

The experience of Consortium Urban Operation in São Paulo



WHO WINS AND WHO LOSES?

Eduardo Alberto Cusce Nobre

Abstract

This chapter analyzes the São Paulo experience in implementing the Consortium Urban Operations. Besides, it identifies the social strata that benefited most from this experience. To this end, it was carried out a implementation review from the conception to practice experiences according to each urban operation implemented in the city. Subsequently, the operations' impacts were evaluated based on the funds raised and spent by type of work to understand which social strata benefited the most from this tool.

Keywords

Consortium Urban Operation, public-private partnerships, socio-spatial impacts, São Paulo.

PREVIOUSLY CONSORTIATED URBAN OPERATIONS

The planning tool known as Consortium Urban Operation is closely associated with the principle of *Solo Criado*, which comes from a series of studies carried out by the São Paulo Metropolitan Planning Company (Portuguese: *Empresa Paulista de Planejamento Metropolitano S.A.*) (EMPLASA) in 1976. EMPLASA supported the execution of Consortium Urban Operations in order to follow the urban guidelines addressed by São Paulo Metropolitan Area Report – Diagnosis 75 [*Relatório Região Metropolitana de São Paulo – Diagnóstico 75*]. The intention was to provide Urban Operations “a more effective role in the urbanization process, acting more decisively and innovatively, that is, assuming responsibilities as **an urban development agent**” (EMPLASA, 1976, p. 2, underline in the original text).

The international influence in conceptualizing Consortium Urban Operations, mainly influenced by the French *Zones d’Aménagement Concertée* (ZAC), can be seen in the following quote:

The experience of England, Germany, the U.S. and, **particularly, France** has shown that public authorities can intervene locally in areas considered strategic for urban development, and, even more, obtain economic benefits arising from the **added value generated by it**, in addition to satisfactory social and technical results, which makes it possible to subsidize public facilities and low-income housing (EMPLASA, 1976, p. 3, bold ours).

Later, the concept appeared again in similar studies carried out by the São Paulo Municipal Planning Secretariat (Portuguese: *Secretaria Municipal de Planejamento de São Paulo*) (SEMPLA) during mayor Mário Covas’ office (1983-1985). A dossier published back then defined *urban operations* as “integrated sets of

urban interventions executed in certain areas of the city under the Public Power's coordination as a way to address outputs that can achieve the Master Plan goals." Urban Operations were also taken as an innovative, feasible land-use tool for inducing social housing, providing urban infrastructure and communal facilities having the private sector a partner (SÃO PAULO, 1985 apud MONTANDON, 2009, p. 15).

Later, Urban Operations appeared again on the São Paulo Master Plan 1985/2000 proposal, under the same conception (SÃO PAULO, 1985b). Due to the Public Power's limitations in driving urbanization facilities given the 1980s recession, the strategy addressed was to institute a Public-Private Partnership (PPP) to minimize public spending. Thus, it would help to enable social housing and communal facilities and accelerate urban transformations according to the Master Plan guidelines.

The proposal of 1985-2000 defined 35 urban operations to take place in the following neighborhoods: São Miguel, São Matheus, Vila Matilde, Vila Maria, Campo de Marte, Centro, Santo Amaro, Pinheiros, Barra Funda, Vila Nova Cachoeirinha, Paraisópolis, and Campo Limpo. On November 27, 1985, mayor Mário Covas sent the draft bill to the São Paulo City Council. One of the leading innovations he added into the draft was "the recover of land gains generated from public investments by the municipality" (SÃO PAULO, 1985c, p. 5).

Nevertheless, following mayor Jânio Quadros (1986-1988) took the bill out of the City Council before voting it. In turn, Quadros prepared another draft accordingly with his administration's principles and sent it out into vote. Finally, the city Council signed Janio Quadro's draft into

the Municipal Law 10,676/1988 (SÃO PAULO, 1988). In this latter one, Quadros lessened the importance of urban operation by putting the Interconnected Operations at the center of the land value capture planning tools.

This last tool was implemented after mayor Jânio Quadros requested Planning Secretary Marco Antônio Mastrobuono to find a solution to solve the city's favelas. In the contract signed between the City with the World Bank for financing *Programa de Canalização de Córregos, Implantação de Vias e Recuperação Ambiental e Social de Fundos de Vale* (PROCAV)¹, the administration committed itself to provide a housing solution to the slum dwellers to be evicted by the works (AZEVEDO NETO, 1994; NOBRE, 2019).

Mastrobuono defended that each landowner who provided housing for former squatters could earn a “prize” that, in turn, would mitigate their financial expenditures. In addition, such compensation granted by the municipality would guarantee profit for the landowners from upcoming projects supposed to take place in the “emptied” lands.

In 1986, the Municipal Law 10,209/1986 was enacted. Known as the FavelaRemoval Law (Portuguese: *Lei do Desfavelamento*) and also as the Interconnected Operation Law, afterwards revised by the Municipal Law 11,773/1995 (SÃO PAULO, 1995b). Thus, it'd become possible to modify the Floor Area Ratio (FAR) and land use characteristics of the areas occupied by favelas in exchange for the construction of low-income housing units, instituting the concept of *Solo Criado* for the first time.

1. NT: PROCAV was a program aimed at stream channeling, roads implementation, and social & environmental recovery of flood plain areas.

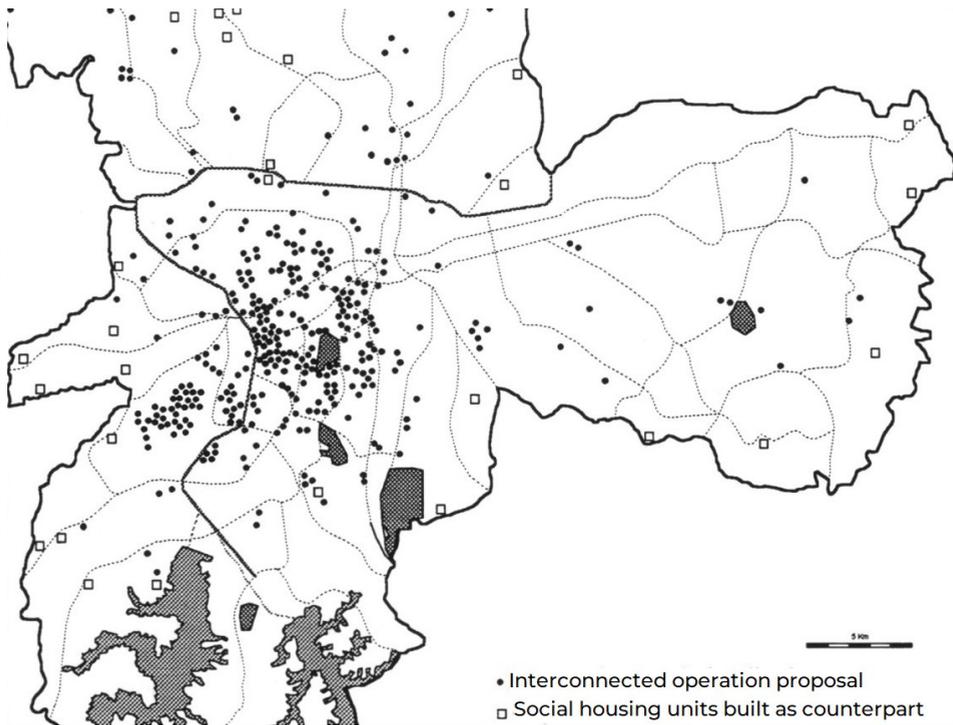
Interconnected Operations aimed to modify land use parameters, clear off favelas, and relocate the evicted population in newly built housing units. The increased FAR would occur in exchange for the landowner paying a counterpart to the city administration in cash or providing social housing works. Then, the interested party had to submit a project with an economic feasibility study and favela registration attached to be assessed by the Zoning Commission under the SEMPLA supervision.

Interconnected Operations lasted from 1986 until 1998. This latter year, the State Public Prosecutor's Office filed a Direct Action of Unconstitutionality (Portuguese: *Ação Direta de Inconstitucionalidade* – ADIN) in the State Court of Justice against them. They argued that Interconnected Operations granted the prerogative to the Executive Power to change the zoning, which was inherent to the Legislative Power. As a result, Interconnected Operations were deemed unconstitutional and finally backed out of urban planning's tools in 2000.

While Interconnected Operations lasted, the city's administration fundraised approximately US\$ 206 million². However, it delivered only 3,348 housing units, far below the expectation of 11,000 units. In addition, a City Council Parliamentary Inquiry Commission (CPI) found irregularities as the lack of well-defined technical criteria seemed to grant undue concessions to real estate developers.

Scholars also criticized the effect of Interconnected Operations on amplifying the city's socio-spatial segregation (VAN WILDERODE, 1995). As new ventures were developed in the city's most valued sites, social housing units were built in the impoverished outskirts, as shown in Figure 2.1.

2. The original 1998 value was updated through CPI Inflation Calculator. Available at: <https://www.officialdata.org/us/inflation/1998?amount=122498608>. Access: 08/nov/2021



The following office (Luiza Erundina, 1989-1992) took up the original concept of urban operation in a Master Plan draft (SÃO PAULO, 1991a). Despite the fact the Master Plan was not approved, Municipal Law 11,090/1991 (SÃO PAULO, 1991b) enacted the first urban operation - Anhangabaú Urban Operation. This law aimed to preserve the urban historical, cultural, and environmental heritage of São Paulo City Center. It also wished to promote better use of underutilized properties and indicated actions to upgrade public space. However, Anhangabaú's experience failed due to the lack of interest from the real estate market in investing in the city's Historic Center. As said earlier, most of the investors had only eyes for the city's Southwest Quadrant districts redevelopment.

Figure 2.1
Location of
interconnected
operation and
counterpart's
social housing
commitments
 Source: Van
 Wilderode (1995).

Urban Operations became an effective planning tool in 1995 by mayor Paulo Maluf (1993-1996). At that time, Maluf launched the Faria Lima Urban Operation within São Paulo's Southwest Quadrant. Subsequently, Faria Lima turned out to be the first urban operation “to produce effective financial results, that is, to **generate a self-financing environment through charging additional building rights** without burdening municipal budget and finances” (EMURB, 2008, p. 47, bold ours). In 2001, the City Statute ruled at the national level the Urban Operation as a planning tool and renamed it - Consortium Urban Operation. The Statute's Article 32 defines it as:

A consortium urban operation is a set of interventions and actions coordinated by the municipal government, with landowners, dwellers, permanent users, and private investors to achieve urban structural transformations, social and environmental improvements (BRASIL, 2001, art. 32, paragraph 1).

According to the City Statute, a specific municipal law must approve an consortium urban operation based on the master plan guidelines and define its area. The law's determinations allow applying the following measures:

- I. Change the parameters for land subdivision, use, and occupation —besides, alterations to building regulations, considering the environmental impact.
- II. Regularize constructions, retrofits, or expansions carried out disagreement with current legislation
- III. Grant incentives for building and using underused urban buildings, technologies that reduce negative environmental impacts and preserve natural resources.

The specific law approving the consortium urban operation will include the appropriate plan, containing at least:

- I. Definition of the area.
- II. Area basic occupation program.
- III. Economic and social service programs for the population directly affected.
- IV. Goals.
- V. Previous neighborhood impact study.
- VI. Compensation by owners, permanent users, and private investors due to foreseen benefits.
- VII. Planning control with civil society's participation.

The Statute also declares that municipal governments must only apply the funds raised exclusively within the Consortium Urban Operation area.

Municipal Law 13,430/2002 (SÃO PAULO, 2002) passed 2002 São Paulo's Strategic Master Plan (Portuguese: PDE - Plano Diretor Estratégico) under City Statute's requirements. The 2002 PDE ruled its existing operation consortiums and suggested nine new ones within the Metropolitan Structuring Macroarea³, including the following subsectors: Tamanduateí Arch, Tietê Arch, Jurubatuba Arch, and Pinheiros Arch. Despite efforts, they did not pass.

Currently, several cities in Brazil have embraced Consortium Urban Operations as an urban planning tool. According to a National Evaluation and Training Network report for Implementing Participatory Master Plans of the Ministry of Cities (Portuguese: *Rede Nacional*

3. According to the São Paulo's Strategic Master Plan, the Metropolitan Structuring Macroarea "covers areas of the river plains along Tietê, Pinheiros and Tamanduateí rivers articulated with Downtown and extension along the Jacu-Pêssego, Cupecê and Raimundo Pereira de Magalhães avenues and the Anhanguera and Fernão Dias highways. The Metropolitan Structuring Area also counts on a railway system and structural highways that link different municipalities and employment centers. In addition, economic transformation processes and land use patterns are intensively taking place, requiring a balance in the relationship between employment and housing" (SÃO PAULO, 2014, art. 11).

de Avaliação e Capacitação para Implementação dos Planos Diretores Participativos do Ministério das Cidades), in 2011, at least 71% of the Brazilian municipalities run any kind of Consortium Operations (SANTOS JUNIOR; MONTANDON, 2011).

THE EXPERIENCE OF URBAN OPERATIONS IN SÃO PAULO

The concept of urban operation dates back to the 1970s based on the idea of *Solo Criado*, previously tested as a pilot during the Interconnected Operation. The Urban Operation was proposed as an urban development tool based on PPPs - Public Private Partnerships during the late 1980s Brazilian financial crisis.

An specific law to be approved by the majority (three-fifths) of city councillors authorizes each Urban Operation to happen. The authorizing law defines the Urban Operation's perimeter, its respective grant rights, attributes responsibilities to the parties involved, and the operation funding according to the Investment Program.

Counterparts' fundings go to a respective Urban Operation bank account, as having a separate bank account is necessary to avoid intermingling with the public treasury.

As the City Statute declares, the main counterpart is the Certificates of Additional Building Rights (Portuguese: CEPAC – *Certificados de Potencial Adicional de Construção*). CEPAC is a city administration's bond to leverage private money to finance public investment. In return, they represent an economic compensation a developer pays to the city for additional building rights.

CEPACs correspond to a specific square-meter area depending on the additional building area sold inside the UO's perimeter. First, the city administration must issue the amount of CEPAC determined by the law. Then, it can be traded in auction markets as bonds or used to cover up work expenditures and expropriations.

The City of São Paulo has created six urban operations since 1991. In addition, as of 2001, brand-new urban operations came up while some previous ones had gone through revision to comply with the City Statute's principles, namely: Anhangabaú (terminated); Faria Lima; Água Branca; *Centro* (Downtown São Paulo); Água Espraiada; Rio-Verde Jacu (revoked).

Anhangabaú was the first urban operation created by Municipal Law 11,090/1991. The operation's goals were to encourage protecting urban historical, cultural, and environmental heritage, promote better use of unutilized properties and execute a program of works to improve the quality of public space. However, as already mentioned, Anhangabaú Urban Operation was not very successful due to the lack of interest from the real estate market in São Paulo's downtown area.

Faria Lima Consortium Urban Operation (OUCFL)

A Municipal Law 11,732/1995 (SÃO PAULO, 1995a) established the Faria Lima Urban Operation, which took a 650-acre area within the Southwest Quadrant. Faria Lima had broad support from the real estate market for being a high-end, exclusive location⁴. Therefore, from 1995 to 2004, developers could buy building rights even before legal guidance ruled the CEPACs. Later, as

4. NT: The avenue has recently started to be perceived as some sort of "Brazilian Wall Street" due to the many financial institutions headquartered there or on adjacent streets.

Municipal Law 13,769/2004 (SÃO PAULO, 2004a) revised as an consortium urban operation, the only way to acquire additional building rights in Faria Lima would be by CEPACs.

The conception of Faria Lima Urban Operation stems from the 1970's car-driven urban plan intended to widen and length Avenida Brigadeiro Faria Lima's lanes. In addition, the project predicted interconnecting Faria Lima with several other traffic corridors that crossed valuable, busy business districts in São Paulo. The main goal was to restructure the surroundings' road system for prioritizing motorized vehicles:

- Expansion of Avenida Brigadeiro Faria Lima to connect it to Avenida Pedroso de Moraes and Avenida Hélio Pelegrino then further reaching Avenida República do Líbano;
- Construction of two tunnels named Journalist Fernando Vieira de Mello and Max Feffer.
- Expansion of Faria Lima's Road capacity between Rua Funchal and Rua Haroldo Veloso.

In addition to the road works, the following facilities were provided:

- Construction of a rapid transit hub next to railway and metro stations.
- Urban Renewal of Largo da Batata.
- Upgrading of favelas such as Real Parque (provision of 1,252 new social housing units); Coliseu (260); and Panorama (318).
- Construction of a 6.6-km cycle lane running across Faria Lima's traffic island.



Figure 2.2
**Faria Lima
 Urban
 Operation's
 perimeter**

Source: Author's
 elaboration
 from Digital Base
 Quadra Viária⁵.

The stock of additional construction area, planned initially at 1.25 million square meters, was later changed to 2.25 million (Municipal Law 13,769/2004). Thus, out of 2.25 million, 940 thousand were already paid off as 1.31 million were left over.

The Faria Lima Urban Operation fundraised R\$ 2.5 billion from November 1995 to June 2019. This amount is about a 2.1million square meters additional area, or a R\$ 1,154 average value per additional square meter. At that stage, the urban operation had spent R\$ 1.9 billion, as:

- 49% on works and services.
- 17% on social housing.
- 10% on Metro stations Line 4 – Yellow works.

5. Available at:
http://geosampa.prefeitura.sp.gov.br/PaginasPublicas/_SBC.aspx#.
 Accessed on July 13, 2018. Original scale: 1: 5,000.

Água Branca Consortium Urban Operation (OU CAB)

Municipal Law 11,774/1995 (SÃO PAULO, 1995c) established the Água Branca Consortium Urban Operation, covering partially the neighborhoods of Água Branca, Perdizes, and Barra Funda. The region holds a good transportation infrastructure, namely:

- Structural roads & expressways (*Marginal do Rio Tietê*⁶, Av. Francisco Matarazzo, Av. Marquês de São Vicente).
- Rapid transit (rail Lines 7 – Ruby and 8 – Diamond; and metro Line 3 – Red).
- Barra Funda’s Multimodal Transportation Hub.

Água Branca is a former floodplain adjacent to Tietê River that used to be surrounded by industrial sheds. Because of that, Água Branca’s population density is low—25 inhabitants per hectare. Thus, the strategic goal was to stimulate the region’s urban improvement and design conditions to increase its full development potential. The specific objectives were:

- Execute a set of road improvements & restructuring to provide long-distance infrastructure to connect it to the city’s metropolitan area.
- Improve macro and micro drainage systems to reduce flood harm.
- Implement public spaces.
- Implement community facilities.
- Build at least 630 social housing units preferentially addressed to Aldeinha and Sapo favelas dwellers.

6. NT: Marginal Tietê is a section of a highway that runs through São Paulo. The given name comes from the fact that each lane runs along the banks of Tietê River. It is a very important road of São Paulo, connecting the East, North and West portions of the city.



The legal guidance determined a 1.2 million square meter additional building stock in Água Branca: 300,000 for residential uses and 900,000 for non-residential uses. As of June 2019, 812,000 square meters were paid off, 300,000 from the residential store, and 512,000 from the latter. Thus, the collection amount was R\$ 545 million, at the average cost of R\$ 671 per additional built square meter.

The main works were connecting Francisco Matarazzo and Auro Soares de Moura Andrade avenues; creating Fábrica dos Sonhos (a Carnival costume-based factory); providing social housing units; and completing drainage works for the Água Preta stream.

In 2013, Municipal Law 15,893/2013 modified the previous regulatory framework to align it with the City Statute's parameters on issuing CEPACs as compulsory for

Figure 2.3
Água Branca
Urban
operation's
perimeter

Source: Author's elaboration from 2001 Orthophoto⁷.

7. Available at: http://geosampa.prefeitura.sp.gov.br/PaginasPublicas/_SBC.aspx#. Access at July 13, 2018. Original scale - 1:25,000.

additional building rights. Furthermore, the legislation also followed the Strategic Master Plan's guidelines by presenting an urban plan establishing improvements regarding mobility, green area systems, road capacity & transport infrastructure assessment.

The so-newly revised legislation included 1.85 million additional square meters – 1.35 million for residential and 500,000 for non-residential. The first CEPAC auction occurred on December 24, 2014, but unsatisfactorily had very few interested parties. The city administration sold out only 58,000 for R\$ 9.3 million out of the 750,000 CEPACs put up for sale. The 2014 economic crisis⁸ explains partially why the first Água Branca auction failed.

City Center Urban Operation (OUC)

Municipal Law 12,349 (SÃO PAULO, 1997) established the City Center Urban Operation in 1997, embracing the so-called *Centro Velho* [Old Center] (Sé District) and *Centro Novo* [New Center] (República District). The operation also took over part of São Paulo historic districts such as Glicério, Brás, Bela Vista, Vila Buarque, and Santa Ifigênia – a 663-hectare area.

The operation's goals were promoting urban redevelopment by encouraging real estate investments in the Center through financial compensations. Firstly, an assessment investigated all the issues and weaknesses the area had gone through over time to define goals and outcomes. The law defined parameters for urban redevelopment, regularization of informal real estate units, renovation and retrofitting of old buildings.

8. Besides the fact that real estate developers had shown more interest in other city's areas where the cost of building rights was lower than the CEPAC unit value.

In addition, the operation also offered extra benefits to attract new residents, hotel chains, garage buildings, recreational and cultural centers. Finally, as a strategy, legislation allowed using the highest FAR in the city, up to 12 times the plot area.

The City Center also offered special conditions for transferring development rights of landmark properties. They could transfer 100% of the difference between the actual FAR and the FAR 12 with a FAR below 7.5; 60% of the FAR between 7.5 and 12; 40% of FAR between 12 and 15; and 20% of FAR when above 15.

Figure 2.4
Centro Urban
Operation's
perimeter

Source: Author's
elaboration from
Ortofoto (2001)⁹.



9. Available at:
http://geosampa.prefeitura.sp.gov.br/PaginasPublicas/_SBC.aspx#.
Accessed on: July 13, 2018. Original scale: 1:25,000.

Despite all the incentives granted for the operation to succeed, only 23 proposals out of 134 passed over 22 years. Five of them were for buying building rights, five for buying the transfer of development rights, and 14 were exceptions for the regularization of informal properties. It may explain the low financial return it had, fundraising only R\$ 33 million. Part of the funds raised was settled in:

- Public space rehabilitation projects – renovation of the *praças* Patriarca, Dom José Gaspar, Roosevelt, Sé and Parque Dom Pedro.
- Expropriation and remodeling works on Praça das Artes and Vila Itororó.
- Sampaio Moreira Tower restoration (the new Municipal Secretariat of Culture headquarters).

Água Espraiada Consortium Urban Operation (OUCAE)

Municipal Law 13,260/2001 created the Água Espraiada Urban Operation (SÃO PAULO, 2001) and Municipal Law 15,416/2011 (SÃO PAULO, 2011) revised it ten years later. Thus, Água Espraiada is the first urban operation passed after the 2001 City Statute, which transformed it into a “Consortium” to provide extensive use of the federal law benefits. Its main guideline was to revitalize the region’s surroundings, delivering road system, public transport, social housing improvements, and public spaces for recreational uses.

The structural road project along Água Espraiada stream dates back to the 1960s. During the 1970s, the Department of Roads and Highways (DER) expropriated the area and began road works without finishing it, though. Numerous favelas sprawled along the stream

once the road works did not seem to finish off in a short-term period. In mid-1995, however, the city administration decided to complete the road works. For that, they have eradicated 28 of the 68 favelas sprouted over time and evicted approximately 20,000 people. Thus, such a policy supported enhancing further the area, which already had high-end commercial developments.

Municipal Law 13,260/2001 established the urban guidelines for the current Avenida Jornalista Roberto Marinho's influence area. It connects Avenida das Nações Unidas (Marginal Pinheiros) to Imigrantes Expressway (Rodovia dos Imigrantes), covering 1,373.32-hectare area. The main interventions provided were (SÃO PAULO, 2001):

- Extension of Avenida Jornalista Roberto Marinho to Rodovia dos Imigrantes (approximately 4.5 kilometers);
- Opening of side roads from Avenida Engenheiro Luís Carlos Berrini to Avenida Washington Luís.
- Construction of two bridges over the Pinheiros River, connecting Marginal Pinheiros to Avenida Jornalista Roberto Marinho.
- Construction of traffic underpasses at the main road intersections.
- Construction of pedestrian overpasses.
- Construction of 8,500 social housing units to shelter former favelas' residents.

The estimated value of the interventions at the time was R\$ 1.1 billion. City Hall expected that the sale of CEPACs would afford most of the works. The initial projection was to issue 3.75 million CEPACs, reaching

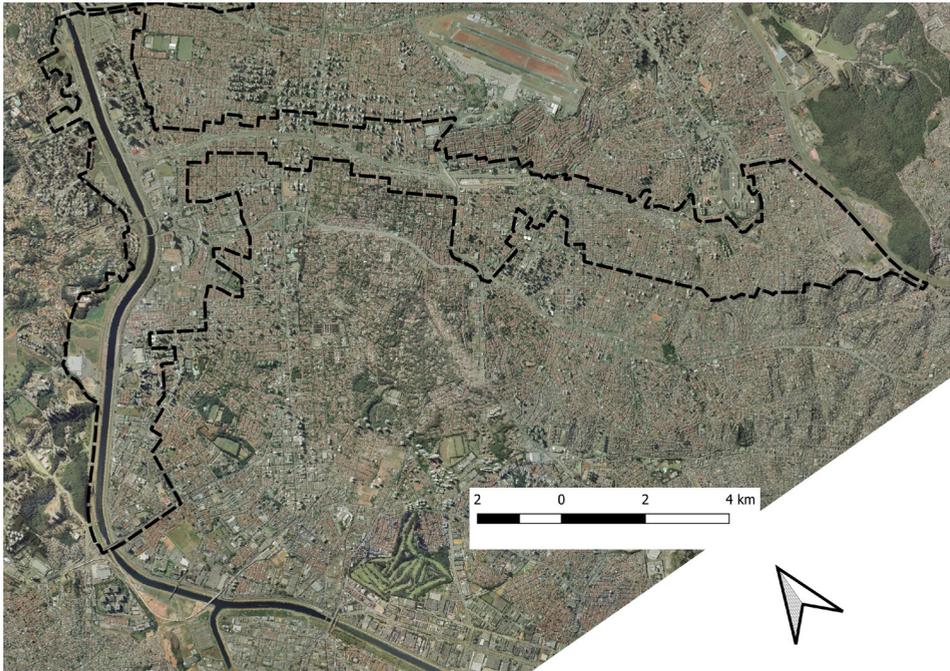


Figure 2.5
Água Espraiada's perimeter
 Source: São Paulo (2001).

an additional building area of 4.85 million square meters at a minimum initial cost of R\$ 300.00 for 15 years. CEPAC's minimum cost was set based on the highest value it could assume to keep the enterprise competitive in the market. The text of Municipal Law 15,416/2011, which aimed to review the urban operation, added another package of works to be financed with the new auctions:

- Opening of a two-side lane along the Água Espraiada stream, from -Lino de Moraes Leme Avenue to the surroundings of Leno Street, consisting of a parkway.
- Opening of a two-side lane from Eng. Luís Carlos Berrini to Washington Luís avenues, along the stretch of Av. Água Espraiada Avenue (currently known as Jornalista Roberto Marinho Av.).

- Construction of traffic underpasses at main intersections;
- Construction of an underground expressway linking up the current Jornalista Roberto Marinho Av. to Imigrantes Expressway, from the surroundings of Pedro Bueno Av.
- Creation of a park between local roads, aiming at environmental protection.
- Extension of Dr. Chucri Zaidan Av. reaching Paz Street.
- Widening of several streets.
- Execution of a tunnel passing below José Guerra Street, in the stretch between Antônio das Chagas and Dr. Aramis Ataíde streets
- Construction of a bridge between Morumbi and João Dias overpasses and its road connection to Dr. Chucri Zaidan Av.

The consortium urban operation in Água Espraiada region was the most remarkable market success story among all urban operations in São Paulo. From 2001 to 2019, it raised R\$ 2.9 billion in CEPAC auctions, consuming 3.3 million square meters at a value of R\$ 885 per square meter. Regarding expenditures, 37% were settled in road works (mostly for cars), 32% for land expropriation, 14% for social housing construction and 10% for public transport facilities.

ANALYSIS OF THE URBAN OPERATIONS' PERFORMANCE

When analyzing the implementation of urban operations in São Paulo, most were carried out in areas that host the city's highest-income population, mainly within the Southwest Quadrant.

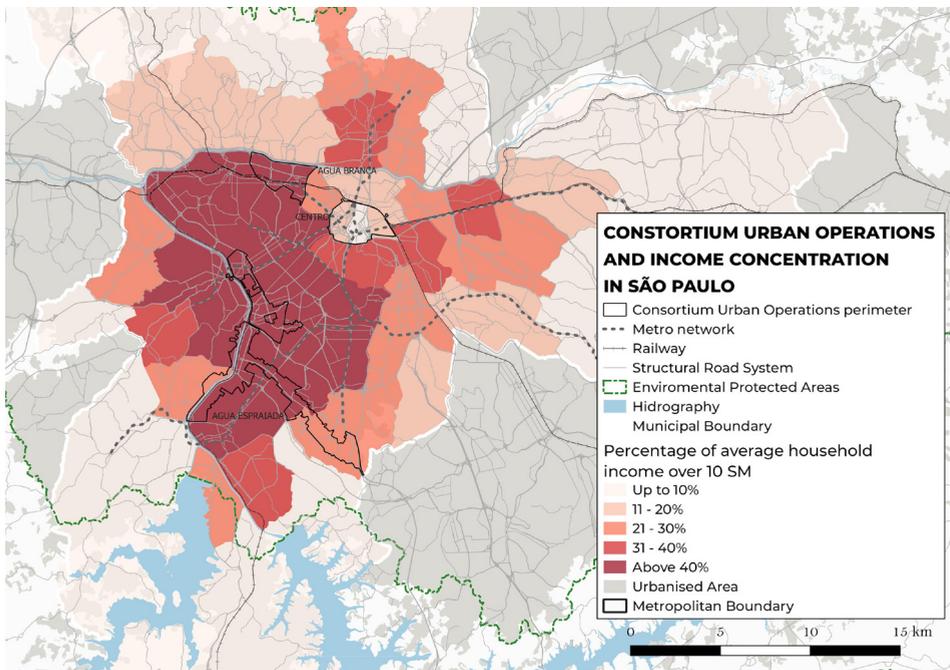
Figure 2.6 shows that out of the four urban operations in São Paulo still in force, three (Água Branca, Água Espreiada, and Faria Lima) were in neighborhoods where more than 40% of the households had an average income above ten minimum wages in 2010. Furthermore, it is worth noting that two of them (Água Espreiada and Faria Lima) are within the Southwest Quadrant. On the other hand, only the City Center Urban Operation took place in the Sé, República, and Brás districts, which had up to 20% of their households with this average income above ten minimum wages in 2010.

Therefore, the funds raised and reinvested concentrated in only two locations: Água Espreiada and Faria Lima, not coincidentally within the city's highest-income neighborhoods.

Figure 2.6
Urban Operations and high-income neighborhoods in São Paulo

Source: Author's elaboration based on IBGE data on District Digital Base¹⁰.

10. Available at http://geosampa.prefeitura.sp.gov.br/PaginasPublicas/_SBC.aspx#. Accessed on July 13, 2018. Original scale: 1:5,000.



	Água Branca	Down-town	Água Espraiada	Faria Lima	TOTAL	%
INPUTS	R\$ 922.83	R\$ 66.29	R\$ 3,195.99	R\$ 2,472.08	R\$ 7,377.18	101%
CEPAC Auction	-	-	R\$ 2,891.28	R\$ 1,313.10	R\$ 4,204.38	57%
Additional Building Rights Grantt	R\$ 544.90	R\$ 33.44	-	R\$ 465.32	R\$ 1,043.66	14%
Net Income	R\$ 377.06	R\$ 36.19	R\$ 1,013.18	R\$ 581.29	R\$ 2,007.72	27%
CEPAC – Private Placement	-	-	R\$ 55.03	R\$ 140.97	R\$ 196.00	3%
Transfer of Development Rights	-	R\$ 0.12	R\$ 0.00	R\$ 0.00	R\$ 0.00	
Other Inputs	R\$ 0.87	-	R\$ 0.00	R\$ 18.01	R\$ 18.87	0%
Outputs	R\$ 0.00	R\$ 3.34	R\$ 43.50	R\$ 46.61	R\$ 0.00	
PERCENTAGE	13%	1%	53%	34%	100%	

According to SP Urbanismo (responsible for managing urban operations), 87% of the R\$ 7.4 billion collected came from the two most successful urban operations: 53% from Água Espraiada and 34% from Faria Lima.

Comparatively, as Água Branca collected 13% of the total funds raised, City Center raised only 1%. It highlights that the real estate market's interest will determine whether an urban operation will succeed. In other words, despite offering the most prominent exception to the maximum FAR among the other urban operations (reaching up to 12 times the lot area, as the previous section showed), the City Center was the only urban operation that collected the least amount of resources. Such data do not reflect the brand-new real estate's interest in investing in the area, though.

On the other hand, 57% of the total funds raised from the real estate market in current operations came from CEPACs, thus demonstrating to be an efficient fundraising tool. Furthermore, urban operations usually take place in regions that hold the most expensive high-rise building releases. Such regions represented 24% and 49% of the total residential and commercial buildings delivered in the entire city.

Table 2.1
Resources obtained by type of inputs (R\$ million)

Source: Author's elaboration from SP Urbanismo data (2019)¹¹.

11. Data available at: https://www.prefeitura.sp.gov.br/cidade/secretarias/urbanismo/sp_urbanismo/operacoes_urbanas/index.php?p=19525. Accessed on 10 August, 2020.

Vila Andrade and Itaim stood out for sequentially concentrating 7% (residential) and 20% (commercial) releases, both districts located in Água Espraiada and Faria Lima urban operations. Nevertheless, as mentioned above, City Center (central districts such as Sé, República, and Brás) did not depict it as a meaningful urban fundraising operation.

The additional square meters acquired in all urban operations analyzed (6.3 million square meters) is approximately 22% of the high-rise residential projects launched within the related districts.

FINAL CONSIDERATIONS

Comparing the total raised by urban operations between 1995 and 2019 and the total raised through charging the Addition Building Rights Levy elsewhere since 2002, the first ones collected approximately two and a half times more for equivalent additional areas than the second. While the latter raised R\$ 3.4 billion for additional 6.9 million square meters (at an average value of R\$ 492 per square meter), urban operations collected R\$ 7.4 billion for 6.3 million square meters (at an average value of R\$ 1,174 per square meter).

So, the City Hall had R\$ 7.4 billion to spend on only 3% of the city's urbanized area (the sum of all urban operations areas - 3,143 hectares) and R\$ 3.4 billion to spend on the remaining 97%.

Thus, the city's administration had seventy times more resources for each square meter of an urban operation area than for each square meter in the rest of the city. It demonstrates the tremendous impact of concentrating resources territorially in the city's wealthiest areas,

strengthening socio-environmental disparities. Besides not fulfilling Strategic Master Plan guidelines, the tool proves to be built on extreme fiscal regressiveness.

Considering the investments done inside the urban operations, it stressed the exclusionary aspect of São Paulo planning in two aspects, as shown in the table below. First, by privileging the heavy civil construction sector and the car-motorized elite. For example, R\$ 1.9 billion collected from urban operations was spent providing all road works such as overpasses, tunnels, and extensions of avenues, which corresponds to 26% of the total expenses.

The second aspect is transferring a great amount of public resources to landowners through expropriation, accounting for no less than 25% of total expenditures. Then, the “vicious cycle” remains, once public authorities must spend more and more money on expropriations to carry out improvement works.

Public transport works, especially the Faria Lima Metro Station (Line 4 – Yellow), have led to gentrifying places originally rooted in popular shopping. At Largo da Batata, a large-scale urban renewal project removed intercity bus lines stops, taking commuting transit off and transforming the region into a more attractive to the real estate capital.

Finally, spending on social housing and public transport accounted for only 24% of the total investment in all urban operations. But, in Faria Lima’s and Água Espraiada’s experiences, the construction of new social housing units after favelas’ eradication did not happen the same pace as evictions occurred. As a result, more

OUTPUTS	Água Branca	Down-town	Água Espraiada	Faria Lima	TOTAL	%
Works & Services	R\$ 235	R\$ 26	R\$ 1,409	R\$ 941	R\$ 2,611	43%
Land expropriation	R\$ 14	R\$ 4	R\$ 1,194	R\$ 319	R\$ 1,532	24%
Social Housing	-	-	R\$ 517	R\$ 330	R\$ 848	14%
Public Transport	-	-	R\$ 390	R\$ 200	R\$ 590	10%
Overhead	R\$ 40	R\$ 4	R\$ 217	R\$ 108	R\$ 369	7%
Other	-	-	R\$ 36	R\$ 11	R\$ 46	1%
TOTAL	R\$ 289	R\$ 35	R\$ 3,763	R\$ 1,909	R\$ 5,995	
PERCENTAGE	5%	1%	63%	32%	100%	

than half of the poor original population became homeless since the number of housing units provided was lower than it must have been. Besides, increase in properties' value also made it difficult for low-income families to remain living in the surroundings.

In this respect, the works did not meet the community's interests, which preferred favelas upgrading rather than urban renewal (HIRATA, 2015). But, on the other hand, it must be said that the operation's works were coherent with the strategy put in practice to boost both public and private capital investments.

Thus, directly or indirectly, Consortium Urban Operations have increased socio-spatial segregation in São Paulo by eradication and promoting land value increase. So, consistently, more and more resources were transferred and captured by the landowners, as already mentioned. The lack of a broader social assistance program makes Consortium Urban Operations a planning tool that displaces the low-income population.

Table 2.2 Urban Operations' expenditures split by type of work – R\$ million

Source: Eduardo Nobre's elaboration from SP Urbanismo data (2019).

REFERENCES

AZEVEDO NETTO, D. T. **O Jogo das Interligadas: uma política pública em avaliação: a Lei nº 10.209/86 do Município de São Paulo 1986-1993.** 1994. Dissertação (Mestrado em Administração Pública) – Escola de Administração do Estado de São Paulo, Fundação Getulio Vargas, São Paulo, 1994

BRASIL. Lei nº 10.257, de 10 de julho de 2001. Regulamenta os arts. 182 e 183 da Constituição Federal, estabelece diretrizes gerais da política urbana e dá outras providências. **Diário Oficial da União**, Brasília, DF, 11 jul. 2001. 1-5

EMPLASA. Empresa Paulista de Planejamento Metropolitano. **Programa de Operações Urbanas na Região Metropolitana de São Paulo e papel da Emplasa.** São Paulo: Secretaria de Negócios Metropolitanos: Emplasa, 1976

EMURB. Empresa Municipal de Urbanização. **Prospecto de Registo da Operação Urbana Consorciada Água Espraiada.** São Paulo: Emurb, 2008

HIRATA, T. No Real Parque, novos prédios dividem espaço com Cohab. **Folha de S. Paulo**, São Paulo, 20 set. 2015. Especial Morar 10

MONTANDON, D. T. **Operações urbanas em São Paulo: da negociação financeira ao compartilhamento equitativo de custos e benefícios.** 2009. Dissertação (Mestrado em Arquitetura e Urbanismo) – Faculdade de Arquitetura e Urbanismo, Universidade de São Paulo, São Paulo. 2009

NOBRE, E. A. C. Quem ganha e quem perde com os Grandes Projetos Urbanos? Avaliação da Operação Urbana Consorciada Água Espraiada em São Paulo. **Cadernos Ippur**, Rio de Janeiro, v. 23, p. 203-219, 2009

NOBRE, E. A. C. **Do Plano Diretor às Operações Urbanas Consorciadas: a ascensão do discurso neoliberal e dos grandes projetos urbanos no planejamento paulistano.** São Paulo: Annablume, 2019

SANTOS JUNIOR, O. A.; MONTANDON, D. T. **Os planos diretores municipais pós-estatuto da cidade: balanço crítico e perspectivas.** Rio de Janeiro: Letra Capital: Observatório das Cidades: Ippur/UFRJ, 2011

SÃO PAULO (Cidade). **Dossiê Operações Urbanas.** São Paulo: Secretaria Municipal de Planejamento, 1985a.

SÃO PAULO (Cidade). **Plano Diretor do Município de São Paulo 1985/2000**. São Paulo: Secretaria Municipal de Planejamento, 1985b

SÃO PAULO (Cidade). Projeto de Lei nº 254/1985. Dispõe sobre a instituição do Plano Diretor do Município de São Paulo, revogando parcialmente o Plano Diretor de Desenvolvimento Integrado – PDDI, consubstanciado na Lei 7.688, de 30 de dezembro de 1971, e dá outras providências. **Câmara Municipal de São Paulo**: Projetos apresentados (desde 1948): Pesquisa de projetos, 1985c. Disponível em: <http://documentacao.camara.sp.gov.br/iah/fulltext/projeto/PL0254-1985.pdf>. Acesso em: 26 mar. 2018

SÃO PAULO (Cidade). Lei nº 10.209, de 9 de dezembro de 1986. Dispõe sobre a construção de habitações de interesse social para moradores de habitação subnormal, concede incentivos e dá outras providências. **Diário Oficial do Município de São Paulo**, São Paulo, 10 dez. 1986. 1

SÃO PAULO (Cidade). Lei nº 10.676, de 7 de novembro de 1988. Aprova o Plano Diretor, institui o sistema de planejamento do Município de São Paulo e dá outras providências. **Diário Oficial do Município de São Paulo**, São Paulo, 8 nov. 1988. 5-16

SÃO PAULO (Cidade). Projeto de Lei nº 02/1991. Aprova o Plano Diretor, institui o Sistema de Planejamento do Município de São Paulo e dá outras providências. **Câmara Municipal de São Paulo**: Projetos apresentados (desde 1948): Pesquisa de projetos, 1991a. Disponível em: <http://documentacao.saopaulo.sp.leg.br/iah/fulltext/projeto/PL0002-1991.pdf>. Acesso em: 1º jun. 2018

SÃO PAULO (Cidade). Lei nº 11.090, de 16 de setembro de 1991. Estabelece programa de melhorias para a área de influência imediata do Vale do Anhangabaú, cria incentivos e formas para sua implantação, e dá outras providências. **Diário Oficial do Município de São Paulo**, São Paulo, 17 set. 1991b. 1-2

SÃO PAULO (Cidade). Lei nº 11.732, de 14 de março de 1995. Estabelece programa de melhorias p/ área de influência definida em função da interligação da Av. Brig. Faria Lima c/ Av. Pedroso de Moraes e c/ Av. Pres. Juscelino Kubitschek, Hélio Pellegrino, dos Bandeirantes. **Diário Oficial do Município de São Paulo**, São Paulo, 15 mar. 1995a. 1-3

SÃO PAULO (Cidade). Lei nº 11.773, de 18 de maio de 1995. Dispõe sobre o Programa “Direito à Moradia”, visando à obtenção de recursos para a construção da residência destino dos moradores de habitação subnormal. **Diário Oficial do Município de São Paulo**, São Paulo, 18 maio 1995b. 1

SÃO PAULO (Cidade). Lei nº 11.774, de 18 de maio de 1995. Estabelece diretrizes e mecanismos para a implantação da operação urbana Água Branca, define programa de melhorias, previsto para a área objeto da operação, e dá outras providências. **Diário Oficial do Município de São Paulo**, São Paulo, 19 maio 1995c. 2

SÃO PAULO (Cidade). Lei nº 12.349, de 6 de junho de 1997. Estabelece programa de melhorias para a área central da cidade, cria incentivos e formas para a sua implantação, e dá outras providências. **Diário Oficial do Município de São Paulo**, São Paulo, 7 jun. 1997. 1-2

SÃO PAULO (Cidade). Lei nº 13.260, de 28 de dezembro de 2001. Estabelece diretrizes urbanísticas p/ área de influência da atual Avenida Água Espraiada, interligação entre Avenida Nações Unidas e Rodovia dos Imigrantes, cria incentivos p/ meio instrumentos urbanísticos. **Diário Oficial do Município de São Paulo**, São Paulo, 29 dez. 2001. 2-5

SÃO PAULO (Cidade). Lei nº 13.430, de 13 de setembro de 2002. Institui o Plano Diretor Estratégico do Município de São Paulo e dá outras providências. **Diário Oficial do Município de São Paulo**, São Paulo, 14 set. 2002. 1-13

SÃO PAULO (Cidade). Lei nº 13.769, de 26 de janeiro de 2004. Aprova Operação Urbana Consorciada da Faria Lima – sistema viário interligando com Av. Pedroso de Moraes, Juscelino Kubitschek, Hélio Pellegrino, etc. **Diário Oficial do Município de São Paulo**, São Paulo, 27 jan. 2004. 4

SÃO PAULO (Cidade). Lei nº 15.416, de 22 de julho de 2011. Altera os arts. 3º, 22, 25 e 28 da Lei nº 13.260, de 28 de dezembro de 2001, que aprovou a Operação Urbana Consorciada Água Espraiada. **Diário Oficial da Cidade de São Paulo**, São Paulo, 23 jul. 2011. 12-13

SÃO PAULO (Cidade). Lei nº 15.893, de 7 de novembro de 2013. Estabelece novas diretrizes gerais, específicas e mecanismos para a implantação da Operação Urbana Consorciada Água Branca e define programa de intervenções para a área da Operação; revoga a Lei nº 11.774/1995. **Diário Oficial da Cidade de São Paulo**, São Paulo, 11 nov. 2013. 3-10

SÃO PAULO (Cidade). Lei nº 16.050, de 31 de julho de 2014. Aprova a Política de Desenvolvimento Urbano e o Plano Diretor Estratégico do Município de São Paulo e revoga a Lei nº 13.430/2002. **Diário Oficial da Cidade de São Paulo**, São Paulo, 1º ago. 2014. Suplemento, 1-352

SÃO PAULO (Cidade). **GeoSampa - Mapa Digital da Cidade de São Paulo**. 2015. Disponível em: http://geosampa.prefeitura.sp.gov.br/PaginasPublicas/_SBC.aspx#. Acesso em: 13 jul. 2018

SP URBANISMO. Operações Urbanas. **SP Urbanismo**, 2014. Disponível em: http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/index.php. Acesso em: 20 out. 2014

SP URBANISMO. **Caderno da Operação Urbana Centro**. São Paulo: SP Urbanismo, 2016a. Disponível em: https://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/arquivos/OUCEN_caderno_GESTAOURBANA.pdf. Acesso em 1º maio 2018

SP URBANISMO. **Caderno da Operação Urbana Água Branca**. São Paulo: SP Urbanismo, 2016b. Disponível em: https://gestaourbana.prefeitura.sp.gov.br/wp-content/uploads/2016/12/OUCAB_caderno_GEST%C3%83O-URBANA.pdf. Acesso em: 1º maio 2018

SP URBANISMO. **Caderno da Operação Urbana Consorciada Água Espraiada**. São Paulo: SP Urbanismo, 2016c. Disponível em: https://gestaourbana.prefeitura.sp.gov.br/wp-content/uploads/2016/12/OUCAE_caderno_GESTAOURBANA.pdf. Acesso em: 1º maio 2018

SP URBANISMO. **Caderno da Operação Urbana Consorciada Faria Lima**. São Paulo: SP Urbanismo, 2016d. Disponível em: https://gestaourbana.prefeitura.sp.gov.br/wp-content/uploads/2016/12/OUCFL_caderno_GESTAO-URBANA.pdf. Acesso em: 1º maio 2018

VAN WILDERODE, D. J. **Desregulamentação urbana: as operações interligadas**. 1995. Dissertação (Mestrado em Arquitetura e Urbanismo) – Faculdade de Arquitetura e Urbanismo, Universidade de São Paulo, São Paulo. 1995