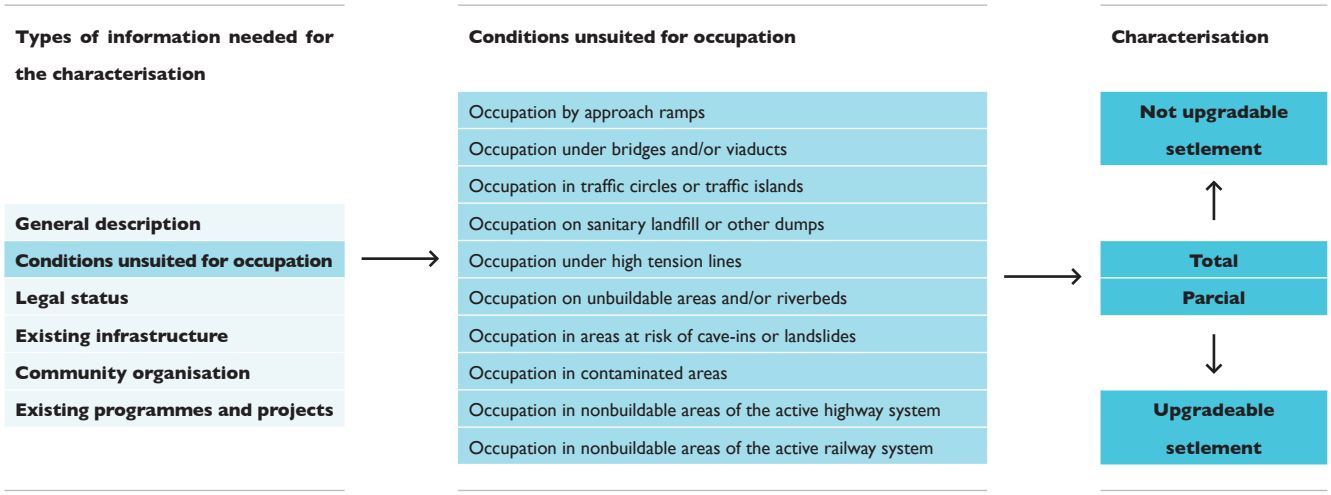


Figure 47. Steps in the system for determining the priority of an intervention.

Description of the settlement

The information gathered during the updating of the databases on the settlements provides an overview of their physical condition, urban development status, and the land tenure situation.

Figure 48. Data on the features of a precarious settlement, for the database record sheet.



In the case of favelas and informal subdivisions, the characterisation process may identify a group of settlements that are situated completely in areas unsuited for occupation – such as oil pipelines, or risk areas – and therefore impossible to upgrade. This group of settlements must be included in a family resettlement program that removes the entire community because of the risk to the lives of the residents.

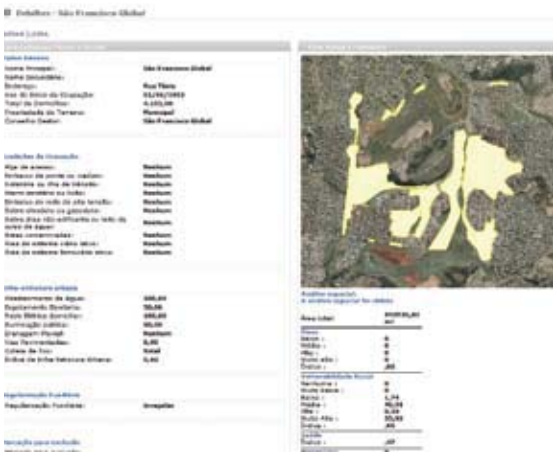
Classification

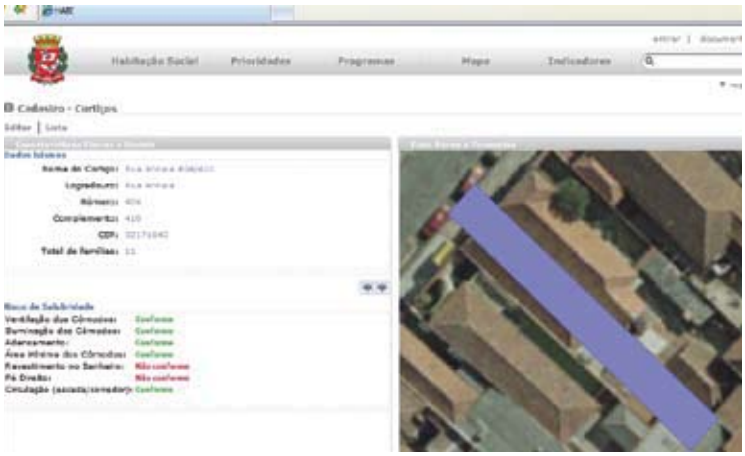
In a case where removal is unnecessary or only a partial removal is necessary, the settlement is considered to be upgradeable and would then be classified according to the extent of upgrading and land tenure regularisation required.

Of all the *favelas* initially entered into the HABI database, those that had already been upgraded – where 100 percent of the infrastructure was been installed but not yet regularised – were highlighted and categorised as urbanised clusters (*núcleos urbanizados*).

Figure 49. Classification of the precarious settlements according to their degree of upgrading and land tenure regularisation

	Favelas	**Irregular subdivision occupied by low-income population**
Areas integrated in the city	Regularised urbanised cluster	Upgraded and properly registered subdivision
Areas with full infrastructure coverage that do not require works	Urbanised cluster	Urbanised subdivision
Areas whose works and procedures for regularisation are underway	*Favela* with upgrading and regularisation in process	Subdivision in process of upgrading and land tenure regularisation
Areas with precarious situations that do not preclude consolidation of occupation by upgrading	Upgradeable *favela*	Subdivision that could be upgraded and have land tenure regularised
Extremely precarious areas that require relocation of the residents from the area	Not upgradeable *favela*	Not upgradeable subdivision
		Subdivision where land tenure cannot be regularised



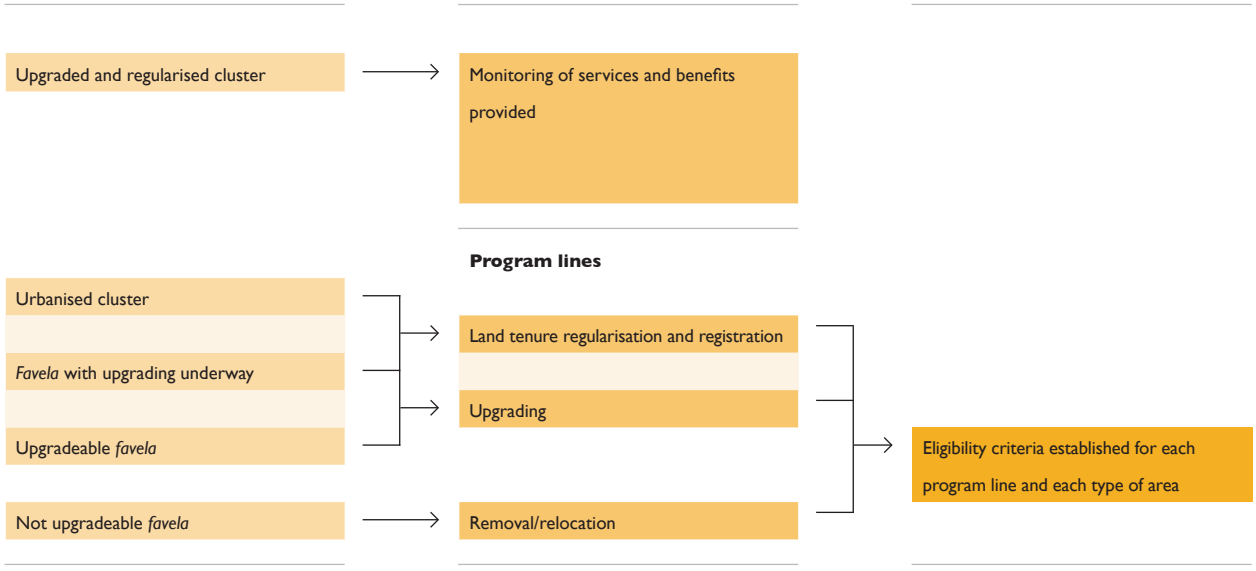


Figures 50 and 51. Database figures from HABISP for favelas and slum tenements.

Eligibility

Using these characteristics it is possible to identify the housing programme under which the settlement should most appropriately be assisted. In the case of favelas and informal land subdivisions, a settlement may qualify for the Programme for Regularisation of Land Tenure in Municipal Public Areas (*Programa de Regularização Fundiária de Áreas Públicas Municipais*), the Programme for Slum Upgrading of Favelas (*Programa de Urbanização de Favelas*), the Program for Land Tenure Regularisation of Informal Land Subdivisions (*Regularização Fundiária de Loteamentos Irregulares*), or even the Programa Mananciais, which deals with environmentally protected water supply areas. Slum tenements are eligible for the Tenement Improvement Programme (*Programa de Melhorias de Cortiços*). If a tenement cannot qualify for the programme, the owner of the property will be notified that the building has been condemned.

Figure 52. Eligibility of a settlement for inclusion in housing programmes .



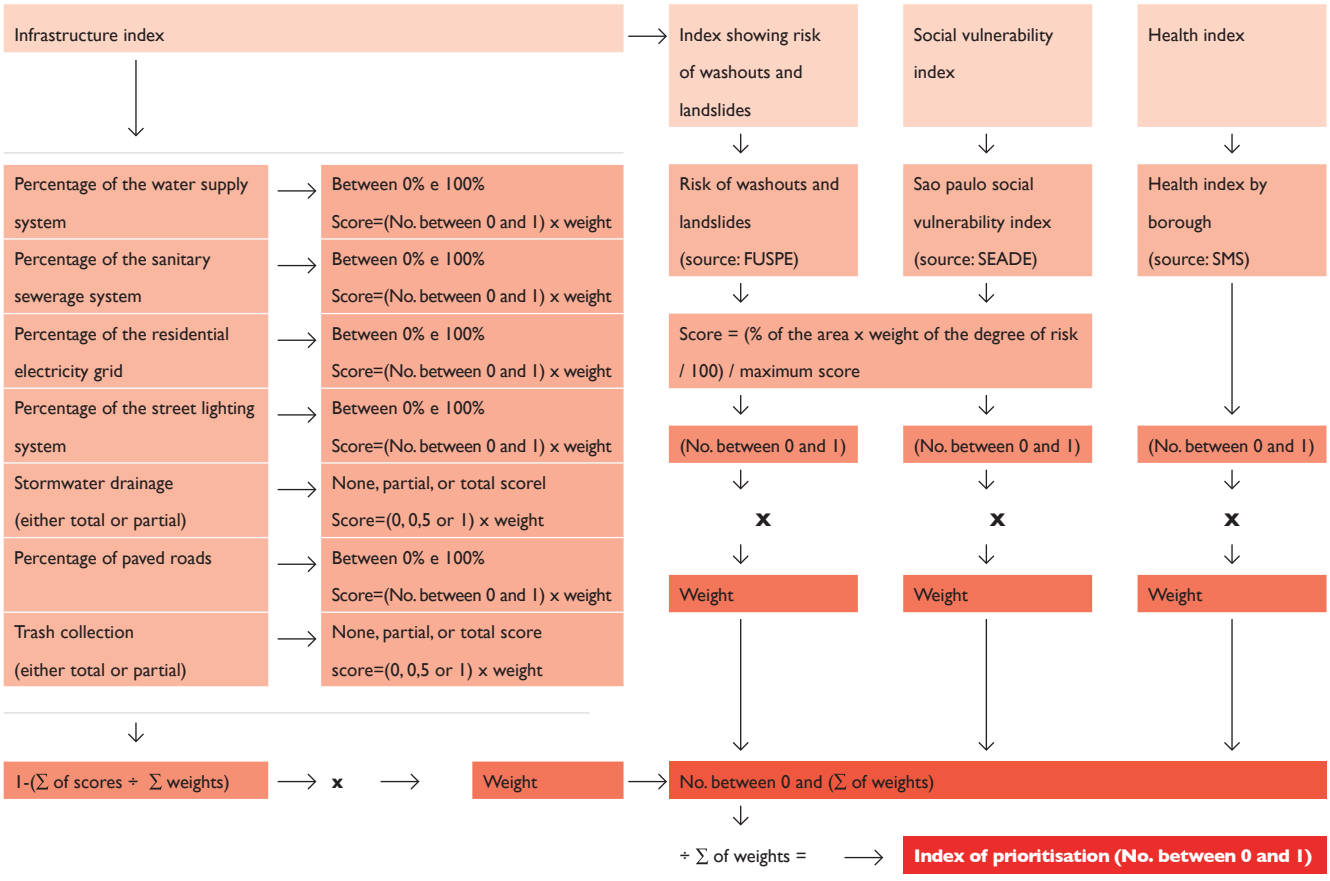
16. The São Paulo Social Vulnerability Index (*Índice Paulista de Vulnerabilidade Social IPVS*), developed by Fundação SEADE, was used to identify the degree of social vulnerability.

Prioritisation

The criteria for determining priorities in granting assistance were defined according to the technical specifications of each programme. In the case of upgrading favelas and informal land subdivisions, for example, the standard adopted is the degree of precariousness. The worse the conditions are, the higher the priority given to a site in scheduling the interventions. Four indicators have been defined for use in rating the conditions existing in a settlement: percentage of infrastructure and urban services installed (water supply, sewers, electricity, paving, drainage, and trash collection); incidence of areas posing a geotechnical risk; health factors (incidence of water-borne communicable diseases); and social vulnerability[16].

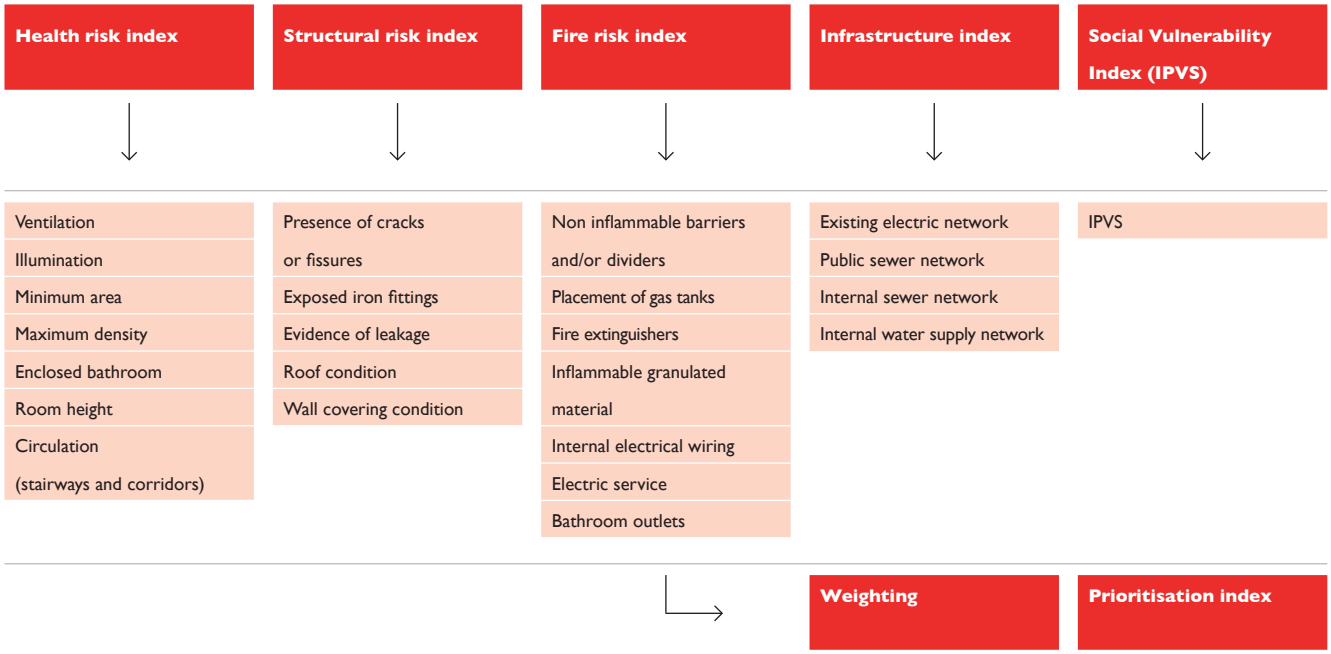
Each indicator is given a score. Using a scale of weights determined by SEHAB teams, the composition of the four indices yields a classification of the group of settlements in terms of precariousness that ranges from 0 to 1.

Figure 53. Composition of scores and weights used to determine prioritisation of interventions: upgrading and land tenure regularisation of favelas and informal land subdivisions.



These criteria have been constantly refined as data is updated and new indicators are analysed. Specific prioritisation criteria are applied to each program line, such as the upgrading of *favelas*, land tenure regularisation, and removal of residents. In the case of *favelas*, this method has been used since 2007 to identify areas for intervention by initiatives including the SABESP programme, which involves additions to water and sewer networks to complete the upgrading, and the programme to clean up creeks and streams. It has also been used to define the criteria for intervention under the tenement improvement programme in the city's central area.

Figure 54. Composition of scores and weights used to determine the degree of priority for interventions: tenement improvement program.



Prioritisation criteria were also applied separately to the precarious settlements situated in each of the 103 hydrographic sub basins, in order to compare conditions among sub basins. This comparison was done by analysing the specific kinds of unacceptable conditions found in each settlement and weighing them against the incidence of precarious settlements in each sub basin. The more settlements found per sub basin and the worse the conditions in each, the lower the rating of the environmental status of the sub basin and the higher the priority given to intervention with housing programmes associated with rehabilitation.

The following map shows the status of the hydrographic sub basins, by degree of precariousness.

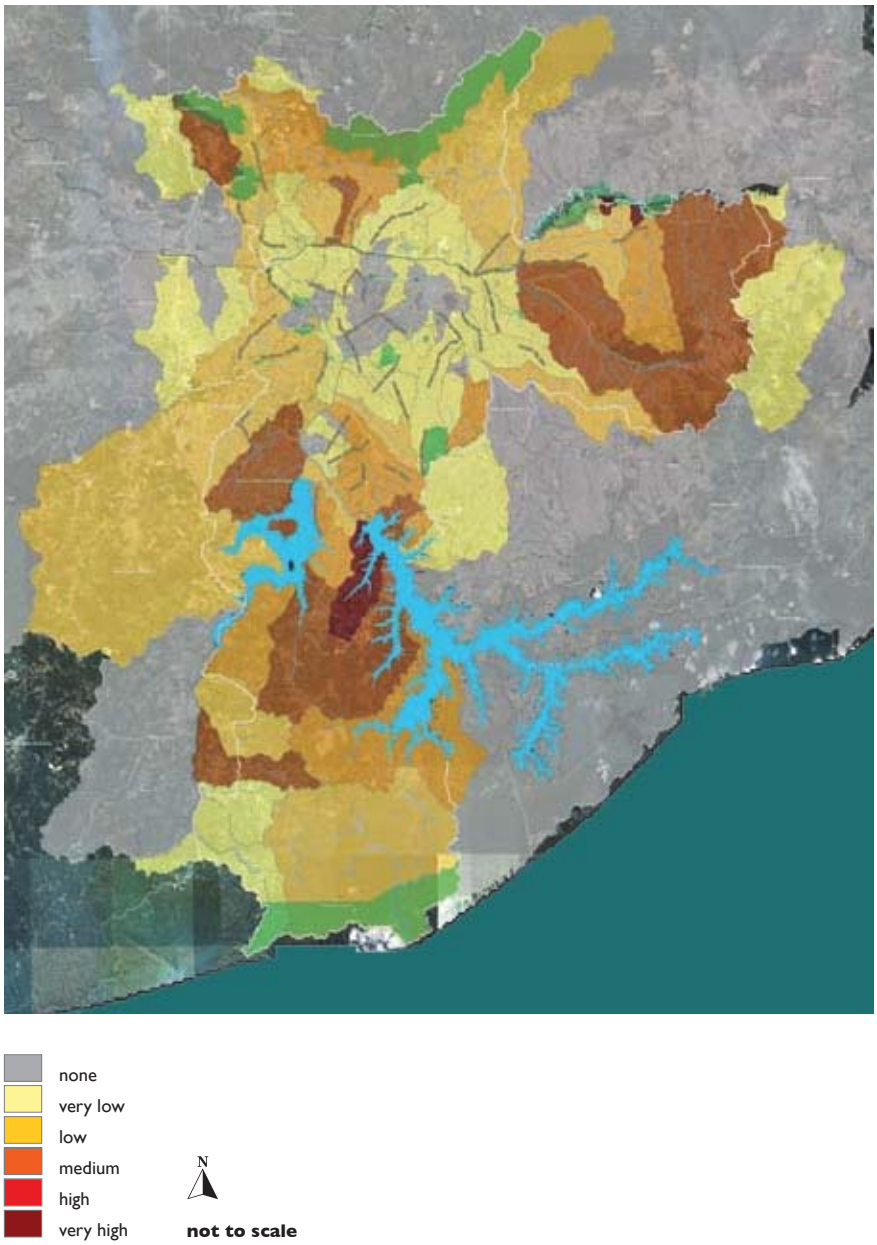


Figure 55. Degree of priority of interventions, by hydrographic sub basin in the city of São Paulo. *Source:* PMSP, HABISP, 2008.

The updating of records in the data system automatically produces a new chart of the precarious conditions in settlements and sub basins, thereby making it possible to evaluate and revise housing assistance policy almost in real time. This will permit an assessment and, eventually, continued reorientation of the way in which available technical and financial resources are allocated. Significantly, the process will be a transparent one, since it can be monitored by civil society through the data system.

A set of data and indicators is now being treated in order to refine the system for prioritising interventions. Calculation of the number of dwellings to be removed from each settlement will be done by superimposing maps over the boundaries of the *non-aedificandi* areas along the creeks and streams, based on guidelines adopted by the responsible agencies and laid down in legislation and the drawings of the structures done using the 2007 aerial photo. In addition, analysis of the declivity maps, associated with an analysis of the geomorphology of the terrain, may indicate the possibility of geotechnical risk, particularly in areas of steep slopes. The formulas for assigning weights and the calculations used to obtain the final score will also receive statistical treatment.

Even more important than the degree of detail available from the data is the fact that the criteria, weights, and calculations used to determine the priority given to a site for intervention in a given programme are completed in a transparent manner with the full participation of the staff. This transparency includes publishing the technical criteria in the HABISP system, which is accessible by the general public.

2.1.4 Indicators for monitoring

Using the analysis of the materials used to register families for assistance under different housing programmes, information from socioeconomic studies, and the monitoring of activities, a simple and effective set of permanent indicators was obtained that could be used to evaluate the various housing programmes.

Previously, the instruments used by HABI to keep records of these programmes produced a considerable amount of information, but the data generated was inconsistent and stored in multiple databases. With the implementation of HABISP, data compatibility was achieved.

The eight indicators defined by the study facilitate comparisons among different programmes and go beyond mere verification of the efficiency of a single housing assistance programme. They also make it possible to compare the results of specific programmes with the results of similar programmes in other cities and countries. Finally, the standardised indicators permit comparison of historical series using homogenous information so that the effectiveness of these programmes can be assessed over time.

Five indicators of production and three indicators that are intended to verify the effects of the programmes on the quality of life of residents were established. They are:

1. Households benefited: total households actually assisted by a programme or project;
2. Increase in the security of documented possession of the property: change in the degree of security of documented possession of the dwellings served by the program;
3. Consumption of treated water: increase in the percentage of dwellings with access to treated running water;
4. Type of sanitary sewer: change in the percentage of dwellings connected to sewer mains, local systems, cesspools, or having no connection (open air discharge);
5. Occupational density of the dwelling: trend in the number of persons per dwelling;
6. Educational level of the head of the household: years of education attained by the person responsible for the household, as a determinant of other behaviours;
7. Average income of the head of the household: earnings from work in the preceding months, in *reais*, as declared by that individual, as a determinant of other behaviours;
8. Age of the head of the household: declared age of the head of the household, as a determinant of vulnerability and an aid in decision-making on programme focus.

These indicators are now being adopted in order to format the logical framework of all SEHAB housing programmes. Once they have been evaluated, they will be incorporated into the data on the HABISP system.

2.2. Technical studies needed as support

Certain important topics of housing policy identified for discussion in the strategic planning workshops would require the conduct of specific technical studies. These studies can be grouped along three main thematic lines: (1) characterisation of the demand for housing; (2) issues related to improvement in programme management capability, and (3) alternative means of financing housing policy.

2.2.1. Demand for housing assistance in precarious settlements

A study was commissioned to update the census data on residents of favelas and informal land subdivisions in the municipality of São Paulo. Based on the updating of the records on these settlements, the Cities Alliance, through the World Bank, signed a contract with Fundação SEADE for a sample survey. This survey aims to quantify the number of dwellings and residents and provide a socioeconomic profile of the population living in *favelas* or informal subdivisions in the city of São Paulo. The results of this survey were entered into the HABISP database and used to calibrate the number of dwellings and residents for each class and category of settlement according to what had been established in the system for prioritising interventions. This process made it possible to determine the extent of assistance and to quantify the resources needed for the various housing programmes.

After the boundaries of all the *favelas* and informal subdivisions were determined in the georeferenced database, a sketch of each structure in every settlement was drawn by referring to the orthophotos furnished by SABESP (2003 flight, scale 1:8,000). This defined the universe to be studied. In December 2007 that universe consisted of 1,573 *favelas*, 222 urbanised clusters, and 1,235 informal land subdivisions.

Fundação SEADE developed a sampling plan that divided the favelas into three different groups: *favelas* in environmentally protected water supply areas, *favelas* with more than 1,000 dwellings, and others. This "others" group was subdivided into four segments: *favelas* with a high degree of infrastructure, those unsuited for occupation, those in other situations, and those about which there was no information. The informal land subdivisions were arranged in four categories: settlements in environmentally protected water supply areas, subdivisions with up to 49 dwellings, subdivisions with 50 to 499 dwellings, and subdivisions with more than 500 dwellings.

The sampling plan randomly selected 517 areas from the different groups. In some cases an entire settlement was selected, and in other cases only certain sections (for example, with larger settlements such as Heliópolis or Paraisópolis). The field survey identified the number of dwelling units per structure in each randomly selected area. Using this number, it was possible to see the corrections that needed to be made to the earlier drawings, such as the use of a particular structure for non-residential purposes or the presence of vacant structures. In addition to the number of dwelling units per structure, the survey also identified the socio-demographic profile of this population and the number of people per family, using a sample of seven dwelling units in each of the 517 selected areas for a total of 3,619 households.

The results showed that about 31 percent of the total population of the city live in favelas and informal land subdivisions, totaling about 890,000 dwelling units, as demonstrated in Chapter 1. Families consist of an average of four people, which is larger than the city's general population average of 3.2 persons per family, according to figures from the 2005 National Survey of Sample Households (*Pesquisa Nacional por Amostra de Domicílios*, PNAD) for the MRSP. These are families whose incomes average three minimum monthly wages, making it virtually impossible for them to obtain financing to purchase a home.

The conclusions suggest a need to invest in the implementation of alternatives to home purchases, such as the social rental program or improving the use of housing subsidies to serve people in this income bracket. There is a demonstrable need to invest in consolidating these settlements through slum upgrading and land tenure regularisation programmes.

It is also important to understand why these settlements are continuing to expand at rates higher than the growth of the population in the city as a whole. To that end, this partnership was launched to establish a methodology for continually updating the information in the databases that would permit evaluation of the dynamics of the growth of the settlements on city territory. The stages already completed as part of the research can be repeated at pre-established intervals (once a year, for example) in order to permit constant monitoring of the evolution of *favelas* and informal land subdivisions.

These stages are:

1. Updating the boundaries of existing or new settlements, working directly within the data system on cartographic bases and updated orthorectified photos. Consistent use of the same geographical reference during an update is key to the accurate calculation of the areas and estimation of the number of structures. It is also essential that updates are done directly by professionals familiar with the area from field observation in order to ensure the accuracy of the data.

2. Updating of the database by technical personnel who are familiar with the realities in the field, the social dynamics of the settlements, and who are also using data from the public utility companies that are able to share georeferenced information. This ensures homogeneity of treatment of the information about infrastructure for the entire group of more than 3,000 settlements performed at predefined intervals.

3. Updating of the perimeters of the structures by updating the drawings that were done using orthorectified aerial photos for all favelas and informal land subdivisions. This adjustment can be done manually by drawings or by special software that counts the structures by reading images. That software is now being developed by the SEHAB information technology team.

4. Conducting periodic sample surveys and refining them, keeping in mind the need to constantly improve the data on the total universe of settlements.

It is essential to update the data systematically on the same cartographic foundation and follow the same methodological procedures to ensure comparability among different points in time. It is also important to maintain the technical ability to observe the evolution of those settlements in time and space. This last condition is crucial in order to see the trend in the occupation of the hydrographic subbasins of the Alto Tietê Basin (BAT) and to assess the effects of housing policy on environmental cleanup.

2.2.2. Improvement of SEHAB management capabilities

The challenge of improving the city's ability to manage its housing policy led to the need for a group of studies in addition to the actual installation of administrative and planning tools. An initial survey addressed alternatives to the institutional structure at SEHAB so that the company would be better equipped to handle the new challenges of upgrading and regularising precarious settlements as well as arranging for the production of new residences. That study consisted of two phases, a diagnostic phase and a proposal phase.

The assessment of the current institutional layout of SEHAB performed during the first stage of the programme identified the principal problems in the organisational structure. Particular attention was paid to the overlapping of functions and the gaps identified among different sections of SEHAB's Secretariat, the absence of uniform procedures, a lack of transparency in monitoring the processes, and the insufficient decision-making capacity conferred on technical and managerial corps.

The study was conducted in parallel with the strategic planning workshops, making it possible for SEHAB personnel to recognise the problems identified during the assessment. The updating of information on supply and demand on HABISP combined with the establishment of prioritisation criteria and production goals ultimately led to personal reflection on the job itself. As a result of this process, the problems identified in the study's assessment became evident to all.

The second stage called for suggesting a new institutional layout. One of the proposals highlighted the need to strengthen the housing planning division, a vital step towards establishing the procedure as routine and providing a means for continued improvement of the HABISP system.

Another issue was reducing the overlapping of functions via the functional integration of departments performing similar tasks and operating similar programme regularisation. This would permit rationalisation and greater uniformity of procedures, optimise the application of financial, human, and material resources, and accomplish the integration of interventions by focusing primarily on the urban and environment rehabilitation of the territory.

Finally, a need was identified for an agency that would promote production of HIS (Social Interest Housing) by private enterprise. The intention was to encourage private companies to satisfy part of the demand. These could be companies that were already active in the market that serves "ordinary people," thus facilitating the concentration of efforts and public funds on assistance to the poorest strata of the demand for social housing.

A second study was conducted to diagnose problems and identify alternatives to SEHAB's land tenure regularisation programmes. The issue of land tenure regularisation is of special importance in light of the innovative legal instruments introduced by the City Statute, whose implementation is still in the experimental phase. This second study showed that a significant expansion of the government's role in the regularisation of both public and private areas would help foster cooperation among teams from different agencies involved with the subject.

The social and economic benefits that stem from land tenure regularisation are innumerable. Possession of property and contractual rights by the poor mean an economic guarantee that they can recover the investments made in building and equipping their homes. They also have more security in the event of domestic conflicts or disputes with neighbours. Although the social gains are varied, land tenure regularisation programmes exhibit problems of management and the formation of a body of case law that tend to negate the advances made by the application of the new legal apparatus.

The study points out that from 1993 to 2006, 465 settlements were regularised, covering about 74,000 lots. About 45,000 concession titles were awarded in 160 favelas pursuant to Municipal Law 13.514/03. The second phase of the programme is being set up on the basis of Municipal Law 14.665/08, which released 108 public areas for private use, encompassing about 23,000 families.

Municipal Law 14.665/08 represents progress over the earlier one since it considers the reality of the situation as shown on the official topographical survey as legal evidence of the occupation of the area. This expedites the opening of property record rolls for the tract and subsequently, the issuance of titles to the families. Furthermore, Article 5 of the above law permits the municipal areas located within ZEIS to be converted to private use simply by municipal decree, provided the requirements of Provisional Measure 2.220/2001 are met.

By May 2009, 15,684 families from 108 areas had received their titles, supplemented with titles in areas where the upgrade had been completed or was in progress and areas that were upgraded under the Guarapiranga Programme.

The new legislation solved the biggest dilemma created by Provisional Measure 2.220/2001 by authorising the inclusion of the length of possession by the previous occupant when granting special use for residential purposes in both the collective and individual form. The extreme difficulty involved in presenting documented proof of possession as of June 30, 1996 can be overcome by aerial photo evidence that the area was occupied in 1996. Responsibility for land tenure regularisation programmes is distributed among the different agencies involved with housing policy. This in itself is ample indication of an overlap of functions and makes it difficult to disseminate the news of progress in a homogenous manner among teams – especially legal teams, which are facing an increase in new challenges in the field.

HABI is responsible for the Urban and Land Tenure Regularisation Programme (*Programa de Regularisation Urbanística and Fundiária*) in municipal public areas and in Paraisópolis. It is worth noting that the Paraisópolis programme was the first to employ the transfer of the right to build and the remission of tax debts. It was also the first to grant amnesty from fines assessed against lands whose owners were interested in donating them to the city government to make it feasible to bring the tract into good standing.

Another regularisation program implemented by HABI is the 3Rs – Restoration of Credit, Revitalisation of Business, and Regularisation of Land Tenure (*Regularização Fundiária*, *Recuperação de Crédito e Revitalização do Empreendimento*) – applied to the public housing projects built under the former Guarapiranga, Prover and Procav programmes. In addition to including the renovation of buildings and common areas, the land tenure regularisation and registration of the 52 projects produced under these programmes allows for the completion of their commercial sale and recovery of the investments made. So far, the programme has been applied to 25 projects, benefiting 12,119 families.

RESOLO currently has a programme that helps regularise informal subdivisions using money from FUNDURB. The program covers 59 subdivisions and will benefit 28,150 families. RESOLO will also help organised communities in small and medium-sized subdivisions. At COHAB, there are 210 housing ventures in progress involving about 72,000 units going through the land tenure regularisation process. When completed, it will be possible to regularise the sale contracts for the units and recover part of what was invested.

Besides calculating demand and costs based on the average for each kind of program (*favela* upgrades, regularisation of informal land subdivisions, or regularisation of housing projects), the study points out some alternative ways to involve the general population and obtain financial contributions to make the program feasible. These include the recovery (even partial) of the financial investments defined by undertaking technical surveys to determine the willingness of families to pay for the benefits received.

The question of production costs is another key topic to be addressed in order to establish the targets for assistance in each housing programme that should be part of the Municipal Housing Plan. These data were estimated on the basis of a case study of enterprises that were executed under different programmes.

The study looked at the volume of investment, the sales value of the units, financing terms, and subsidies granted for 19 undertakings that were headed by public and private agents. Those efforts were distributed as follows: five ventures produced by HABI, two by RESOLO, four by COHAB, three by the CDHU, two by CAIXA, and three by the private sector. The projects were of similar type, varying in size of built-up area from 41.4 m^2 to 50.9 m^2. However, not all the settlements studied have been sold commercially. Some of them still have unresolved land tenure issues which prevent them from being identified and registered individually, and consequently delay their sale to residents. In these cases, documents granting permission for use in return for consideration are made available to the residents. The payment amounts are to be deducted from the sale price when the sale eventually takes place.

The comparison of figures among projects was, however, significantly impaired due to differences in accounting procedures used to keep track of the costs involved in the projects, a chronic problem identified during the strategic planning workshops. Another factor impairing the comparison of figures was the variety of criteria used for updating and other kinds of adjustments made to accommodate changing currency values.

Incidence	Partly or Totally subsidized items	HABI		COHAB				CDHU			CAIXA
		Urb (lots)	Urb (fav)	Singapore	Self-help	Joint	Site	Self-help	Urb (fav)	Joint	PAR
In the composition of the investment	Land										
	Projects, works, and services										
	General infrastructure										
	Condominial infrastructure										
	Management/technical assistance										
	Community equipment										
	Legislation/regularisation										
	Marketing expenses										
	Taxes/rates/fees										
	Lodging/compensation										
	Interest on loans										
Sale value	Direct subsidy										
Monthly financing	Interest rate										
	Bonus										
	Incidentals										
	Insurance										
Monthly return	Rent/permission rate										
Operational	Paid management										

legend

Not subsidized/total incidence

Fixed rates/partial incidence of values

Total subsidy/no incidence/nonpayment

Partial subsidy

Not applicable/not present

Figure 56. Table of components for allocating housing production costs, per programme.

The government agencies responsible for housing production do not follow a routine for allocating individualised costs per construction project. The costs allocated by managers are those obtained for a batch of projects, which prevents individual analysis and later comparison. The data, which is often conflicting, is scattered throughout several offices within government agencies. The operating costs of the sponsoring agencies and financing bodies are not included in the final cost of the undertaking. All this makes it difficult to study the technical and economic feasibility of the projects. The financing process is not transparent; the granting of subsidies masks the effects of wasted investments, and the social effectiveness is questionable because the resources are not optimised, thus preventing extending assistance to a larger number of families.

The study concluded by offering suggestions for improving programme organisation and rationalising the application of appropriated funds. Some of the chief suggestions were:

1. Record demand using the same criteria that will be used in the subsequent sales phase in order to improve the application of subsidies according to clear and transparent socioeconomic criteria;
2. Develop a system common to all offices that monitor and audit costs;
3. Establish a minimum return on investment (which will also help monitor program efficiency); and
4. Develop a single system integrated among all three levels of government for the granting and monitoring of subsidies in addition to establishing parameters and indicators for the various types of upgrades, preparing technical and economic feasibility studies, and following up on the results of each undertaking.

Two partnerships contributed to developing the managerial skills of the teams. The first partnership was established with the German Technical Cooperation (GTZ), which supplied a course on project management methodology that addressed both theoretical and practical aspects. To that end, the course used activities already being carried out by SEHAB itself in the upgrading of the Paraisópolis favela and in the Programme for Land Tenure Regularisation in Municipal Public Areas.

Twenty professionals attended the training. They subsequently passed on their knowledge to the HABI and RESOLO teams, especially those directly involved in the upgrading of favelas and informal land subdivisions. The workshop trained the teams to produce a logical framework for the actions under each of the housing programmes under way at SEHAB.

The second team-training activity was a workshop on crime prevention in favelas and informal subdivisions. The workshop, which was led by World Bank expert Bernice Van Bronkhorst, was held at the job site of the Nova Jaguaré favela and attended by 20 technical personnel in the social services, architecture and engineering. She conducted practical exercises in the analysis of the urbanisation of that favela. The results served as a starting point for new lines of action regarding landscaping, the siting of public areas and social equipment, and community participation.

Figures 57 and 58. Workshops on violence prevention programmes in Nova Jaguaré.

2.2.3. Financing social housing – public and private alternatives, provision, and improvements

This third and final main theme covers studies on alternatives for public and private financing of housing. Two studies were conducted: one on the current public subsidy policy as applied to different housing provision programmes, and a second on the feasibility of allowing the private market to finance improvements to self-built houses in settlements that have been upgraded and regularised.

The socioeconomic characteristics of demand, updated by research done by Fundação SEADE, revealed a huge gap between the ability of these families to pay and the price of the various housing products offered by housing provision programmes run by the three levels of government. Traditionally, this gap has been reduced by the awarding of financial or production subsidies to either the producer or consumer of social housing. This solution, however, has proven to be unsatisfactory. The funds provided are later appropriated by other income strata of the population when the properties are sold by the families who received the original assistance. The funds also deplete investments that could be used to increase housing production, thereby reducing the provision capacity of the programmes.

Ever since the establishment of the National Housing Bank (BNH) and the National Social Interest Housing System (SNHIS) in the mid-1960s, housing policy at the national, state, and local levels has tended to give preference to supplying a single product: a two-bedroom house or apartment in a building of four or five floors without an elevator that is part of a large housing project built on cheap land on the outskirts of cities, accessible by financed purchase programmes. This restriction to a single form of access and the unsuitability of the product to certain sectors of demand, explain at least in part the high rates of noncompliance with public housing provision programmes and the high turnover among the population originally served by those programmes.

In this regard, a study on housing subsidies policy compared the public and private production and financing of similar products with typical cases from recent production. The picture of housing production by the three spheres of government points to a set of similar programmes aimed at similar target audiences but offering different products, subsidy programmes, and sales programmes. When a housing effort is carried out using a budget obtained from formal state and federal government agreements, similar products may receive different subsidies that are awarded according to each agency's specific financing policy. This ends up generating different payments for similar products and creating conflicts among residents of the same project, which encourages noncompliance.

In the case of public production, both explicit subsidies (offered on the product, also known as "flat" subsidies) and implicit subsidies (offered on the terms of financing) that are awarded as a way to make the product accessible to the poorest people were surveyed. In addition to subsidies, problems of management were analysed. Those included noncompliance, absence of commercial sale, and others that adversely impacted the likelihood of recovery of the investments made.

In general terms, the study looked at three areas to be considered in the formulation of municipal public housing policy:

1. The private housing unit production market has recently undergone an expansion phase that has enabled it to consolidate its service to the population strata whose average family income is at least six minimum wages. Considering that part of the target population for housing policy is comprised of families in this income bracket, it can be assumed that this group could be served by the private market, eliminating the need for subsidies. This market could contribute by producing units for the lower-income groups directly if the explicit subsidies were transferred to that sector.
2. In general, the return on public investments is very low, owing to high rates of noncompliance or high levels of implicit subsidies.
3. It is highly recommended that the three levels of government work together to achieve a consistent application of subsidies to families under the different housing programmes.

The study concluded with a recommendation to improve commercial administration procedures in order to reduce noncompliance and to consider the possibility of transferring some of the production of new units to the expanding private market. This could be done by allocating the explicit subsidies directly to the private and public agents of promotion and financing.

Above all it is necessary to rationalise the application of financial resources and to adapt the product to the demand, which means diversifying housing solutions and the programmes that provide access to housing. This need becomes more pressing in light of the increased volume of appropriated funds being allocated for housing in the city of São Paulo. It is essential that improvements are made in managerial capabilities and in the development and monitoring of more appropriate assistance policies.

Figure 59. Increase in housing density accomplished with housing microlending funds in Vila El Salvador, Lima, Peru.

Furthermore, there is an unserved market that is represented by the tremendous number of self-built houses in the city of São Paulo that are in a continuous process of construction, renovation, and expansion. According to research by the Brazilian Association of the Construction Materials Industry (*Associação Brasileira das Indústrias de Materiais de Construção*, or ABRAMAT), this market is responsible for consumption of 70 percent of the building materials sold in Brazil. As the research by Fundação SEADE indicated, self-building in informal land subdivisions has established itself as the viable alternative for 99 percent of their residents, which confirms and explains the ABRAMAT data. Furthermore, the slum upgrading and land tenure regularisation of *favelas* and informal land subdivisions provides security of property possession, which persuades many families to invest new funds in improving their homes. These improvements are usually made gradually. Materials are purchased as the family is financially able. The quality and type of improvements vary widely and are unstable and more precarious in the favelas, as the Fundação SEADE found.

During the first phase of its technical cooperation with SEHAB in 2004, the Cities Alliance followed the progress of two pilot microlending projects implemented to help families in two settlements improve their homes. The experiments in Limoeiro (informal land subdivision) and in Nicaragua-Vila da Paz (*favela*) were supported by two financial institutions, Banco do Brasil and Bradesco, respectively.

Loans of approximately R$600 were made to residents at interest rates of about 2 percent per month for the purchase of construction materials at accredited shops in the region. Those establishments were responsible for collecting the monthly payments. Although some families were successful in renovating their homes, the financial institutions did not continue the experiment, raising questions about the viability of this type of programme in such a large city.

During this second stage, a study examined the viability of a housing microlending programme to finance home improvements in the city of São Paulo, considering the specificity of the demand and the availability of this type of financing. In order to assess the demand, the "focus group" method was employed in two favelas, one slum tenement, and one housing project. The issues addressed in the focus groups related to the supply of credit by financial institutions (public and private) and by commercial establishments.

Figures 60 and 61. Precarious settlements lacking water supply: Vila Maria del Triunfo, Lima, Peru.

International experiences were used as parameters to guide proposals that could make a programme of this type viable in São Paulo and in other Brazilian cities. The Peruvian model of microlending to both entrepreneurs and for housing improvements was carefully studied because of its success and its status as the first of its kind in the world. Consultants and technical personnel from SEHAB went to Lima to learn about the financial institutions that had implemented a fairly comprehensive system of lending over the past 10 years.

Peru is a country with a population of 27 million, of which one-third live in the city of Lima. Of these, one-fifth live in precarious and informal settlements. Funds to finance home improvements are made available by a capillary network of branch offices set up by the three leading financial institutions that are strategically placed in low-income neighbourhoods. The financial agents hired by these institutions are residents of the neighbourhoods where the branches are located, which helps in penetrating the community and becoming more familiar with each family's financial situation. The reduced risk of investment offsets the operating expense of creating such a large network of branch offices. One of the limitations, however, is that there is very little technical control over the use of the funds and no funds being available to hire technical advisors.

The trip to Lima made it possible to learn about microlending initiatives associated with housing programmes and to examine their similarities and differences with the housing programmes in São Paulo. In Peru, a large-scale regularisation program was created with the intention of leveraging the economy of residents in precarious settlements who could use their property titles as security for loans. This has not yet happened, because mortgage credit for the poorest strata of the population still does not exist. Even so, land tenure regularisation is important to provide the legal security necessary to consolidate the savings that, for low-income families, is represented by their investment in housing. First-floor programmes, namely those financed directly with the population by government institutions, tend to be seen by the recipients as donations and are confused with income transfer programmes. This contributes to an increase in noncompliance and impairs the conditions for large-scale replicability. Public programmes are more efficient when focused on incentives to saving as a guarantee for leveraging credit. Under programmes offered by Peruvian financial entities, the component of assistance to families interested in improving their homes is missing, as is the technical oversight component. In cases where there is a clear connection between housing production credit and credit for home improvement, however, success rates are higher. This could be a guideline for the case of São Paulo, where many families are engaged in some kind of commercial activity or providing commercial services at home. In addition to the Peruvian case, other international and Brazilian experiences with microlending for home improvement were studied.

In the specific case of São Paulo, a survey was made of the demand for microlending that revealed a great interest on the part of the population for this kind of financing, both for purchase of materials and for technical assistance. However, a substantial portion of this population is unable to provide proof of income and has a poor credit rating, making it hard to obtain financing to buy materials. Without financing, this population group saves money a little at a time and buys materials in small quantities for cash. The difficulty of accomplishing construction and renovations in stages over long periods of time could be eased by access to medium- and long-term credit. According to the survey, the sums involved in renovation and expansion range between R$500 and $5,000 for each household.

Figure 62. Meeting on microlending with communities in Paraisópolis.

With respect to the availability of credit, a survey was made of financial and commercial agents. A sample of 10 small and medium-sized retail building supply stores was selected. These shops were located near the sites where the focus group research was performed. The purpose of the research was to compare the demand with the products offered by the commercial establishments in order to understand the dynamics of buying materials and the impact on home improvement. In general, small and medium-sized retailers face a series of difficulties that are reflected in their very modest capacity to lend to their customers. Shops purchase materials for cash (30 percent) or on the basis of payment within 30 days (70 percent), usually from middlemen rather than from the producer. Since most sales are instalment sales based on payment in 60 days, the retailer has trouble recouping his or her investment and also has to pay higher prices for the goods than he or she otherwise would. All this makes the end product more expensive and limits the ability to offer direct financing to the customer. This means that customer instalment purchases are made by credit card or through finance companies.

Figure 63. Precarious settlements lacking water supply: Vila Maria Del Triunfo, Lima, Peru.

The offer of microfinance from financial institutions is limited to government programmes. At the federal level, micro-loans are obtained from the Federal Savings Bank and, at the state level, from *Nossa Caixa* in partnership with the Secretariat of Labour (*Banco do Povo*) and the CDHU. The scope of these programmes for the city of São Paulo, however, is quite limited. In the case of the CAIXA, this is due to poor credit ratings and the fact that residents of informal land subdivisions are not in good standing with the authorities. In the case of the CDHU, the programme gives priority to cities in the interior of the state, and its financial sustainability has not been proven.

The study concluded that the viability of microlending is conditional upon financial institutions adopting certain procedures that have already been adopted by the housing production microlending programmes. These procedures include personalised analysis of loans that would permit sustainable growth of the portfolio, financing of materials and skilled labour, incentives to savings as a counterpart, use of the building supply store only as a distributor of the credit rather than as operational agent, and coordination with supplementary actions of financial education and technical assistance, possibly organised and offered by the city government.

A pilot experiment is currently underway that would finance the purchase of building materials for residents in the Paraisópolis favela now undergoing an upgrade and land tenure regularisation. The programme, backed with funds from *Banco Real Micro Crédito*, would finance the purchase of building materials for home improvement (loans for as much as R$5,000 at interest rates around 1.9 percent a month). It would be combined with technical assistance from the city government and labour training courses offered by the Brazilian Association of Portland Cement (*Associação Brasileira de Cimento Portland*, ABCP), a partner in the project.

SEHAB personnel, staff from other municipal government agencies and representatives of the Municipal Housing Council have been following the progress of these efforts. The dissemination of the knowledge and the results obtained, however, extend well beyond these groups and have become essential components of the project, as evidenced in the next chapter.

Chapter 3

Dissemination of Results

The significance of São Paulo, as Brazil's biggest city and the one facing the biggest challenges to produce housing and serve different kinds of demand, makes dissemination of the results achieved essential to the debate on the housing issue as it takes place in other Brazilian cities and abroad.

The implementation of strategic planning tools – an information system, a system for prioritising interventions, and indicators for monitoring – has radically transformed the routines of the technical teams at SEHAB. The changes impacted everyone from the individual employee to the group of agents involved with housing policy.

Employees are able to view technical knowledge in the broader context of the issues that involve housing assistance. Moreover, the information is organised on a single database of accessible and user-friendly data. A resident, an academic researcher, a businessman, personnel from other municipalities – in short, all segments of society – can access the same database and monitor the assistance given. As a result, they are able to become involved in housing policy more effectively. A data system that is accessible via the Internet brings together all the agents involved with housing in the city and encourages a dialogue about challenges and solutions.

As part of constructing such a dialogue, dissemination and debate of the results was an important stage in the project. That meant publicising the knowledge acquired during each of the stages of the transformations completed and the specific topics in the housing issue. By these activities, we sought to reach both local agents and those in other cities in Brazil and the world.

Overview of actions taken to disseminate results

Scope	Target public	Type of event	Main outcomes
Municipal	Municipal Housing Council – comprising representatives of social movements, civil society and public authorities	Periodic meetings aimed at preparing and following up Municipal Housing Policy and drafting the Municipal Housing Plan - PMH	Policy followed up via the sp site (accessible on the internet) and participation in the definition of prioritisation criteria and other questions concerning Municipal Housing Policy – PMH
	Municipal urban development council	Presentation of the project outcomes together with the results of the HABISP system, of the intervention prioritisation system and of the draft proposals of the PMH	Policy followed up via the HABISP site (accessible on the internet) and participation in the definition of prioritisation criteria and other questions concerning Municipal Housing Policy – PMH
	Municipal secretariats for subprefectures, welfare, health and social development	Working meetings	Information on social vulnerabiity, water-borne diseases and risk areas provided for feeding the HABISP and the intervention prioritisation systems
	All the municipal bodies	Prêmio gestão (management award) – an event under the auspices of the municipal management secretariat designed to encourage the pursuit of innovative practices in municipal public administration	Honorary mention for the intervention prioritisation system
State	SABESP and the state secretariat for water resources	Working meetings to present the project, the HABISP system and the intervention prioritisation system	Information supplied to feed the HABISP system and the intervention prioritisation system - ortophotos, cartographic bases and a map displaying water and sewage networks
	CDHU	Working meetings to present the project, the HABISP system and the intervention prioritisation system	Information on housing provision integrated in order to ensure no duplication between providers
	State public ministry	Working meetings to present the project, the HABISP system and the intervention prioritisation system	Understanding by the state public ministry that the actions underway are aimed at prioritising interventions and creating planning instruments for programming future activities
Federal	CAIXA	Working meetings to present the project, the HABISP system and the intervention prioritisation system	Exchange of information regarding housing demand: housing needs and the current housing deficit
	Petrobras	Working meetings to present the project, the HABISP system and the intervention prioritisation system	Supply of data for feeding the HABISP system and the intervention prioritisation system – map produced of oil and gas pipelines

Scope	Target public	Type of event	Main outcomes
International	Representatives of Italian local governments and public housing enterprises	Seminar on social renting	Exchange of experiences and preparation of guidelines for combatting household defaults, (on payments), and for improving the maintenance and security standards of condominiums
	Latin American cities, FLACMA, CGLU and Cities Alliance	`Cities of the Future` seminar in Rosario	Exchange of successful experiences in strategic planning associated with poverty reduction, administrative reforms and economic and urban development
	Financial entities in the housing micro-credit sector	Technical visit to Lima Peru	Knowledge of the financial system and of the programs that could be considered as viable candidates for replication elsewhere in Brazil
	Public institutions dealing with land tenure regularisation		Familiarity with the programs – exchange of information about the HABISP system
	Prefecture, Housing Secretariat		Familiarity with the programs concerned with the physical and tenure regularisation of precarious settlements
	Representatives of social movements, support organisations and community leaders - Vila El Salvador		Familiarity with the social processes involved in land occupation and knowledge of physical and tenure regularisation – the management of Vila El Salvador
	South African Government mission	Visit to the slum upgrading building site and presentation of the project, of the HABISP and of the Intervention Prioritisation System	Exchange of experiences and familiarity with the main planning instruments of SEHAB
	Indian Government mission	Visit to the slum upgrading building site and presentation of the project, of the HABISP and of the Intervention Prioritisation System	Exchange of experiences and familiarity with the main planning instruments of SEHAB
	Moroccan Government mission	Visit to the slum upgrading building site and presentation of the project, of the HABISP and of the Intervention Prioritisation System	Exchange of experiences and familiarity with the main planning instruments of SEHAB
	Cities Alliance partner cities - Cairo, Mumbai, Lagos, Ekurhuleni, Manila - plus Accra, La Paz, Belo Horizonte, Rio de Janeiro, Recife, Salvador and representatives of the UCLG, UN-HABITAT, WBI, World Bank, CDHU and CAIXA	International Policy Dialogue – a four-day seminar including technical visits to five building sites connected with slum upgrading works	Exchange of experiences and familiarity with the main planning instruments of SEHAB implemented in the course of the project

Figure 65. Award received in the Competition for Best Practices in Public Management.

Figure 66. Meeting with the Municipal Housing Council.

3.1. Local dissemination

The construction of the HABISP system relied on direct participation by other municipal secretariats to compile a stock of information that describes the degree of precariousness and vulnerability of the informal settlements. Each of them was able to obtain more current and accurate figures on the informal settlements in the city. This meant that all agencies expanded their managerial capacity and ability to serve the public. They also optimised their investments in information technology.

The municipal secretariats of Social Welfare, Urban Infrastructure, Borough Affairs, Health, and Planning provided abundant information on issues including social vulnerability, current social programmes, the extent to which infrastructure networks had been installed, natural storm drains, health indicators and the incidence of risk areas. This information, which was organised and coordinated in the HABISP system, not only formed a portrait of housing precariousness in São Paulo, but made it possible for each area of the city government to significantly increase its knowledge and understanding of these matters. Integration is a vital step in the construction of intersectoral programmes to combat urban poverty.

In December 2007, SEHAB was awarded an honourable mention in the Municipal Competition for Best Practices in Public Management sponsored by the PMSP for its adoption of the system for prioritising interventions in precarious settlements.

The dissemination and sharing of data was also quite prolific at the state level. Partnerships were forged with Eletropaulo, the State Water Resources Secretariat, CDHU, and especially with SABESP. In the case of SABESP, the company supplied the cartographic foundation for the installation of the HABISP system, with aerial photos, updated orthorectified aero-photogrammetric restoration and a map of water and sewer mains that made it possible to verify the extent to which infrastructure networks have been installed more precisely. The mere integration of data alone is already having a favourable effect on thinking regarding joint cleanup and housing assistance actions. Using the system created for prioritising interventions, 20 areas were targeted for the SABESP program of supplementation of water and sewer networks.

The publicising of the data systems and prioritisation of interventions to technical staff and prosecutors of the Office of the State Public Prosecutor helped publicise the commitments made by SEHAB to solving the environmental and social problems associated with improper occupations of land in the city.

In September 2008, a meeting was held at the São Paulo office of the Cities Alliance to discuss the results of the sample survey of the population residing in *favelas* and informal subdivisions conducted by Fundação SEADE. Contributing to the discussion were technical and academic researchers from institutions such as the CEM, the School of Economics and Administration of the University of São Paulo, CAIXA, and the Ministry of Cities.

The Municipal Housing Council followed the progress of all the phases using planning tools that facilitated more intense control over ongoing housing programmes. In addition, its members helped formulate the Municipal Housing Plan. In turn, as representatives who participated in the process disseminated the information to others in their respective agencies, the social control and democratic access to the information was expanded even further.

3.2. International dissemination

The Cities Alliance was created to coordinate between different governments and financial institutions devoted to combating urban poverty and improving living conditions in the world's cities. As a result of its role as a catalyst and a clearing-house for technical and financial resources, one of the primary objectives of the Cities Alliance is the promotion of exchanges of experience among its partners and the cities where it is engaged in technical cooperation.

Figure 67. Workshop on Cities of the Future, held in Rosário, Argentina, in April 2007.

In the case of the state of São Paulo, an April 2007 technical workshop attended by representatives of local governments and public housing corporations fostered an exchange of experiences on the Italian and São Paulo social housing rental programmes. The principal problems of managing the inventory of rental units, present in both the Italian programme (begun more than 50 years ago) and in the program started in São Paulo only five years ago, were shared. These similarities led to a joint analysis of suggestions and solutions to combat noncompliance, to maintain the buildings and common areas, and to deal with security issues.

Also in April 2007, the project was presented at the Cities of the Future (Cidades do Futuro) workshop held in Rosário, Argentina, and sponsored by United Cities and Local Governments (*Cidades e Governos Locais Unidos*, CGLU), the Latin American Federation of Cities, Municipalities and Association of Local Governments (*Federação Latino-Americana de Cidades, Municípios and Associação de Governos Locais*, FLACMA), and the Cities Alliance. The purpose of the Cities of the Future program is to formulate urban development strategies based on the United Nations Millennium Development Goals.

Figure 68. International Policy Dialogue, São Paulo, March 2008.

Figure 69. Presentation by HABI at the International Policy Dialogue, São Paulo, March 2008

The experiences of several Latin American cities in strategic planning associated with the battle against poverty, administrative reform, and economic and urban development were described. Not only were the opportunities and problems common to these cities discussed, but the differences and peculiarities of each urban development reality were highlighted. The city of São Paulo was able to introduce its data system, HABISP, and its system for prioritising interventions in precarious settlements to other Brazilian cities such as Guarulhos and Petrópolis, and to Latin American cities like Buenos Aires, Rosário, and Tucuman (Argentina); Lima and Villa El Salvador (Peru); Santiago (Chile); Bucaramanga, Medellin, and San Juan de Pasto (Colombia); and Durango (Mexico).

As part of the feasibility study on microlending for home improvement, a technical visit was made to Lima, Peru, to learn more about their successful experiences in microlending for housing. During the visit, government and non-government entities from several places in Peru, especially Lima and municipalities in the metropolitan region, made presentations about the progress achieved. This exchange of experiences was important. For São Paulo, there was the opportunity to learn from the advances in the housing microlending program. In turn, Lima could learn about the progress made through integrated actions by municipal departments and agencies at all three levels of government in promoting housing assistance while working to prevent the emergence of risk areas, as well as fostering social advancement, job and income creation, and environmental restoration of degraded areas. The differences between the land tenure regularisation programmes in the two cases was emphasised – while Peru has a large-scale nationwide program that is separate from the urbanisation activities, the São Paulo program links regularisation to urbanisation works, elimination of risks, and environmental restoration. This exchange could be expanded if the housing microlending program were adopted in São Paulo.

International delegations came into contact with the strategies employed in the upgrading of favelas by the city government and the contents of its technical cooperation with the Cities Alliance. Envoys from South Africa came to Brazil in July 2007, while representatives from India and Morocco were briefed on the initiative in April 2008.

The main event for dissemination of the results on the international scene was an event titled "International Policy Dialogue: Challanges of Slum Upgrading: Sharing Sao Paulo's Experience" held in the capital city of the state of São Paulo from March 14-18, 2008. Technical delegations from five major southern hemisphere cities attended: Cairo (Egypt), Manila (Philippines), Mumbai (India), Ekurhuleni (South Africa), and Lagos (Nigeria).

All these cities face urban, housing, and environmental problems on a scale similar to those faced by São Paulo, and they are all implementing projects using funds donated by the Cities Alliance. The event was also attended by representatives of La Paz (Bolivia), Accra (Ghana), and the Brazilian cities of Belo Horizonte, Rio de Janeiro, Recife, and Salvador, as well as representatives of international organisations that partner with the Cities Alliance (UCLG, UN-HABITAT, World Bank Institute, the World Bank, and CAIXA).

The key results of the technical assistance from the Cities Alliance with SEHAB were presented during the first four days of the event. Presentations were also made by the invited cities, and workshops held at five areas that are undergoing upgrading: Paraisópolis, Heliópolis, Vila Nilo, Jardim Iporanga, and Jardim São Francisco. During the workshops, staff members from the Cities Alliance Secretariat were able to demonstrate in the field the set of planning resources, the HABISP system, and its direct impact on slum upgrading and land tenure regularisation. Lastly, the exchange of experiences was presented to an expanded national public.

The workshops held on construction sites at five *favelas* now being upgraded enabled the visiting delegations to understand how the instruments created for selection of areas and scheduling of works were being applied directly. Participation by the communities during the workshops furnished proof of the importance of the social character during follow-up and organisation of the community. Furthermore, SEHAB technical personnel were able to familiarise themselves with situations and challenges that are quite similar and see the different solutions achieved in other countries, emphasising the project, institutional and financial management. The principal lesson learned from the dialogue relates to the need to administer and improve control over the production costs of housing undertakings, whether new housing is involved or the regularisation and slum upgrading of existing settlements.

A report of this entire event was included in the publication SEHAB *Slum Upgrading Up Close – Six Experiences*, which was produced with the participation of SEHAB and is available on the Cities Alliance web site (www.citiesalliance.org).

Dissemination of the results helps enrich the range of housing solutions available to technical personnel and officials of other cities. It is also important in building skills for those who carry out the work, for two main reasons. First, because it requires that the data is organised in a way that can be presented to delegates from other municipalities, cities, or countries. Second, comparing experiences enables people to glimpse the common challenges that face housing policy, promotes an appreciation for efforts made, and highlights the results achieved by the teams of which they are members.

Figures 70, 71, 72 and 73. Participants in the International Policy Dialogue visit Paraisópolis, Iporanga, Heliópolis, and São Francisco.

Chapter 4

Cities Alliance and São Paulo Housing Policy

Strategic planning activities combined with studies in the context of this project contributed to the proposal of a Municipal Housing Plan, as has been outlined in this publication. The subject is now under discussion at the Municipal Housing Council and will then move to the City Council. The shared effort by the technical teams from the city government and contract consultants contributed to progress on two fundamental aspects of housing policy, described in detail below.

4.1. Technical training of teams for program planning and management

The strategic planning workshops gave technical personnel from HABI and RESOLO an opportunity to reflect on the knowledge accumulated during their years of professional experience, on ways to use that knowledge to develop housing policy, and on the possibilities of creating more efficient alternatives for providing housing assistance.

During the diagnostic phase, the initial finding by the teams and consultants was the need to systematically improve their understanding of the demand for housing assistance. This is a major challenge that all levels of government have faced: systematising the available information and implementing methodologies that can succeed in grasping the dynamics of transforming precarious and/or informal settlements.

In this regard, the HABISP data system represents an important advance in knowledge about these settlements and the dynamics of their location and growth in São Paulo. The delimitation of the boundaries of each settlement, carried out by professionals familiar with the local reality, on records databases and orthorectified aerial photographs and in an open system on the Internet is a simple and effective tool for monitoring these occupations.

This monitoring includes not only the evolution of the settlement itself (growth, urbanisation, regularisation, and removal), but also the consequences of this dynamic for the cleanup of the city's hydrographic basins and the impact on the BAT. This monitoring must be systematic and on-going in order to permit the assessment and eventual redirecting of public policies regarding housing, urban development, environmental cleanup, education, and social development.

In addition to the monitoring that is shared among different agents, the proposed information system enables the same technical personnel who are involved with the day-to-day aspects of implementing housing policy to be able to assess the results and suggest changes. The effort that began at the first strategic planning workshops has been consolidated through the introduction of the data systems into a working tool for the staff of HABI and RESOLO.

The starting point of the construction of HABISP was an intensive mobilisation to update the records kept on precarious settlements. In less than six months, the teams conducted more than 2,000 field inspections. These visits helped define the principal data fields that would be incorporated into the information system at the same time as the first data entry tests were being performed. Later, this activity became the foundation for a sample survey of the residential population of the *favelas* and informal land subdivisions conducted by SEADE (described in Chapter 2). To that end, after the updating of the recorded boundaries of favelas and subdivisions, drawings of all the structures in the *favelas* and informal land subdivisions were made using aerial photographs as reference. Once this universe had been defined, it became possible to verify in the field the relationships between dwelling units and structures and between families and dwellings.

The system was built and is used on a daily basis to make continuous updating possible through new aerial photographs, official maps of the city, data gathered from records and recent sample surveys. The updating of socioeconomic and demographic information, done using similar and comparable methodological parameters, will enable comparison of historical series and identification of the urban, environmental, and social dynamics of the evolution of those settlements.

This mass of data has produced a comprehensive picture of the different types of settlements, their degrees of precariousness, and their upgrading needs. It has furnished the foundations for a system of prioritising interventions that is an important tool in developing programmes to upgrade and regularise both *favelas* and informal land subdivisions and to improve slum tenements. The criteria and weights assigned to each aspect are factors attributed to the assistance policy.

This attribution is neither mechanical nor derived from a mathematical formula generated by the information system. On the contrary; staff members participate in the definition of the calculation by assigning differentiated weights according to what they consider to be priorities. This makes the system a tool that enables the technical corps to reflect on the assistance situation in the region with which they work in addition to developing an overview of land use and the extent of environmental sanitation in the region's sub basins. In particular, the tool allows them to use that reflection to make clear and discernible decisions about which actions should be prioritised in order to optimise investment.

The mobilisation of the technical staff to update the database information on the settlements and define the criteria for prioritising interventions has raised a fundamental question about the process: overlaps and gaps in housing assistance for favelas and informal land subdivisions. As demonstrated in Chapter 3, by identifying instances where duplicate treatment was administered for a single settlement, professionals were able to identify similarities and differences between the two kinds of settlements. They concluded, however, that their points in common are increasing day by day and that there are more and more far-reaching and comprehensive legal tools available for regularisation.

This means that the fields of action of both HABI (*favelas*) and RESOLO (informal land subdivisions) are drifting closer together. The similarities may suggest the adoption of a new internal institutional layout of SEHAB that considers the possibility of merging the two departments in order to optimise technical and administrative knowledge about slum upgrading and land tenure regularisation.

Initially, the solution proposed for the integration of activities was to adopt the hydrographic sub basin as the planning unit. Activities to upgrade favelas and regularise subdivisions are being thought of in tandem, considering as priority for intervention the environmental conditions of the hydrographic subbasins that make up the part of the Alto Tietê Basin that is in municipal territory.

In addition to the systematic updating of databases on precarious settlements, the system permits the monitoring of the various fronts on which housing programmes are being conducted. Each has its own logical framework developed by a group of SEHAB personnel within the context of the study of indicators for monitoring and supported by the management training course arranged by GTZ.

Follow-up on production targets can be undertaken by professionals from different government agencies with activities integrated with housing assistance. One example of this was the sharing of information with SABESP, which made it possible to think of housing programmes and environmental cleanup programmes as closely related. This sharing has also taken place with Eletropaulo and CDHU.

Access to information via the Internet increases the participation by society as a whole. The data available on the HABISP system enables individuals or different groups in society to obtain an updated picture of the city's housing problems and the actions taken to deal with them. Elected members who serve on the Municipal Housing Council and city residents at large can all follow the progress of both budgetary execution and the implementation and fulfilment of the production and management targets contained in the plans. Access by academic researchers can facilitate theoretical studies and contributions to the formulation of the city's housing policy.

4.2. Institutional coordination among the agents involved with housing policy and more efficient management of resources

The project also contributed to a second fundamental aspect of public housing policies, namely the optimisation of the use of human, material, and financial resources in order to improve the efficiency of the assistance. This topic dominated several studies that mentioned, as a common objective, the improvement of the ability to make and recover investments – to combat noncompliance, improve the indices of land tenure regularisation in the undertakings and in their sale – and to reduce production and management costs.

The strategic planning workshops, supplemented by the analyses made by the study on institutional layout, recommended taking an integrated approach to SEHAB activities. They also suggested that technical procedures followed in urbanisation be standardised and that recent advances in the field of urban law be shared when regularising the occupation of either private or public areas. The principal conclusions also included the need to reduce administrative costs and integrate actions on the ground aimed at cleaning up the hydrographic basins.

Institutional coordination, however, should not be restricted to the internal units of SEHAB. As studies of housing subsidies and alternative institutional layouts suggest, deepening the institutional coordination among the three levels of government is vital. This coordination is favoured by the growing integration among activities by the federal, state, and local governments, which has served to guarantee sufficient resources to assist one-third of the families living in *favelas*.

The implementation of the National Social Interest Housing System called for in Federal Law 11.124/05 has made it mandatory that housing funds be established and formulated at state and municipal levels so that cities and states can receive transfers of federal funds. This has created an institutional framework for the coordination of activities among the three levels of government in the field of housing. In the case of São Paulo, the city already has a Municipal Housing Fund and is approving a Municipal Housing Plan.

The need to define criteria for allocating funds appropriated by the various budgetary sources at these three levels of government to housing subsidies granted for both production and to individual families is becoming more and more evident. The expansion of the supply of dwellings to the Real Estate Social Housing (HMP)[17] may indicate that housing production for this income bracket is being redirected from the public sector to the private sector. It would be necessary, however, to pursue further the joint studies by the three levels of government in order to verify the feasibility of providing incentives through subsidies for housing production to private entrepreneurs so as to serve portions of the market composed of families whose income is less than six minimum wages – a segment that represents two-thirds of the city's population.

The partnership with the private sector could be extended to the financial sector if the first initiatives related to microlending for home improvement demonstrate the viability of the programme. The study conducted under this project suggests the possibility of creating a microlending program specifically for this purpose. It will be intended for families who live in settlements that are in the final phase of physical and land tenure regularisation.

The coordination of the private and public sectors is a task to be performed by the municipal government which should encourage participation by the various agents and help orient the production of housing and occupation of the city's territory. This coordination must be reflected in the guidelines contained in the Municipal Housing Plan.

Systemisation of the entire body of knowledge accumulated during the various activities carried out around a common axis (the Municipal Housing Plan) has ensured that the plan is comprehensive and that the progress achieved is being institutionalised.

17. According to the Strategic Master Plan for the City of São Paulo, HIS (Social Interest Housing) is defined as housing intended for families whose average monthly income does not exceed six minimum wages, and HMP (Real Estate Social Housing) is housing intended for families whose average monthly income lies between six and 16 minimum wages.

Final comments

The tools adopted during the technical cooperation between the Cities Alliance and SEHAB represent a decisive step in the effort to universalise housing assistance and guarantee all citizens of São Paulo a decent place to live, as is their right under the Brazilian Constitution and the City Statute.

The definition of clear and transparent criteria for prioritising interventions, associated with the monitoring of the actions, makes it possible to rationalise the management of the funds invested in housing policy in the city of São Paulo and expand the application of its benefits.

The entry of updated information into a single database of georeferenced data has fostered the integration of housing programmes with a focus on urban and environmental upgrading of the city's land using the hydrographic subbasin as a unit for planning. The positive impacts of this integration may be enhanced by the incorporation of actions and plans by other state and federal government agents.

The production of this entire body of knowledge, with full participation by the technical personnel of SEHAB, and its organisation into the HABISP data system, has led to several practical changes. Principal among them is the provision of a comprehensive and complete picture of the housing problems for each of the staffers who are involved with city housing assistance. Routines were modified and employees can now share the knowledge gained during years of experience with other professionals, public and private agents, students, residents, as well as organised movements. This expands and reinforces the social significance of the work performed by each of these employees. The exchange of experiences at the International Policy Dialogue held in March 2008 further reinforced the importance of a tool that facilitates thinking about activities in a shared manner.

The institutionalisation of the results obtained and their application over the medium- and long-term are ensured by the fact that the studies and strategic planning have contributed to the structuring of the city's policy on the subject, as outlined in the Municipal Housing Plan.

There is still much room for improvement, however. The information system needs to be consolidated as a resource for management to be used not only by members of the SEHAB team, but also by other departments and secretariats of the city government and at other levels of government. This consolidation will necessarily involve a systematic evaluation of these tools in order to make course corrections.

The HABISP system should be expanded to include control of housing production in all its phases – from technical or economic feasibility studies, identification of alternative kinds of assistance, and preparation of budgets and projects to the actual construction and systematic appropriation of costs.

In this way, the dissemination of this set of data via the Internet will permit society as a whole to monitor the actions and make a final assessment of the assistance provided, making HABISP a fundamental tool for democratic management of the city's housing policy.

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