

Inner City Revitalisation in Latin America: can we integrate economic development approaches and social inclusion policies?

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The recapture of the inner city as a vital place to live and work is becoming an integral part of urban policies in many Latin American cities. From 'forgotten place' to a 'place of opportunities' a lot has changed in the mind of policy makers. New paradigms are being forged and lessons learned from European and North American cities are being introduced. It is now widely accepted that the inner city core has a series of comparative advantages holding strong cultural identity and values and enormous potential for economic development. This is more evident in those cities where harbour areas and historical sites are being subject to urban restructuring and redevelopment initiatives to face the problems of urban and economic decay. However the way to move forward to Inner City revitalisation as well as the motivations and instruments at hand vary from country to country. There are a number of common problems already identified. Fragmented and complex land ownership hinders land development; the process of depopulation and flight of companies to other centrality create negative growth scenario's and urban desert effects causing serious public safety problems; obsolete legislation often hinders residential developments. Local governments still lack the tradition to work in partnership with civil society, private sector and non-governmental organisations; and on-going processes of social exclusion are creating divided cities and deadlock situations to local governments.

The European and North American experiences give evidences that large scale real estate operations and strong private sector participation go hand in hand with a variety of institutional engineering mechanisms that are all fundamental to propel the revitalisation of inner cities. A new generation of special public interest development agencies was born during the late 1970's and beginning of the 1980's under the motto of urban regeneration. These agencies were created on the basis of public-private partnerships and had very specific mission acting within a clearly defined geographic jurisdiction and backed by specific legislation. Some of the well-known cases are the London Docklands, Glasgow Action Agency, Detroit Economic Growth Corporation and Baltimore's development Agency just to mention a few.

These were some of the issues discussed during a two-week refresher course for Latin America organised by IHS in close co-operation with the Municipalities of São Paulo and Rio de Janeiro and the IHS Alumni Association of Brazil during the month of December 2002. The course was attended by a large group of enthusiastic and well-experienced IHS alumni from Argentina, Bolivia, Cuba, Colombia, Ecuador, Peru, Uruguay, and from the host country Brazil apart from invited participants from the host municipalities. The course was a mix of training and professional seminar through which each participant had the opportunity to present his/her own experience. The wealth of experiences that was presented provided a rich process of exchange throughout the course reinforcing unequivocally the value-added of a refresher course and the roots that link the IHS participants among themselves. In that respect IHS will make an effort to open a continuous communication through a network via IHS web site which will strengthen the professional debate and exchange of experiences among the Latin American IHS alumni. The programme was co-ordinated by Claudio Acioly and Andre Herzog.

The refresher course had a number of innovative aspects. The first week-module was conducted in São Paulo and the second week in Rio de Janeiro. The host institutions in

these cities, EMURB-Municipal Agency for Urbanisation of São Paulo and IPP-Municipal Institute of Urbanism Pereira Passos of Rio de Janeiro provided an unique opportunity to get acquainted with first hand experiences and on-going policies and projects in the two largest Brazilian cities. Before moving on to Rio the group also spent one day in the municipality of Santo André where the participants could experience the innovative approaches practised by a municipal government of an intermediary city. The course ended with a round-table seminar open to a wider public involving high officials from both cities, IHS staff and IHS alumni providing an in-depth discussion about the dilemmas faced by Brazil's two largest cities to revitalise their inner city core.

There seems to be a consensus about the need to increase residential use in Rio's inner city and according to the municipality it is capable to house up to 300,000 people which are far more than the nearly 35,000 inhabitants who still live in the inner city. For that purpose a series of new legislation has been enacted in order to motivate investors, provide fiscal incentives, consent shift from commercial to residential use and to speed the up process of approvals of new developments. However, the area experiences the highest level of default in property tax – IPTU – from which 90% is commercial but the municipality is willing to go for a negotiable solution that still needs to be politically endorsed. The municipality is currently investing US20 million on the improvement of public space in the inner city.

In the former dock area the situation is changing rapidly with the municipality already disposing of a complete plan to redevelop the entire former port area that is propelled by the Guggenheim Foundation's decision to build a museum in Rio's water front redevelopment area. The Federal Government has already transferred the ownership of large land parcels to the municipality paving the way to start executing the plan. The plan is very ambitious and the municipality is currently analysing the most adequate management and institutional options. A note issued in the local press after the round table organised at the closing of the refresher course informs that the municipality is considering the establishment of a special agency to take the lead in this strategic project.

In São Paulo, the municipality has been already involved with the inner city revitalisation since the beginning of the 1990's when São Paulo's inner city was placed high in the list of priorities of the municipal government. Complex urban operations launched a process of transfer of development rights and private investments in the area. A special working group called ProCentro was created to co-ordinate municipal action and channel public investments in the area. In parallel a NGO called "Viva o Centro" was established in 1992 by major stakeholders e.g. banks, companies, universities, civil society organisations etc... to further lobby for actions and investments that could lead to an integrated revitalisation of the inner city. At present the municipality is establishing an economic development agency to focus on inner city development issues and co-ordinate all public and private investments in the area.

The municipality of São Paulo is seriously concerned with the problems of social exclusion and is working in close negotiation with organised civil society movements to create housing opportunities in the city centre. Public investments in transport facilities as well as in the quality of public spaces goes hand in hand with social inclusion policies that can equally create opportunities for the small scale enterprises, low income families and a population that earn their living from petty jobs situated in the inner city. The challenge is to balance the pressures of real estate market forces with the interests of

the poor. This seems to be one of the difficult equations to resolve. Lessons learned from Europe and North America show that the actual revitalisation and redevelopment of the inner city requires heavy capital investments and real estate operations that are usually targeting upper income groups. In that way the power of purchase and the capacity to spend money in the inner city by the resident population or daily users of the inner city is redressed. Another variable in the equation relates to the figures shown by the municipality depicting straightforwardly that São Paulo's inner city is not only an engine of development of the city but also of its wider metropolitan region. The impact of inner city development at the broader metropolitan scale with its various centralities must be looked at as an important policy element. The urban and economic revitalisation of inner cities needs to be linked to the new city-region paradigm and that is an area that certainly needs further research.