

The Rehabilitation and Retrofitting of Consolidated Self-Built Housing, and the Regeneration of the Innerburbs in Latin America: Towards a Policy Agenda for the Next Decade



A Final Report Prepared by Graduate Students in Dr. Peter Ward's "Housing Practices and Housing Policies in Latin America" 2011 Spring Semester Class.

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Introduction to the Final Report

This report was prepared by graduate students for discussion at the ninth regional research meeting of the Latin American Housing Project: *“The Rehabilitation of Consolidated Irregular Settlements in Latin American Cities: Towards a ‘Third Generation’ of Public Policy Analysis and Development”*. The meeting was held in Austin in early May 2011, and was designed to be the first meeting to specifically explore the policy implications of the nine country (thirteen-city) study that has been underway by Latin American researchers since 2007, and which is anchored at UT-Austin (see www.lahn.utexas.org). The report seeks to provide a platform that will offer members of the LAHN network and other researchers an opportunity and baseline materials with which to think creatively about policy approaches that will promote urban regeneration and housing rehab of now often deteriorated working class *barrios* that were created informally thirty or more years ago.

The UT graduate class began by examining policies and practices (“best” or not) that addressed two levels of housing rehab and redevelopment in three regions of the world: Europe, the USA & Canada, and Latin America itself. The first level was that of specific policies and experiences of housing rehab. However our trawl of the literature found that the principal experiences targeted multi-family housing projects, especially in Europe where these are most commonly found and which were often built in the 1960s-1980s. Occasionally we found uni-family rehab programs, but these were often few and far between and the primary concern appeared to be the threat of “gentrification” of such housing and neighborhoods. However, insights about multifamily (project) rehab policies and approaches did alert us to the need to flesh out our thinking and policy making suggestions for the many social interest housing projects that have been constructed in Latin American cities since the middle 1970s and which, today, rarely feature in housing policy rehab in the inner city rings that they occupy. This report does not focus upon such experiences, but it does wish to highlight them as being important, not least since housing projects of yesteryear are almost entirely neglected, often run-down, and rarely the object of study and policy analysis. Moreover, in many cities today new and often enormous housing projects are being promoted by public and private sector partnerships, often at far remove from the city periphery in peri-urban locations where land costs are lowest. The problem is that these communities are unsustainable, reliant as they are, upon private transportation, long commutes, low(ish) densities, and low opportunities for social capital and community development to take place. In short, they run against the emerging more environmentally conscious notions of urban sustainability.

Therefore this research focuses upon the second level – that of housing rehab and urban revitalization programs in the inner city or, in our case in the areas that formed the first suburbs of post 1950s and 1960s suburbanization. Today these zones form part of the inner urban core or, the area immediately beyond which we call the “innerburbs” (as compared to the “suburbs” and “exurbs”). These intermediate ring areas of the city are zones of transition, but relatively little is known about the nature of the changes that are taking place, nor about the processes driving these changes. Research to date has focused largely upon the handmaidens of housing rehab, gentrification and displacement on the one hand; and upon regeneration and revitalization on the other. Many researchers recognize the downsides of such convergence, and the need to develop policies that will upgrade the physical fabric of homes and communities without dramatic population displacement, maintain socio-economic and cultural diversity, engage citizens and residents in

planning participation and local decision making, and contribute to a style of living that is more sustainable (Fainstein, 2010). For such researchers, building large new estates in exurbia is anathema.

Thus our focus has been to try to figure out what policies and practices exist that can best inform the way in which we begin to think about community renovation and housing rehabilitation in low income communities in Latin American metropolitan areas today. Much of these areas began informally through what was then peripheral land captures and self-help. Now, thirty years on, these areas form part of the intermediate ring of the city and are often in urgent need of urgent of new policy approaches and investment.

Here, too, our examination of practices in the three regions was helpful, especially in helping us to understand the intersection between physical rehab and the ways in which the public and private sectors sought to propitiate rehab and regeneration through financing and regulatory interventions and initiatives. In examining such initiatives we made no attempt to prejudge whether these practices were appropriate or practicable in a Latin American context; instead, the aim was to flush out the range of possibilities and opportunities that we might later consider, and these summaries are the subject of a second “sister” report (“Thinking About (Best) Practices for Housing Rehabilitation and Community Regeneration: Case Studies Drawn from Europe, the USA and Canada, and from Latin America”).

Nor is the current report a recipe for action in Latin American innerburbs: rather it comprises a platform of policies conference participants, LAHN researchers and policy makers may wish to consider as they collectively take the policy agenda forward. We focus on four principal policy arenas: 1) physical policies for housing rehab and community regeneration and redevelopment; 2) the legislative and regulatory environment that will facilitate such programs; 3) the social capital needs for effective engagement and organization in local housing redevelopment; and 4), the fiscal and financial instruments to make the whole thing work.

Each of the following chapters addresses these dimensions and reports were presented at the conference. Each reported was debated and discussed in some depth and the initial commentaries have been incorporated into the text and/or are included as an appendix (e.g. the financial section). It is anticipated that in the coming months LAHN researchers will consider these proposals and policy arenas in the context of their individual cities and countries , in preparation for the roll out of research and policy recommendations later this year (2011).

PHYSICAL REHAB

Introduction

The topic of informality has received increasing attention since Janice Perlman's seminal work in the Rio *favelas* of the 1970s, where Perlman debunked the notion that informal communities were plagued by the marginality central to arguments for dependency theory of the 50s and 60s. As informality has permeated into new branches and across disciplines, particularly since the mid 1990s, it has taken on characteristics such as kinetic (Mehrota, 2010) and tactical (Werthmann, 2009), claiming new status as something from which formality and the formal city might learn (Brillembourg & Klumpner, 2005). The recent entrance of design professionals such as Urban Think Tank of Caracas, MMBB Architects of São Paulo and Chilean architect Alejandro Aravena onto a scene that has been conventionally dominated by social scientists has in many ways rendered the physical dimension of informality and informal settlements "hot" or *favela chic*. Focusing on *as found* (Team X, Alison and Peter Smithson) aberrant geometries, "spontaneity" (Brillembourg & Klumpner, 2005) and a perpetual "in process" (Berenstein, 2001) state, architects who work in informal communities in the context of re-urbanization or slum upgrading projects claim to work *with the grain* of informal communities to create "novo bairros" (Marcelo Ferraz, re Bamburral, email 25 April 2011) within the context of informal settlements. In Brazil, for example, recent financing for rehab supported by the *Programa de Aceleração do Crescimento do Governo Federal*, renders re-urbanization projects and the State as a competitive client for architects.

However, even though the inclusion of high profile architects in recent re-urbanization projects has narrowed a conventional chasm whereby investment in quality architecture has been reserved only for upper classes, these recent efforts are often directed to the re-urbanization of high profile, *crisis areas*: watersheds and other environmentally sensitive zones, steep slopes that have high risks of mudslides, and central locations that are attractive to real estate investment (Fix, 2007). While these "outer ring" zones with higher rates of *movimento* and settlement (Meyer et al., 2004) are critical areas to address, less attention has been paid to "first ring" informal settlements and the corresponding service infrastructures that have grown up along side for close to 30 years now. Unlike an expansive, new project that is implanted and then begins decline, *innerburb* structures have undergone varying levels of deterioration and maintenance that are influenced by political, technical, and social factors. We will focus on the gap that exists between where and how policy and re-urbanization projects are implemented and the actual behavior of the built environment based on new needs and new demographics. For researchers, design professionals, citizens, and builders preoccupied with informality and the relationship between social and environmental stewardship as manifest in the built environment, an opportunity exists to think about policy arenas for physical rehabilitation of neighborhoods that have been around for 30+ years – the so called "innerburbs", the kind of engagements that need to be put in place for the implementation of such arenas, and recommendations for how technical assistance at a household level might be structured.

MATRIX OF POLICIES FOR PHYSICAL REHABILITATION OF INNERBURBS							
SCALE	POLICY APPROACH	CORE INSTRUMENTS/ POLICY ELEMENTS	ACTORS/ SECTORS:	KEY AREAS of SECTOR OVERAP	UPSIDE	DOWNSIDE	NOTES
MICRO	repairs to failing structures	rebuild collapsing walls repair/replace roofs repair cracks in structure	private	building codes, public safety	Enhanced integrity for further rehab projects	expensive	
	improve accessibility	reconstruct staircases add extra doors build alleyways to structures in back	private	public safety, fire and emergency services	increased ease of access; safety in event of fire	may require major redesign of interiors	
	rebuild/upgrade utility connections	rewire electrical interface replace leaking pipes install solar panels install rainwater catchment system heat water in rooftop tanks	mixed	utility companies	increased efficiency Reduction in utility costs	expensive; expertise req'd	depends on climate
	increase climatic comfort	window placement facing away from afternoon sun install louvers/awnings	private	natural resource conservation	blocks heat but allows daylight in	may req. drastic reconstr.	
	reconfigure interior layout	minimize load-bearing walls make floor plan open consolidate utility interface	private		allows for reconfig. easier to repair in future and to add add'l hookups	may req. drastic reconstr.	
	reduce household waste	implement composting establish kitchen gardens	mixed	NGOs	reduces litter Improves nutrition	requires specialized knowledge	
	reduce issues due to overcrowding	additional bathroom facilities	private			expensive; req. spec. knowledge	

MATRIX OF POLICIES FOR PHYSICAL REHABILITATION OF INNERBURBS							
SCALE	POLICY APPROACH	CORE INSTRUMENTS/ POLICY ELEMENTS	ACTORS/ SECTORS:	KEY AREAS of SECTOR OVERAP	UPSIDE	DOWNSIDE	NOTES
MACRO	mitigate water runoff/drainage issues	install bio-swales	public		natural way to control water flow	specialized knowledge	
		[re]build storm water drainage				cost; disruption	
	create/renovate public space	build parks	public				
		establish open-air markets	mixed	business			
		install street furniture	public				
	makeover streets	landscape verges	public	zoning	provide shade and beauty	who will care for the plants?	
		establish street parking		zoning	get cars off of sidewalks	fear of auto thefts	
		repave streets in poor condition			reduce street noise; increase safety	cost; disruption	
	increase accessibility	construct sidewalks	public	zoning / public disability institution	increased pedestrian safety		only when topog. requires
		construct public staircases	public	zoning / public disability institution	can use local labor (as in Lima)		
		improve public transit	mixed	transportation	increased mobility; accessibility		

MATRIX OF POLICIES FOR PHYSICAL REHABILITATION OF INNERBURBS						
SCALE	POLICY APPROACH	CORE INSTRUMENTS/ POLICY ELEMENTS	ACTORS/ SECTORS:	KEY AREAS of SECTOR OVERAP	UPSIDE	DOWNSIDE
MESO	establish community center		mixed	social		
	renovate schools	make accessible for community activities	public		can be used for multiple purposes	
	improve refuse collection	composting	public		improve sanitation	cost; bureaucracy
	promote local businesses	increase accessibilities	mixed	social	money stays in community	
	rehabilitate state-owned housing	stairs, corridors	public	structural	keep dwellings active in housing stock	cost; disruption
	address issues unique to renters	technical support and maintenance	public	law	encourage mix of tenure	
	implement shared sustainable resources	Bio-swales, solar panels, composting, recycling	mixed	environmental	reinforce connections between micro and macro scales through greening	maintenance
	address shared spaces in between front of house / business and street	consider optional re-drawing public / private boundaries	mixed	zoning, social, financial (tax incentives)	decrease "wall effect" of public space, put priority on sidewalks / streets / shared spaces	
	address existing morphologies	"rent" rooftops for solar arrays	mixed	environmental, structural, financial	using leftover spaces for environmental and financial gains	cost
	temporary uses of empty structures for public uses	green space	mixed		using leftover spaces for social and financial gains	
	community building centers	iterative building / technical knowledge dissemination	mixed	construction / building industry, building and zoning	can be used as a community resource and for local governments to establish community boards for progressive code compliance	

Why the innerburbs?

Rehab or re-urbanization projects of *outerburbs* or *crisis areas* typically lack information about existing conditions and thus possible technical innovations and alternative options that might shape how the rehab project is designed and implemented. This is often because projects move fast, tensions are high, and because there is generally more removal of existing structures and families if the site is within an environmentally sensitive zone. Finally, there are often few “formal” structures to be considered within range of the community or region in question. Within the discourse of informality and specific to physical rehab, re-urbanization, or *slum upgrading*, a look at the *innerburbs* is important for three main reasons. First, because 30 + year old structures of the *innerburbs* are in need of physical and technical upgrading, both at house and community scale. Such areas could be thought of as “hybrid” landscapes, where the line between formal and informal is blurred because of the extent to which formal structures have been re-appropriated by informal practices – occupation and / or self building, and also the extent to which, at one time, there was enough physical space to implant community infrastructures, like schools or hospitals and public housing blocks.¹ Within these hybrid landscapes of the innerburbs, the formal and informal are *both* in need of upgrade and therefore share a case. For example, the precast concrete CIEP schools built en masse in Rio in the 1980s to accommodate the mass urbanization of the 1960s and 70s are beginning to undergo badly needed renovations, as are the communities that they serve. Both are located in what is now considered the innerburbs of Rio. The Pedregulho Housing and School project of 1946, also in Rio and one of the most significant buildings of Brazil’s modern period, is also undergoing a major renovation over the past year, however this renovation is not physically extending into the adjacent *favela*.

Second, social networks and relationships in the *innerburbs* could be considered relatively stable. As work by Peter Ward in Mexico and Janice Perlman in Brazil demonstrates, there is continuity that can be seen between neighborhoods studied in the 1970s and re-visited 20 - 30 years later. While it is possible to research real time patterns of families and demographics in the newly forming outer-ring, the inner ring presents a unique opportunity to look at change over time so that policies and projects can build *for* change over time, based on real experiences and real structures. Looking at the intersections of social, technical, and political “data” longitudinally offers a context dependent reading of the city versus one built on universals or context independent readings, where what “should” be done is utilized as a starting point for technical intervention versus what is actually done (Flyjberg, 2003). Where a physical intervention based on the latter perspective takes clues from the existing social and technical fabric, the former ignores valuable experiences that have accumulated over 30 years in favor of a prescriptive vision “to transform an unwanted present by means of an imagined future.” (Holston, 2008) Such local information bridges a gap between top down, normative perspectives and on the ground experiences that shape everyday life in informal communities.

Lastly, one of the most sustainable ways to build is through the re-use of existing building stock, be it in New York or Caracas. Given that the majority of the innerburbs were built with the same constructional system as the “formal” city: concrete blocks or poured in place reinforced concrete columns and beams with infill of sun baked (non structural) brick, then it is fair enough to suggest that such a shared structural system could be monitored for resilience with facility by a wide range of people and flagged as failing and rectified or liberated to function as a support for other initiatives (such as green or sustainable upgrades). In other words, because the structural capacity of *innerburb* housing is relatively transparent and resilient, once this capacity is verified or fixed, policy initiatives could tier rehab that is based on the re-utilization of a solid foundation. Given that 90% of

¹ See Favela do Gato and Rua Solon cortiço in São Paulo, CIEP schools in Rio de Janeiro.

informal housing produced today is built with this system, compared to 10% in 1960, an opportunity exists to use the dissemination of building knowledge about this system to full capacity.

Locating Opportunities for Physical Rehab through Scale

Household Scale

Rehabilitation of the actual physical dwelling, or the micro level, is the most personalized endeavor of rehabilitation and renewal in informal Latin American neighborhoods. Sweeping, generalized policies will more than likely not work well. Each country, each city, and each neighborhood are situated within their own unique context. The same is true for individual dwelling units. Just as each family is different, so is the manner in which they utilize their own living space. Rehabilitation on the micro level must take into consideration a number of factors. There must be a reasonable intersection in policy between more generalized recommendations that can be feasibly implemented on a large scale and flexible schematics that can be adopted to suit individual needs and circumstances. A holistic approach, encompassing multiple levels of “morphology of dwelling” is appropriate to assess potential for rehabilitation.

Morphological considerations²

Rehabilitation on the micro level must necessarily begin on the outside of the home. All physical construction is limited by the space, both physical and constructed, upon which it is located. The topography of each individual lot will differ widely from one another, even within the context of a single neighborhood. During the initial period of settlement, claims may have been hastily staked with little regard for actual suitability of building upon the landscape. As a result, a home may sit upon a lot with a steep slope, a depression, or a propensity for the soil to slide in heavy rains. Over time, undesirable characteristics of the physical landscape of the lot may have made themselves known to occupants. Water, attempting to follow its natural course, may be seeping into the dwelling, dampening the interior and facilitating mold and wood rot. The soil may have shifted, taking parts of the house with it and cracking walls, floors, and roofs.

In addition to the physical geography of the lot, the manmade parameters of the lot will constrain the feasibility of rehabilitation. Lots in Latin American “innerburbs” tend to be of a singular size, perhaps 10 x 20 meters. The extent to which the lot is covered by a building footprint will vary. In some cases, dwellings occupy the entire width of the lot, with their side walls flush against the neighboring buildings. There may not be any space between the front wall and the sidewalk. There could be a large portion of open space in the back of the lot, or the building could occupy the lot entirely. Another consideration is lot subdivision. It is not uncommon for a single lot to be divided into two or more sub-lots, each with its own independent structure. The subdivision may be horizontal, or even vertical. In cities like Lima, the owner of a lot can vertically divide the parcel and sell *los aires* above any existing construction. The purchaser then builds on top of the original owner’s dwelling. Simply looking at the existing construction of a lot will not provide all the necessary answers to questions of ownership.

² Much of the information in this section is based on in-class presentations given by Dr. Peter Ward during the University of Texas at Austin class “SOC395D - Housing Practices & Public Policies: Housing and Urban Rehab in Consolidated Informal Settlements in Latin America,” Spring 2011

The structural integrity of dwellings within Latin American “innerburbs” varies, although in present day, most of the construction has reached a point where at least a portion of the house will be built of extremely durable materials, typically poured concrete, breezeblocks, or bricks and mortar. Auxiliary buildings or more recent additions, such as a back room or a second floor, may be built out of provisional materials, such as wood or corrugated metal, until owners can afford to purchase more durable materials. Although there is a tendency to “overbuild” structures due to the heavy use of concrete and bricks, improper installation of materials may place stresses on localized areas, leading to cracks in the walls or ceiling. In areas where earthquakes are a concern, these cracks present even more danger to inhabitants.

Another type of morphology that is important in assessing rehabilitation needs is the connection between the dwelling unit and the “outside”. Utility infrastructure in Latin American “innerburbs” may consist of piecemeal network extensions, informal household connections, and system unreliability. This is of course a topic for meso- and macro-level rehabilitation and refurbishment, but there is applicability on the household micro-level as well. The health and safety of residents can either be enhanced or threatened by the relationship between the structure and the outside, depending upon the quality of the connections. Electricity is the most easily accessed utility due to the nature of its system of delivery. It is extremely common for residents to improvise their own electrical hookups. These connections, often already precarious from the beginning, may deteriorate over time as the household develops more and more electrical demands while the weather takes its toll on exposed exterior wiring. Water and sewer hookups require more effort and expertise to install, and may suffer the effects of the passage of time and poor maintenance as well. The original hookup may have been adequate for the original construction on the lot, but there is a tendency for dwellings in informally-settled neighborhoods to morph over time concurrent with the needs of the occupants (this key point is to be addressed in more detail later). The added stressors of additional toilets, sinks, and drainage needs may be overloading the system. A retrofit of a dwelling’s water and sewer interfaces is likely to be a necessary project.

Those areas of the dwelling and lot that are not interior (that is, which are exposed to open air by virtue of not being covered) should be noted in any rehabilitation feasibility assessment. These areas are often used for very important household activities and should not be dismissed as “dead zones” or spaces that need to be eliminated. Patios and *azoteas* fall into this category of spaces. These areas are used for everything from play areas for children, raising pets, planting small kitchen gardens, and drying laundry. Depending on its location and accessibility to the outside, patios may also be used as parking spaces for the family car. In a lot that has been subdivided, these outdoor spaces serve as a type of communal area for the residents.

The interior of the dwelling unit is perhaps the most complex area of micro-level rehabilitation. It is likely that the number of inhabitants of the house will have changed over time. It is also quite possible that residency in the unit is fluid and somewhat unpredictable. There may be several “permanent” residents of the house who have been there since the area was settled. The other inhabitants might include children, grandchildren, siblings, sons- and daughters-in-law, etc. Privacy may be a commodity in short supply. Bathrooms may be inadequate in size and number. One way of dealing with having members of the extended family present in the house is to subdivide the lot, either horizontally or vertically, and build a new construction to house the additional residents (Ward et al., 2011). Like the process for the primary unit, construction on a second story or ancillary dwelling may be a piecemeal process spread out over the course of time. So while a few people may be sleeping in a separate unit on the same lot, it is possible that they will still be using the kitchen or bathroom facilities in the original structure.

A house occupying the entire width of its lot, flush against neighboring houses, has consequences for residents in regards to light penetration and air circulation, and accessibility. In this instance, there are only two walls left in which to build windows or openings to let in light and air. The interior courtyard, common in buildings from the Spanish colonial era, allows air and light to circulate into the interior recesses of the building. Basic cues from this feature could be incorporated into rehabilitation of dwelling units that are dark and have poor air circulation. Something as simple and space-saving as a small interior shaft can bring sun and fresh air into the house. This could be combined with a staircase leading to the *azotea* or second level.

Within-parcel accessibility is a common problem for “innerburb” dwellings. The complexities of lot subdivision, both vertical and horizontal, coupled with the existence of multiple buildings on the same lot results in a situation that is inconvenient at best for residents. If there is access to a public right-of-way on more than one side of the lot, then it is possible for more than one point of access to be constructed. Dwellings that take up the entire width of lot present particularly difficult challenges. Their width prevents any secondary structures on the lot from having direct access to the street. Residents of the second building have to pass through the primary dwelling to get to the street. This potentially creates an inconvenience for everyone, and endangers the safety of residents in the second dwelling.

Equally problematic is the issue of accessibility of additional stories of a structure. Cases have been documented where residents install staircases that emerge from the front of the home and cascade down to the public sidewalk in front of the house (Ward et al., 2011). This causes inconvenience for pedestrians, and also creates an awkward anomaly in the usually clearly defined public-private space continuum. Residents’ perception of security (or lack thereof) is an important issue in Latin American “innerburbs”, and security installations are often integrated into the construction of a home. Having a staircase go directly from the public sidewalk to the second floor of a house risks the ingress of persons not affiliated with the residence. If there is a clear social separation between the residents of the top floor and of the ground floor (for instance, in the situation where the ground floor residents have sold *los aires*, and the purchasers built their own home above), then an interior staircase is obviously not a feasible option. Staircases are also problematic in that they create a dead space underneath them where space may already be at a premium.

Dwellings may also be multi-purposed. It is not uncommon for a front room to be turned into a shoppette, *local*, *tienda*, *kiosco*, *almacén*, et cetera. These neighborhood businesses include small retailers, childcare services, internet cafés, and repair shops. Less common, but important for consideration, are “nuisance businesses” that produce objectionable byproducts, such as a glass and metal recycling shop or a workshop (Ward, 2008 [A]).

“Innerburb” housing has demonstrated a valuable ability to remain relatively flexible over time. Studies have shown that the size, type, and location of dwellings upon a lot vary depending on a number of factors, including financial resources of residents and change in familial dynamic over time. There is very little turnover in these neighborhoods. The people who first settled the neighborhood are more often than not the same ones living there, on the same lot, forty years later (Ward et al., 2011; Ward, 2008 [A]). Over the course of time, they have adapted the space within the lot to conform to their living needs. The flexibility of the lot and the structures on it are key advantages to the self-help approach to housing. Therefore, rehabilitation must work in such a way as to preserve physical and spatial flexibility of the structure as much as is practical.

Intersections with other actors & rehab sectors

Rehabilitation on the micro, or household level, is not an insular undertaking. Entire neighborhoods are in need of drastic rehabilitation so that their residents can continue to live in their hard-earned homes for many more decades to come.

The obvious intersection with micro-level efforts is with macro- and meso-level projects that work at enhancing and renovating the surrounding environment. These projects require the support of various levels of government, from local to regional/provincial and national governments. Key topics of intersection with these sectors will involve financing and regulatory measures. One particularly salient issue under the powers of government is that of building codes and zoning. Some dwellings in “innerburb” neighborhoods may not meet official codes, and making them fully compliant with codes may take amounts of money and time that are not available to residents. Therefore, it would be wise to consider sliding scales of code compliance, in which building code categories are ranked in order of importance. Presumably basic structural codes would take precedence over electrical or accessibility codes; this is probably even more important in areas prone to natural disasters or seismic activity. Primary rehabilitation work can focus on bringing the dwelling up to one aspect of the codes, leaving the rest for future projects.

An additional intersectional issue is that of general neighborhood accessibility. The intersection of transportation, public and private, and households is important. Accessibility means that residents can easily integrate themselves with the larger city. This is important from multiple perspectives, including social and economic. Safety is also an issue of accessibility as fire, police, and emergency services need to be able to access all dwellings.

Local universities and architecture firms are potential sources of professional expertise and partnership for micro-level projects. Architecture and design students can gain hands-on experience through collaborative projects with residents. This setup would be able to utilize local knowledge to foster planning and design. The local business community is an equally useful and likely underutilized source of organizational support. Business owners most likely have a stake in the neighborhood’s vitality and stand to gain much from rehabilitation and renovation projects. A coalition of business owners invested in the community will no doubt provide a strong collective voice for endeavors.

Nongovernmental organizations (NGOs) will have the capacity to quickly spread information about the goings-on of rehabilitation projects. They may be specialized in a particular focus within a neighborhood, such as children’s issues or the natural environment. Their research may be useful in deciding what areas of a neighborhood require the most attention. On the household level, NGOs may already have rapport with the community and will thus be able to more easily bring residents “on board” with projects.

Opportunities

Rehabilitation on the micro-level scale is full of opportunities, in particular the incorporation of “green” technologies. These vary in terms of cost, time required, and skill level necessary. Regarding opportunities for the physical lot itself: little can be done about the natural landscape. Large-scale projects, such as earthmoving, are out of the question in “innerburbs,” which are densely-settled and consolidated. Small-scale improvements can be made to help improve drainage and prevent water from entering dwellings. Bioswales, artificially constructed water

retention areas, will help reduce ponding of water and control flow. These swales can be constructed in back corners of a lot, or in front of structures between the front wall and the street. Bioswales can be integrated with curbing and sidewalks. Trees planted in the swale will provide shade and aesthetic value. Impervious cover exacerbates problems with water runoff. When lots are nearly completely built-out, there is no chance for the ground to absorb any water. Permeable pavers can help to mitigate issues with stormwater runoff and drainage. They can be used in sidewalks, patios, as well as streets.

Consolidated structures may lack the flexibility to withstand drastic changes to their exteriors. In the event that changes can be made, designs that take advantage of local climactic conditions can lessen a dwelling's dependency on artificial means of achieving comforts like interior lighting, ambient temperature, and water heating. Placing windows on walls facing away from the sun's general direction will help to keep interiors from heating up in the afternoon. Louvers and awnings placed above or beside windows keep interiors cool without sacrificing the benefit of natural light. Rainwater retention systems collect water that can be used for watering gardens or washing clothes. Rooftop tanks exposed to the midday sun are a way to heat water that does not require electricity. Solar panels can eliminate a house's need to be connected to the electric grid, but they are expensive and may not work ideally in certain climates.

Other potential exterior projects include improvements to yards, gardens, and patios. If the use of the lot allows, small kitchen gardens for food production, along with composting or vermiculture can make a household more self-sufficient in terms of food and waste disposal. Trees and other plants will remove toxins from the air, pollutants from the soil, and provide shade. Ivies, bougainvillea, and other "creeping" plants can be used to beautify concrete walls or metal fences and gates, providing shade and beauty as well as a sense of privacy. If a roof is reinforced, a "green roof" can be installed and utilized as a garden.

Projects for the interior of the home must maintain as much as possible the inherent flexible nature of self-built housing. A functional layout, possibly with an open floor plan, will give residents the space they need and the ability to make small changes whenever necessary. If possible, load-bearing interior walls should be kept to a minimum. In smaller houses, reinforced metal beams can support the weight of the roof without the need for a wall. A "utility core" that is well-placed will keep electrical transformers and water and sewer connections to one area of the house, making repairs easy and allowing for extensions to upper floors.

Ventilation and natural lighting improvements can bring fresh air into recesses of structures, and provide each room with sunlight. This will reduce the need for electricity. Staircases, in addition to providing access to upper floors, can serve as conduits for air and natural light. Passive heating and cooling technologies and building methods will keep dwellings comfortable at lower costs.

Community Scale

This section examines three topics within community level rehab approaches. First, it examines the range of conditions in some Latin American innerburbs and low-income neighborhoods. Second, it examines the intersection of the need of community rehabilitation with 1) community level participants, 2) actors not living in the neighborhood of need, but a part of the larger urban area, 3) groups with interest in issues of solidarity and self-help, and 4) other considerations. Third, various opportunities are suggested for innerburb rehab.

Morphological considerations

The needs on the community scale focus on low-income owners. As Gilbert stated in a 2003 *Rental Housing* study for the UN:

In Latin American cities, many poor tenants are actually better housed than poor owners living in new self-help settlements. While tenants generally occupy less space than owners, the quality of that accommodation is superior. The reason is simple; poor owners live in new settlements on the periphery and know that they are likely to suffer from poor living conditions for a number of years. Many young families are forced to live in settlements with inadequate water, electricity and education services. Transport can also be problematic. By contrast, tenants gather in accommodation that is more established and the proportion of tenants rises with the age of a self-help settlement. At the very least, most rental housing in Latin American cities at least comes with services (Gilbert, 2003).

This general picture establishes the need for examining issues of rehabilitation in the innerburbs, particularly for poor owners in self-help settlements. Peter Ward wrote several years later in 2008 about the need to focus on innerburbs. He stated, "Over the years these neighborhoods have experienced significant land-use and tenure changes, on-lot population densification and dwelling subdivision among the (now) adult children of former squatters and self-builders, and sometimes intense physical dilapidation (Ward, 2008 [B]). He expressed the goals of this work on innerburbs, stating that returning to the same areas that he had studied thirty years earlier gives insights into the "longitudinal aspects of settlement and dwelling development: the dwelling and household consolidation process; population turnover; inheritance patterns and asset management, and the development of home-based enterprises." (Ward, 2008 [B])

Marianne Fay and Anna Wellenstein wrote a chapter in a 2005 book by the World Bank about the conditions of the urban poor, who are "typically home-owners with insecure tenure who improve their houses over time." (Fay & Wellenstein, 2005) The poor quality of the housing and infrastructure, combined with risky geographical locations, make the residents prone to human disasters when natural disasters may hit. In the late 1990s, Latin America and the Caribbean's homeownership rate was 73 percent. Higher income does not correlate always with higher ownership rates. For example, in Argentina and Ecuador, "homeownership is higher in the poorest quintile than in the second and third quintiles." (Fay & Wellenstein, 2005) Among the urban poor home ownership rates often exceed 60%, and even more in slums or poor neighborhoods. In poor neighborhoods of Mexico, the quality of housing and access to services (water, sanitation, solid waste removal and electricity) increases with the age of the house. However, this is less clear when examining the age of the settlement. Settlements after 6 to 10 years of age, quality decreases. "For services, age of settlement seems to matter (positively) only for access to water." (Fay & Wellenstein, 2005)

Electricity is the most common urban service with 98% of urban inhabitants with coverage. However, telephone and sewerage and drainage are the most unequal, even with the rise of cellular phone usage (Fay & Wellenstein, 2005). It takes longer for the poor to obtain services (electricity, street lighting, piped water, sewer), and about 60% of them get services through communal action, while 75% of the rich get it through a developer (Fay & Wellenstein, 2005). The quality is lower in poor neighborhoods, with limited water and electricity on a day-to-day basis. The unreliability of these services creates health problems, noted by higher incidents of diarrhea, acute respiratory

infections and infant mortality. Working together with the government and the developers, may also help lower the cost of connecting to services in some cities. For example, in San Salvador, “the cost of connection to the water utility’s network in 2001 was \$72 for the poorest but just \$29 for the richest.” (Fay & Wellenstein, 2005) On the other hand, some cities have alternative providers who undercut the larger firms by relying on networks and use lower cost technologies (Asunción, Barranquilla, Cordoba and Guatemala City).

Opportunities

Suggestions for correcting these problems are beyond the scope of this section, but an integrated approach is important. If the demand approach is preferred, more formal actors and groups will be required for innerburb rehab, including organizations that strengthen property rights, develop mortgage financing, and rationalize demand subsidies. Additionally, supplies must be organized through 1) infrastructure like streets, highways, parks, schools, community centers, 2) regulating land and housing development (i.e. progressively bringing areas up to code), and 3) organizing the building industry (to make sure the upgrades are possible) (Fay & Wellenstein, 2005). This also corresponds with easing financial constraints on the poor.

Fay and Wellenstein make a case for upgrading innerburbs (i.e. slums), stating that a public investment of \$1 generates about \$7 in private investment. They point to four elements that comprise successful rehabilitation. First is community and public sector involvement. Basic services require coordination to obtain housing materials, water and sewerage and community items like streetlights and sidewalks. “Utilities often ignore marginal neighborhoods, due to restrictions on providing services to areas without full tenure.” (Fay & Wellenstein, 2005) However communities may work to find innovative solutions with small-scale private providers or forming cooperatives.

The second element is appropriate standards: “Lower levels of services or alternative technologies should be considered to increase affordability and accommodate physical limitations imposed by the generally irregular and dense layout of marginal neighborhoods.” (Fay & Wellenstein, 2005) Combined sewerage would be an example. The third element is effective land regularization and layout improvement schemes. This includes improving tenure security, adjusting the layout of the neighborhood to reduce vulnerability to natural disasters, which also helps in providing for services and access ways. This may include “land sharing, land pooling, land reconstruction.” The fourth element is financial sustainability and the feasibility of scaling up. In many areas, the poor were willing to pay more for services than the cost of standard services: “Reducing the fiscal costs of upgrading through more appropriate standards, cost recovery, and tighter poverty targeting of subsidies would help reduce the financial barriers to scaling up.” (Fay & Wellenstein, 2005)

Rehabilitating also may entail making the infrastructures work for the poor: “Promoting access can entail reducing connection costs, increasing the number and types of suppliers, and requiring operators to promote access.” (Fay & Wellenstein, 2005) Moreover, reducing absolute costs may enable affordability by reducing bills, service costs and payment facilitation. This may include such ideas as to require universal service obligations, reduced connection costs, and increased number of suppliers.

Various opportunities exist to facilitate the rehabilitation of innerburbs. Interestingly, large-scale exploitative landowners no longer represent the norm. More than two-thirds of landlords have only one tenant, and many are considered “subsistence landlords, producing housing as a survival strategy rather than an investment.” (Fay & Wellenstein, 2005) In this case, it may be instructive to learn from some European examples, as they have developed non-profit organizations to

coordinate self-help and rehabilitation strategies for housing policies. Such organizations might help organize homeowners in the innerburbs to negotiate with government officials, building supply companies and professional agencies. As a non-profit organization, that can effect change in their neighborhoods, they may be able to influence public policies and delivery of services. In this way it could be coordinated across communities, rather than subdivided into separate entities with piecemeal, inadequate development. Moreover, since many landlords were once self-help builders, perhaps they too may be sympathetic to the causes of innerburb homeowners.

The Gap – Meso Scale

Morphological considerations

It is important to note that the boundary between the macro and micro level is not always clear. A *middle ground*, or a **meso level**, exists between these two levels. The *meso level* is composed of conceptual or physical elements drawn from the micro or macro scale. An example would be a trash collection / recycling center inserted where trash is already being collected, which would connect to the micro routines and physical trash output of the household and on a macro scale, to the larger ecological system of the city and region as well as to the larger city trash collection system. Another example would be a bioswale, a small green “natural sponge” that is strategically placed to catch water runoff from the street or the household, naturally cleaning the water before it is returned to the (macro) watershed system. The *meso level*, then, implies particular rehab opportunities and involves a hybrid power structure that involves partnerships and dialogues for operation. For practical reasons, we give an operational definition of *meso level* space that includes the following four scenarios:

1. Meso level is a middle ground between the private (household) and public (community) levels, including sidewalks, garbage bins, space beneath overpasses, stairs/corridors/ space between buildings in public housing blocks, and so on.
2. Watersheds and utility passageways (such as electricity lines).
3. Marginalized, abandoned public land, such edges of garbage dumps, leftover lots, or empty buildings.
4. Public space for alternative use, such as schools used for extra-curricular purposes (i.e. used for community activities) or commercial spaces that empty and are available for temporary uses.

The nature of the *meso level* is something “in between”. The boundary between private and public space is blurred at this *meso level* space, but both private and public elements are directly involved. In public housing blocks, individual apartments are closely joined with each other and private spaces are more interdependent with each other than is the case of individual houses. Stairs, corridors, and other facilities in such blocks are often shared by a limited number of households instead of the whole community, therefore hardly can be classified as “micro” or “macro” level even though actors from the micro and macro scales have access to these spaces. Since tenants of public housing blocks do not own their units, they have even less control over their private space. Local businesses involve private property, but directly affect, physically and conceptually, the public space that exists both in front of the business as well as the “façade” of the street. An example in our own backyard, for example, is the “drag” between 22 and 24th streets, where high turnover of businesses has resulted in a streetscape that doesn’t welcome inhabitation more than just movement from one place to another. One could contrast this scenario with South Congress Street, where local business owners and mobile food carts take care of the spaces in front of their venues. “First Fridays”, a monthly event supported by the city, storeowners, and mobile food carts is dedicated to bringing people to South Congress, further enunciating the power of the meso scale

and meso scale “events” in re-casting and physically re-shaping what we think of as “street” or “corridor” into viable, occupied, meso level spaces. In the case of South Congress, an intersection here exists with zoning. Zoning ordinances play a significant role in deciding if mobile food carts can occupy, and thus transform, empty lots. Again, we can see that there are many actors at play when dealing with the *meso level*. Sidewalk and green spaces are both an extension of household space and part of public space. Because private and public space are so closely interrelated and interacting with each other in this area, when proposing the use of or improvement of meso scale spaces, it is important to address the household benefits so as to encourage household participation in public affairs. Marginalized public land that is abandoned by both the state and households, such as the “backyard” waterways that also serve as dumping grounds, may contain potential value if positively transformed. When it comes to the use of public spaces for alternative uses, when original functions (e.g. school used for educational purposes) are respected (as they should be), this could detract from imagining what the spaces could be if occupied and used in different ways.

Intersections with other actors

In his discussion on how service is delivered to low-income neighborhoods, Ward categorized three typologies: (1) interesting to powerful interest groups but too much for private sector to handle; (2) interesting to all however only available via private sector for people who can pay; and (3) “social” services provided to the poor by the State. Although service delivery is often carried out by private companies, their managers actually do no more than passively pass on the status quo power structure to the local level. The dominant class, whose interest is quieting the lowest class, decides which type of service to deliver (Ward & Gilbert, 1985).

The ambiguity between “private/ household” and “public/ community” casts doubts of what can be done and who should be involved at the meso level. Rather than becoming a vibrant space where private and public domains actively interact, it is possible that the meso level space is abandoned and becomes a dead space where neither private sector nor the state is willing to make any change. Behind the liberal rhetoric of “participation”, the state actually abandons this area to the poor themselves.

Therefore, rehabilitation at meso level will face more difficulties in terms of leveraging state funding. Under this condition, the neighborhood should be better organized to press the state because unless the state perceives the real pressure it will not appear in the meso area. This is especially true with lobbying services such as garbage collection and leveraging funding for renewing facilities in public housing blocks. In other cases, the meso level rehab needs to rely primarily upon efforts from community organizations and NGOs. This reality requires that rehab at meso level to harness locally available material, to galvanize collective action, and to minimize financial costs as much as possible. Also, the community should make efforts to incentivize the creativity of individuals who are directly involved when dealing with meso level space. Design should be directly beneficial to households and avoid turning it into a pure burden to neighbors, and should bring tangible benefits for them. Rigorous planning and coding at meso level will not be helpful since the underlying power structure is there (Gilbert and Ward, 1985).

On the other hand, the meso scale could be an opportunity for beginning to dismantle passive transmission of top down power structures. Because meso scale projects are small, they can be implemented without enormous investments and, if designed well, can begin to operate as a network of “small” projects that “act” big. An example is the Bamburral waterway and wetland project in São Paulo, Brazil. This project aimed to design a series of bioswales and elevated decks in conjunction with the physical rehab of a favela, including staircases, lighting, handrails, and

painting of existing shared spaces. Because the project proposed a permeable paving surface which also controlled erosion and cleaned polluted water rather than canalizing and capping the waterway, the Secretary of the Environment was open to negotiate the no-build zone. This meant that only dilapidated houses were removed from the site, not all houses within the 30-meter edge of the waterway, resulting in the maintenance of social relationships among residents that have been cultivated for 25+ years. While this project is being implemented in one place, the objective of the larger project is to disperse such deck / wetland systems so as to transform unproductive spaces (like polluted waterways) into a network of productive spaces. As a network, the bioswales and decks directly affect the households at the community scale by improving public, shared space while simultaneously serving as a series of filters for the Municipal water supply. As such, it is a meso level solution. Meso level projects can be optimized by the inclusion of local labor, local materials, and local knowledge. In this sense, as is characteristic of self-building or self-help rehab, meso level projects operate iteratively, over time. Iteration is important because it helps communities “settle into” new things. Even though a bike lane or new park spaces are positive on paper, when implemented they are indeed small ruptures in the daily routines of the people whose lives they affect. Small projects over time make good sense from an urban design perspective when we think of the reception of new ideas in material form.

Opportunities

The ultimate goal of the meso level rehab is to improve the security, accessibility, the microclimate of the community and as a network, the city at large. There are two types of opportunities, passive and active. Passive opportunities emphasize on the reducing/ preventing potential environmental harms and physical-structural dangers/ deterioration, including maintenance of facilities (such as corridors, stairs in public housing blocks), reduction of pollution and clearing off rubbish. Active opportunities are aimed at turning neglected or unproductive spaces into useful spaces, including increasing accessibility (for example, install facilities for disabled person in front of local business), improving the local environment (such as placing benches and landscaping on sidewalks), helping community infrastructures such as schools to be more flexible and available for multiple uses, and converting abandoned/ vulnerable public land to productive urban agricultural land.

Based on conditions for meso-level rehab, the community may adopt several strategies: (1) maximizing the use of passive systems and minimize costs, such as passive ventilation in public housing blocks; (2) setting up sustainable energy facilities such as solar heating water for public housing, composting for garbage collection and solar panel lighting at sidewalk; (3) pay attention to the scalability of the physical structure of social infrastructure to make it flexible for multiple use; (4) encouraging local participation. For example, local businesses can be responsible for creating and taking care of green space on streetscapes, as well as for setting facilities such as benches to improve accessibility and hospitality of the surrounding. Such landscaping can be more individualistic than obeying a unified community rule, and will also benefit these businesses directly; (5) partnership with other non-governmental actors, such as urban planning research centers and architectural schools. Meso level rehab can be reciprocal to these students/ researchers as well in terms of academic experience and access to local knowledge.

Meso level Case study: Los Plantanitos

The informal settlement of Los Platanitos in the municipality of Santo Domingo Norte, Dominican Republic, provides an example of collaborative meso-level rehab efforts (Carte, et al., 2010). This neighborhood, which had never been included on a map, faced many of the problems that typify informal urban settlements, including precarious housing and environmental conditions. However, the most pervasive problem was a lack of solid waste management for this community. Los Platanitos is built in a steep valley along a narrow creek, which with the slightest rain easily clogs with large volumes of trash, flooding the nearby houses and pathways and creating serious health and safety risks to residents.

While the community members and municipal authorities were aware of such problems, they needed additional funds and technical capacity to address the neighborhood level trash issue. The project that emerged in Los Platanitos involved collaboration between local community-based trash foundations, architecture and planning students, local NGOs, intergovernmental agencies, neighborhood associations, and residents. While this type of collaboration is not always feasible and depends highly on political support, in this case it leveraged the funds and commitments necessary to address a meso-level problem and ultimately spurred a replicable plan of action for informal settlements with similar issues.

The collaborative work, which was facilitated by the students, included conducting an initial participatory risk and vulnerability assessment, followed by door-to-door in-depth interviews, focus groups, and a quantitative assessment of trash production. These methods provided: (1) an understanding of indicators of risk and vulnerability to households along the creek; (2) common waste management practices; (3) residents' perceptions of the community and the problem of trash; (4) challenges of access and mobility; and (5) the physical amount and potential effects of trash accumulation. The complexity of these issues can only be fully articulated and addressed at a neighborhood level. Prior attempts to remediate the trash problem involved household specific strategies that weren't able to tackle its systemic nature, and intermittent and inadequate trash service at the municipal level. The collaboration spurred the creation of a neighborhood-level trash foundation that would organize trash collection in the neighborhood and articulate with municipal level services, provide some employment, and educate the residents about waste management. Most importantly, the residents gained individual and collective benefits in a meso-level space that otherwise would have continued to be overlooked.

Looking Outward: Policies, Critiques & Lessons

Lessons from Latin America: Brazil and Mexico

There are two main areas that we can look to as lessons from Brazil and Mexico to be expanded into contemporary policies around physical rehabilitation. The first is land use / zoning (Brazil / ZEIS) and the second is technical assistance at the household level (EL Molino).

The Estatuto da Cidade lei 10257 / 2001, The Cities Statute, was signed into law in 2001 and designates public space as social space: "The social function of property purports that the well-being of the community is more important than private property rights, and that the use of urban space must be socially just" (Macedo, 2008). The *Estatuto* serves as a framework for addressing informal communities (Fernandez, 2007) The ZEIS allows for flexibility at the municipal and *sub-prefeitura* levels, which then helps with the legal and regularization issues of the various State institutions that inevitably intersect at informal settlements. While it is generally agreed that local governments do not yet take full advantage of the power they gain through ZEIS, the capacity to

apply local knowledge to a city's master plan "from the middle" is an extraordinary tool that could be used for progressive, peer based code enforcement or for use in partnership with a "LEED Latin America", which considers environmental, social, and technical issues in tandem.

The El Molino housing and community development project in Mexico is interesting here because its implementation relied on technical assistance from CENVI (*Centro de la Vivienda y Estudios Urbano*), a non-governmental organization that designs and implements alternative ways of low-cost housing.³ How can technical assistance be provided at the micro, house scale? Possibilities include combined architecture and planning studios that both offer planning assistance but also help to renovate existing structures. Another possibility would be a partnership between universities and NGOs to set up neighborhood building centers, where residents could recycle / trade building materials and fixtures and acquire construction advice. Such a center could also serve as a place where peer reviewed progressive codes is developed.

Cuba

Cuba seems an exception in Latin America in terms of housing due to its socialist system. Long before the Revolution, Havana' housing already demonstrated a very uneven pattern. Upper class left behind colonial mansions in Old Havana and developed large-scale private housing projects in the process of suburbanization. Meanwhile, low-income class and rural migrants build large-scale squatter settlements. Shanty towns such as "Llega y Pon", where living conditions were precarious, resemble features of their counterparts in other Latin American cities. After taking power, the revolutionary regime addressed the housing problem through several approaches: (1) cut the rental by half in the city and further ensure that rental is affordable by tenants, (2) remove shanty towns and relocate population in new public housing projects, (3) redistribute of emigrants' housing to other societal groups, (4) experiment housing projects of diverse paradigms (high-rise residential buildings, prefabricated house, micro-brigade etc) (Scarpaci et al., 2002).

Half a century after the revolutionary government taking power, Cubans still see housing as one of their major problems. Due to the lack of funding and expertise, as well as inefficiency of bureaucracy, many projects cannot be carried out or do not meet original expectations. It is common in today's Cuba that two or three generations share the same apartment, and residential zones are in severe deteriorating conditions (Dominguez, 1993), especially in districts like Old Havana and Central Havana. Recently, squatter settlements have emerged again as improvising shelters for migrants from provinces.

The factors behind the deterioration of housing are similar to many other Latin American countries, such as humidity and corrosive salt in the air due to its costal and tropical location. Residential buildings are often overburdened due to the expansion of household. The chronic lack of maintenance as a result of financial difficulties exacerbates the problem. Aging wires, inadequate water supply and sanitary facilities resemble features of consolidated informal settlements in other Latin American cities. Colonial mansions, now mostly occupied by low-income population, were often constructed with material like clay and are prone to corrosion. Settlements in other Latin American cities where geographic conditions and construction material are similar need to pay attention to such cases. The solution requires local practice and funding supports from diverse actors.

³ For more information about El Molino, please see page 26 of midterm deliverable from the LA group.

The Cuba case provides the world with some important experiences. First, Cuba is a good example of local practices. As construction materials are often unavailable (because of shortage or prohibitive price in parallel market), one alternative is to harness local material through recycling. As Cubans say, they “invent” everything. Foam containers of eggs, for example, are recycled for spatial division of musical studios, as it well absorbs sounds (Chen’s field notes). On the other hand, many public or heavily subsidized goods are not valued or protected by the neighborhood. For example, many Cuban families do not turn off their gas cooker when they are not cooking, because “gas is too cheap” (Chen’s field notes). It remains an open question how to raise the consciousness of saving energy.

The second experience is the population’s participation. Micro-brigade and social micro-brigade are two important forms of mobilizing population initiated and coordinated by the state. Micro-brigade is set among workers of the same work center. It has a decentralized and flexible institutional structure, and adopts a more flexible architectural approach, which emphasizes the use of local materials, recycling, closer links with the neighborhood and the pooling of technical assistance, supervision, education, and catering services among several micro-brigades (Mathey, 1992). These groups also provide community facilities like schools, doctors’ offices and child care centers that are often urgently needed in these areas. Social micro-brigades, on the other hand, involve workers do not belong to the same work center, but live in the same neighborhood. The main activity performed by this type of micro is the repair or renovation of the existing housing stock and urban infrastructure. The initiative of social micro-brigade largely replaces the responsibility of municipal repair enterprises, directed by local authorities, “Poder Popular”, which poorly addressed local demand (Mathey, 1992). Such micros incorporate unemployed, young adults, housewives, and the elderly. Voluntary labor is also incorporated in this system. These social micro-brigades provide jobs, improve housing opportunities, and create social control of the neighborhood.

In conclusion, despite institutional and socioeconomic particularity, the Cuban case shares similarities with other Latin American counties and provides importance experience. Similar tropical climatic conditions threat the durability of construction material; lack of maintenance and crowding living conditions exacerbate the deterioration of the housing. Local practice and participation, together with a firm commitment to social promises, help to solve problems caused by structural constrains.

Europe

When examining the lessons from Europe, various experiences offer differing possibilities for the context of innerburbs in Latin America. Across Europe, coordination and commitment by national, regional, municipal and local actors promotes rehab and maintenance of neighborhoods, including the “innerburbs.” One characteristic of some of the innerburbs is an aging population, such as in the Trinitat Nova, Barcelona neighborhood (Calleja, 2010). Whereas in Latin America the housing may either be dilapidated or not consolidated, the housing in Trinitat Nova was principally dilapidated, but also included service problems and social problems like gang and drug activity. Beginning at the local level, the neighborhood formed an association, which then negotiated with other actors, including government officials and other actors to deliver the services desired. Because of the irreparable structural problems of the homes, the people saw this as an opportunity to build up, in the form of condominiums. In this way, they opened up spaces for valuable shared assets like parks, sporting areas and environmentally friendly streets and neighborhood design (Transport Research Knowledge Center, n.d.). In so far as Latin American neighborhoods need to

construct from the bottom up, this may be an ideal option, assuming the neighborhood associations could be formed and work with the major actors, like the government or private service providers.

In the case of the Netherlands, a high social commitment exists among the various levels of society, from the local to the national. Local activities are negotiated and approved by all levels of society, but administered at the local level. The national government (via taxes) subsidizes nearly all rehab, but this is unrealistic in Latin America. What may be taken from this experience, however, is the kind of organizations that the Netherlands has developed, which may prove helpful in the Latin American context. In a recent plan to rehab privately owned housing, in particular houses built before and right after World War II, the Dutch sought to help those that could least afford it. In this way, lower quality housing stock would be upgraded and therefore adding value to the neighborhood and urban area as a whole. Though non-profit housing organizations help organize the social housing component of housing policy in the Netherlands, it may be a useful tool for Latin American homeowners. In this way, they may be able to coordinate activities together, including a means to envision how their neighborhoods might be improved.

For example, the government of the Netherlands sponsors data collection on all housing stock, which enables researchers to identify areas of need. As a means to facilitate negotiations, some form of data collection in Latin American innerburbs makes sense. The data could be used to help local organizations or associations to understand the needs of their neighbors and how this might fit into the general needs of the neighborhood and urban area. The data collection might also give impetus to residents to form organizations to advocate for better schools, employment opportunities and self-help activities (Van den Berg et al., 2003).

In Stockholm, the municipal government acts as landlord for many of the city's residents. Instead of administering properties directly, not-for-profit housing corporations are directly responsible for government-owned residential units (Svenska, n.d.). The properties are varied, and include everything from apartments to single-family homes. Some of the more recent rehabilitation projects in Stockholm are located in sectors of the city dominated by residential apartment blocks constructed to combat housing shortages during the "Million Programme" of the 1960s and 1970s (City of Stockholm, n.d.[a]).

The projects in these sectors take an extremely "top-down" approach, since the city is landlord to virtually all the residents. Rehabilitation and renovation will take both "hard" and "soft" approaches. "Hard" approaches involve actual physical reconstruction and refitting of buildings that will require residents to temporarily relocate. "Soft" approaches are directed at less-intrusive forms of building and neighborhood rehabilitation. They include attempting to remake the character of the community through redevelopment of certain structures for mixed uses. One of the explicit goals of the projects is to integrate the community socially, especially given that a large percentage of the population is comprised of immigrants to Sweden. New community centers, enhanced public spaces, and park development is intended to create a new brand of urban fabric and social dynamics (City of Stockholm, n.d.[c]).

Housing rehabilitation is badly needed in Riga, the capital city of the former Soviet republic of Latvia. Unfortunately, there is a dire lack of organizational support and financing. The municipal government is charged with privatizing the city's housing stock after the switch from the centrally-planned Soviet economy to a market-based one. Many dwellings in Riga are Soviet-era apartment blocks (Marana & Treja, n.d.). The quality of construction of some of these blocks is very poor.

The public sector in Latvia does not have the capacity to finance housing rehabilitation. Therefore, it is entirely up to residents themselves to obtain the money. Unfortunately, mortgages are difficult to qualify for and only the wealthy can get loans (Tsenkova, 2000). Recent interest in Riga's historic neighborhoods means that developers often rehabilitate houses, but demand a premium in return. Housing co-operatives, a vestige of the Soviet system, still operate in Riga (Tsenkova, 2000). They provide a possibility for pooled resources, but many view co-operatives disdainfully because of their connection with the "old system".

Stockholm presents an example of top-down, public sector involvement on a large scale. Riga offers lessons on how the historical economic and governmental context of a city may inhibit ability to offer much in the way of support for housing rehabilitation. These two dichotomous examples show how rehabilitation is necessarily framed by local structural context.

U.S. and Canada

Physical rehabilitation, and the larger urban regeneration framework within which it often materializes, have followed distinct trajectories throughout different regions of the world. In the U.S. and Canada, physical rehab has remained a primarily top down approach focused on the following key issues:

- (1) Upgrading aging housing stock and infrastructure;
- (2) Affordable housing;
- (3) Sustainability;
- (4) Safety, accessibility, and health; and
- (5) Historic preservation

Within each of these arenas, regulatory and legal standards are imbedded and enforced within the physical rehab process. These standards include measures such as zoning and building codes that shape the physical construction, design, and use of buildings. These regulations can help ensure building safety, efficacy, affordability, sustainability, and preservation; however they often preclude low-cost self-help initiatives. Physical rehab in the U.S. and Canada context demonstrates a much more uniform and regularized approach than in many parts of the world.

This regularized rehab approach has been criticized for not adequately incentivizing household level rehab, which makes redevelopment or relocation a simpler and more affordable option for many residents. Physical rehab approaches targeting middle to low-income residents are usually facilitated through local government programs or non-governmental organizations that work within existing regulatory frameworks. For example, most programs require residents to be property owners, and many require various combinations of building code, zoning, property tax, and other municipal debt compliance. Hernando de Soto's book, *The Mystery of Capital*, argues that this regularized property system secures property holders' interests, and allows homes to increase in value and be sold (De Soto, 2000). However the longstanding residence and continuity demonstrated in Peter Ward's and other's work in innerburb neighborhood suggests that dwellings are not improved to be sold, but rather to better suit the changing family. While physical rehab approaches in the U.S. and Canada context do ensure residents a certain level of accountability and security, inflexible regulation and lack of financial incentive for private sector involvement have excluded lower-income populations. The resultant physical form may not be the drastic juxtaposition of Latin American city centers and their surrounding informal settlements; however this approach has resulted in gentrified rehabbed historic neighborhoods surrounded by older suburbs in need of rehab and / or repurposing, with informal settlements sprouting at the urban periphery in some cases.

Thus in the U.S. and Canada, significant bureaucratic obstacles make adaptive, community-based, and ground-up housing rehab initiatives difficult. Yet despite these challenges, effective physical rehab programs may provide lessons for rehab in the Latin American innerburbs. Perhaps one of the most applicable models is multi-issue based rehab that targets multiple resident concerns through physical rehab projects and technical assistance. For example, the Historic Chicago Bungalow Initiative incentivizes sustainable rehab of historic homes in order to make older homes more energy and cost efficient, and serves as a community resource on green rehab products and techniques (Historic Chicago Bungalow Initiative, 2010). The program also provides additional grant funding to Green Bungalow Blocks that build neighborhood level resources and foster collective neighborhood identity. In this sense, the Historic Chicago Bungalow Initiative focuses on bridging micro and meso scale rehab while integrating several key local housing issues.

Similar programs throughout the U.S. and Canada have focused on crosscutting housing rehab issues, such as affordability, sustainability, and neighborhood and household safety, by involving various governmental sectors or fostering public-non-profit and/or public-university partnerships. These types of programs not only have the ability to more adequately address the changing needs and housing norms at the household and, neighborhood, and municipal level, but also to expand into regional networks that can influence policy and rehab investment.

Institutional Engagements for Implementation

Recently, Saskia Sassen discussed the role of microgeographies of cities as places where larger, homogenizing global processes are scaled down, made more tactile on a human level: “Processes of economic globalization are thereby reconstituted as concrete production complexes situated in specific places containing a multiplicity of activities and interests, many unconnected to global processes. Focusing on cities allows us to specify a geography of strategic places on a global scale, as well as the micro geographies and politics unfolding within these places.” (Sassen, 2002) A possibility for how a large process related to physical rehabilitation and sustainability might be “stepped down” and articulated as local microgeographies relates to LEED (Leadership in Energy and Environmental Design) and the IBC (International Building Code).

LEED, a U.S. based rating system that evaluates the sustainability of a project, is a directive that has significantly influenced architecture and engineering offices over the past ten years and expanded beyond U.S. borders.⁴ While the benefits of a LEED rated project vary by municipality and LEED is sometimes criticized as a marketing tool that ultimately becomes more about consumerism than conventional notions of what sustainability ought to mean, LEED points produce an ultimate rating of Platinum, Gold, and Silver that have corresponding tax benefits and discounts. Categories range from New Construction to Schools to Interiors to Neighborhood Development.⁵ Latin America’s first LEED rated building is the HSBC Bank Headquarters Tower in Mexico City designed by HOK, and the translation of LEED into Latin America has been questioned both for a lack of addressing social sustainability as well as for suggesting that another set of rules emerging from “the global north” be applied to southern neighbors. In either case, LEED could stand to be renovated as it makes its way south. Because the innerburbs present diverse aged building stock – a hybrid landscape from informal structures to schools – and bodies of longitudinal research about social conditions, there are diverse opportunities for an organization such as LEED to begin to work within and from the aforementioned gap in rehab projects. The *innerburbs* might provide a platform to not only refine LEED to 1) a Central and South American context and 2) diverse local contexts

⁴ <http://www.europe-re.com/system/main.php?pageid=2518&articleid=17441&objectid=10911> Accessed 01 May 2011

⁵ <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=222> Accessed 01 May 2011

but it might centrally situate *innerburb* projects in contemporary discourse around the relationship between informality and sustainability.

The IBC was developed through the 1990s to succeed the three predominant systems of regional building codes that have regulated the building industry since the 1900s. Those systems were Building Officials Code Administrators International (BOCA) for northeast and Midwest regions, the Southern Building Code Congress International (SBCCI) for southern states, and the International Conference of Building Officials (ICBO) for California and western states. Important about the IBC for the purposes of possible organizational connections for rehab in Latin America is the Structural Section, which has undergone revision in the past five years based on clues from European colleagues. Europeans tend to utilize peer reviewed, performance codes versus universal, and often bureaucratic, prescriptive codes for building. While the Structural Section of the IBC is the only area that allows for peer review in the United States and thus an “interpretation” of codes, it serves as a model here for thinking about how actual building practices of informal communities might inform not only policy lines but codes and regulation, which are often seen as punitive. Since the user and the maker of self built structures is often the same person, an opportunity exists to put together a neighborhood board, for example, of people who could peer review the work of neighbors and make sure that critical issues – viability of structure, safety, egress, etc. – are covered. *Innerburbs*, because of their relative longevity and diversity of building stock, present an interesting case for re-casting building codes and internationally recognized “sustainability” measures like LEED from a *meso level*.

Conclusion

The Latin American innerburbs’ hybrid nature presents an opportunity to shift the rehab paradigm. These physical structures that have been built over the past 50 years outside of a formalized property rights system have developed some longevity and permanence, and in a sense formality (whether or not they are officially regularized). Over the years, the ongoing cycle of deterioration and maintenance has come to typify low-cost self-help rehab initiatives. As informal settlements continue to develop in the Latin American “outerburbs” and rural and precarious areas of many countries, including the U.S., lessons from the innerburbs and beyond, can help shape more adaptive and sustainable housing rehab.

This report reveals that while there is a gap between policy response and on the ground rehab efforts, opportunities to improve innerburb rehab are present at various scales. These opportunities include micro-scale green rehab, neighborhood-level code development, grassroots community-level organizing, adaptive green (and non-green) building standards, and integrated micro-meso scale approaches. However these opportunities rely upon interaction between multiple rehab sectors, such as regulation and finance, and multiple actors, such as resident, public, non-governmental, and academic partnerships.

Based on the analysis of the various scales of rehab and their potential opportunities, the following priorities emerged for physical rehab efforts in the innerburbs: structural safety; flexibility; sustainability; relying on the existing social and technical fabric; and strengthening cross-sectoral partnerships. These priorities shaped the recommendations put forth throughout the report and reveal the need for continued discussion on reframing rehab in the innerburbs.

REGULATORY

Introduction

The Legal & Regulatory Environment of Rehabilitation

Policies that promote housing sustainability and rehabilitation in self-help settlements go beyond practical applications targeting the physical structure of the dwelling and community. Organizational, legal and regulatory, and financial considerations also underline sustainability, and often affect sustainable housing applications on several fronts. First, best practices in contemporary urban planning consider community participation and engagement a fundamental feature of urban governance and representative decision making. This is particularly the case of inclusive urban regeneration projects in the neighborhood of Trinitat Nova in Barcelona (UN-Habitat, 2010) and post-earthquake reconstruction efforts in Mexico City; in both cases the dwellers' mobilization efforts were so effective that community input and participation was institutionalized and made an integral part of subsequent urban rehab projects. Second, regulatory considerations such as land tenure, infrastructure requirements, and building standards often precede the rehabilitation process, particularly in cases where implementation is tied to formal sources of funding. All of these issues, to varying degrees, surfaced in the United States post-Katrina, and impeded low-income populations from petitioning the government for rehab funds. This is also true of informal settlements in Latin America where clouded titles are becoming increasingly common. Third, fiscal sustainability is crucial for there to be continuity and carry-over in urban rehab policies. A host of financing mechanisms from microfinancing to public-private partnerships for rehabilitation will need to be considered. Tax increment financing in the United States and enterprise/accelerated development zones in the United Kingdom, for instance, are some of the efforts that have been implemented to incentivize the private sector. While these different arenas need to be examined in greater detail independently, in this paper we will focus strictly on how the regulatory and legal environment, and the physical, organizational, and financial realms intersect in relation to the rehabilitation of the innerburbs in Latin America.

Addendum: Participants from the Latin American Housing Network organized at the LBJ School at the University of Texas at Austin on Thursday, May 5, 2011. Feedback and suggestions were incorporated into this document. One point of interest for future research is the role of renters in the regulatory process. Specifically, how to develop a regulatory framework that will encourage and protect renters.

Regional Variation in Regulatory Environments

In general terms, three main types of regulatory environments can be identified from case studies in North America, Europe and Latin America. Understanding the overarching regulatory environment of a particular area will assist in determining what types of regulations are most appropriate for promoting successful housing rehabilitation in that region. Through our regional studies we identified the following regulatory environments: highly regulated, moderately regulated and open or flexible. The last category includes areas that may have regulations but that are not enforced. Highly regulated environments include most of Europe and municipalities in the United States, moderately regulated includes counties and extraterritorial jurisdictions of municipalities in the

Scale	Policy Approach	Core Instruments /Policy Elements	Actors/ Sector	Areas of Overlap	Upside	Downside
Household / Micro Level	Estate planning	will-making	local gov't	financial	transfer secure title; reward care giving for elderly; proprietors preferences are established & followed	can exclude spouses & children; estate planning can cause intra-family conflict; does not take into account long-term costs for families
		legal aid clinics & workshops	local universities & neighborhood associations	juridical	promote & facilitate estate planning; provide low income populations with legal education for securing family patrimony; private setting for estate planning	impersonal due to high number of cases given to lawyers; still only provides legal advice & support but does not take into account downstream costs
		legal fees reduction	public notaries & local govt	financial	reduces costs of 'legalization' procedures for low income populations	does not target most impoverished (high risk populations) because costs may still be too high
		tax reductions	local govt	financial	intergenerational transfers are subject to taxation, these can be lowered, or removed altogether	does not target most impoverished (high risk populations) because costs may still be too high

Scale	Policy Approach	Core Instruments /Policy Elements	Actors/ Sector	Areas of Overlap	Upside	Downside
<i>National / Subnational Level</i>	reform succession laws	mainstream probate process	public notaries	juridical	allow families to initiate succession processes; one-stop shop	informal arrangements may be more attractive, feasible
		dispute resolution mechanisms	local govt & non profits	Com-munity	establish & clarify interests to family home	can cause or bring to surface intrafamily conflict
		facilitate small estate admin	public notaries & local govt	juridical	allow smaller estates to be considered exceptional, & can bypass regular probate process	some consolidated households may surpass minimum amount considered "small estate", deemed ineligible
		patrimonio familiar	public notaries & local govt	juridical	family controls patrimony; taken out of formal housing market,	cannot be sold; cannot be bequeathed
		recognize oral agreements	public notaries & local govt	juridical	many rely on informal arrangements, including oral agreements over future of home	difficult to establish, particularly if not all parties agree
		allow majority of interests to decide mgmt of inheritance property	public notaries & local govt	juridical	one person cannot impede management of estate	that person not in agreement can be the person living in the family home
		compulsory administration of estates	public notaries & local govt	juridical	ensure transfer of clean titles	if compulsory, has to provide financial aid for low income populations
	International Building Codes	Performance-based codes & peer review compliance	local govt & community experts	physical & community	provides flexibility for local conditions	time consuming to evaluate local conditions
	Parallel legal systems	customary land tenure, collective ownership	community, regional govt	Com-munity	flexibility, takes into account local conditions	may be at odds with formal systems

Scale	Policy Approach	Core Instruments /Policy Elements	Actors/ Sector	Areas of Overlap	Upside	Downside
<i>National/ Subnational con't</i>	ZEIS Special Zones of Social Interest	PREZEIS regulatory laws; code relaxation and progressive compliance	local govt & community	Community	progressive form of social/property rights	judicial/civil code takes precedence over administrative policy
	Development zones or enterprise zones	Self-help core units followed by progressive improvement	national govt & private sector (for land)	physical, community, financial	land acquisition, basic services, finance mechanisms, self-help, legal framework to avoid speculation	requires greater resources for accountability and enforcement of code compliance particularly for add-ons
	TIFs, enterprise zones	Tax incentives	local govt & private sector	financial	incentivizes private sector to participate in rehab and development	do programs target or benefit the lowest income families

United States, and unregulated includes much of Latin America. Each of these environments is outlined in detail below.

Most of Europe can be characterized as having a strict regulatory environment which is usually controlled by the central government with some powers given to local jurisdictions. A similarly strict regulatory environment can be seen in municipalities in the United States. Municipalities began heavily regulating land use in the late nineteenth and early twentieth centuries as a method for protecting public safety. City charters give municipalities the authority to regulate the height and size of buildings, population densities and the size of open spaces, groundwater, historical preservations, the types and uses of buildings, and the general aesthetic quality of buildings within their jurisdictions. Such a highly-regulated environment can be restrictive to home rehabilitation as the costs of maneuvering through the bureaucracy and red tape associated with these regulations can be expensive, overly-burdensome and time-consuming.

Next, several types of jurisdictions can be described as having a moderately regulated environment, namely extraterritorial jurisdictions and counties in the United States. Counties lack the regulatory authority that municipalities enjoy, although they do maintain some basic control. In unincorporated areas of counties there are no zoning regulations, and county governments have no authority to directly regulate land use. However, they do retain some basic authority over standards for constructing roads and drainage systems. For example, Travis County, Texas has control over procedures for preparing preliminary plans and plats, and standards for layout, design and construction of drainage systems and streets in subdivisions. Their authority also includes granting

construction permits, licensing agreements and inspections.⁶ Municipalities hold similar regulatory powers to counties in their extraterritorial jurisdictions. Extraterritorial jurisdictions extend outward for a specific distance from a city's boundaries and make up the area that the city is legally authorized to annex if growth in the city extends outward. Therefore, the city maintains some regulatory capacity in its extraterritorial jurisdiction in order to ensure that basic standards are in place if the city chooses to annex the land. The city of Austin, Texas has an extraterritorial jurisdiction that extends five miles out from the city limit, and the city exercises some land use authority within those five miles to ease future growth of the city and prohibit any use of land that may negatively impact the quality of life of Austin residents in the future⁷. Regulations are generally limited to ensuring minimum standards for roads and water systems. Municipalities cannot regulate sewage or septic systems, the size and use of buildings, or any other aspects of buildings like it can within its city boundaries. This type of regulatory environment may be important for Latin America, as some basic control over land is exerted to ease future development and ensure public safety but it does not in any way have the capacity to hinder the rehabilitation of individual homes located within the jurisdiction.

Bills are often introduced into the Texas Legislature that would provide counties and municipalities with the authority to regulate land use in unincorporated areas and extraterritorial jurisdictions. At least three pieces of legislation have been introduced on the 82nd Texas Legislature that would expand the authority of both counties and municipalities to create ordinances to regulate land development along the border region of the state. If these bills pass, housing developments in unincorporated areas of counties and extraterritorial jurisdictions would be subject to basic building codes aimed at improving public safety and protecting public health. But at the same time they may limit the ability of people living in *colonias* to rehabilitate their homes and prohibit the building of new homes within *colonias* that do not meet basic codes.⁸ These bills are similar to previous efforts in the 1990s that would have increased counties' zoning or land-use planning powers in unincorporated areas (Texas HB 1817, see Ward, 1999). These proposals faced significant opposition from local government officials who lacked the resources to implement additional authority, as well as from community groups who opposed county enforcement of building codes in the unincorporated areas because of the very nature of the self-built housing (Ward, 1999). Given the nature of incremental home building in colonias, many colonia homes cannot meet these codes and would be subject to demolition or financial penalties.

Finally, the third type of regulatory environment we have identified is an open environment (more or less) void of regulations or one in which regulations are for the most part not enforced. This encompasses most of Latin America. However, a multitude of alternative or parallel legal systems do exist in many Latin American countries. Developing countries are often home to pluralistic systems of land management that include overlapping formal and informal elements (Farvacque and McAuslan, 1992). Farvacque and McAuslan identify three components of these pluralistic

⁶Information taken from Travis County Standards for Construction of Streets and Drainage in Subdivisions website, Accessed April 20, 2011, Available at: <http://www.co.travis.tx.us/tnr/subdivision/default.asp>

⁷Information taken from City of Austin Annexation and ETJ Planning website, Accessed April 20, 2011, Available at: <http://www.ci.austin.tx.us/annexation/extraterritorial.htm>

⁸ The bills were authored by Senator Lucio in the 82nd Legislature: SB 1363, SB 1364 and SJR 40. Text and analysis of the bills can be found at: <http://www.capitol.state.tx.us/>

systems: formal statutory systems, informal systems prevalent in unauthorized settlements and customary land tenure systems (Farvacque and McAuslan). They do not operate in isolation and can sometimes create complications or tensions because property often falls under more than one of these systems, each of which is considered valid. For example, an individual may have rights to property under a customary system that contradicts the actual statutory ownership of the land. Even the formal system may find its roots in traditional systems. For example, the concept of common law land tenure, which gives multiple people rights to the same plot of land, is often part of the authorized statutory system but arises out of tradition (Farvacque and McAuslan). Esedio Fernandes also identifies alternate systems of land tenure rights in Latin America, including cooperatives in Uruguay, community land trusts and supplementary titles in Nicaragua and Venezuela (Fernandes, 2011). When thinking about policies for housing rehabilitation in Latin America, it is important to recognize these plural and parallel systems, and how they fit into the overall regulatory environment.

Physical Rehabilitation

Progressive and Performance Compliance

One of the main areas in the physical realm of rehab that needs to be addressed is related to planning regulations and constructions codes. While Latin America – unlike the United States or Europe – is considered an open and rather unregulated environment from a planning perspective, there is some concern over the extent to which informal settlements need to be regulated and “brought to code” so to speak. A pragmatic and flexible framework for Latin America includes progressive compliance or a temporary adjustment period of housing standards and subdivision codes. This creates a supportive legal and regulatory frameworks for slum and self-help upgrading while taking into account local conditions and needs. The question for policy makers is whether informal housing should enjoy the same level of regulatory norms and codes or whether it is more realistic for government to accept, at least on a temporary basis, the existence of dual standards. The former may impose high requirements and inhibit self-help and even outlaw critically needed improvements. The latter provides a time period for residents to consolidate their homes and leverage services unencumbered by code considerations (Ward, 1999).

Some regions and countries have experimented with forms of progressive compliance to promote housing development rights for informal or squatter settlements. In Brazil, the city of Recife was the first to implement the Special Zone of Social Interest (ZEIS) under the city's Land Use Plan of 1983. The regulatory rules (Prezeis) were enacted in part to promote the legalization of the land occupation and development and, wherever possible, to preserve the main characteristics of their spontaneous occupation (Maia, 1995). The regulatory rules were set up to deter land speculation through the absence of stringent development standards and via a maximum size for land plots instead of a minimum. The Prezeis rules created a new, progressive form of social/property rights that administratively recognized the squatters' claim to land they illegally occupied. It should be noted, however, that such administrative policies to transfer legal title were/are trumped by civil code which leads to a dichotomy between judicial law and regional administrative procedure.

Other examples related to progressive compliance are development zones. In the Tierra Nueva colonia in Ciudad Juárez, Mexico, land was legally acquired and the core unit concept was implemented with the legal framework also to avoid speculation (Ward, 1999). Lots were provided with basic services and the minimum construction requirement was that residents agreed to build through self-help a core unit of a main room, kitchen and bathroom, with extensions to come later.

The finance mechanism was provided for residents to purchase the lots and obtain construction credits at low interest. While this is a model for construction from the ground up, it does provide an example whereby rehab can first take place to assure that the core unit of a house first comes to compliance, followed by progressive improvements. The case of El Molino in Mexico City (1985-1990) has similar underpinnings of formal land acquisition, a finance mechanism for the poor, self-help construction, and legal rules to avoid speculation (Math  y, 1992). El Molino additionally was an instance of direct participation in urban planning with significant community involvement, and obtained technical assistance to build the alternative drainage needed in order for the Federal District Department to grant planning permission and a building license since the site was located on what used to be a lake bed and subject to flooding in the rainy season.

Building codes and their enforcement reflect the commitment and knowledge of public officials. While rigid codes can place undue burden on persons (particularly on the receiving end) and even impede housing rehab, too flexible of codes can lead to unsafe household construction practices. The question of enforcement is important since adequate building codes can be overtaken by undue diligence on behalf of building officials which again leads to unsafe construction practices. Accountability must also be considered because when those in charge of the structural design and construction of buildings are not held legally or criminally responsible then inadequate materials and other cost-cutting building measures will be rampant.

The magnitude 8.1 earthquake that struck Mexico City on September 19, 1985 provides a good example of exercising appropriate standards and enforcing them. Throughout the city the damage to the public and private buildings affected an estimated 100,000 residential units – more than 30,000 housing units were completely destroyed and another 68,000 were damaged (Sober  n, 1986). Prior to the quake, building regulations contained deficiencies that failed to mitigate human and physical losses. Most of the damage quake occurred to buildings constructed between 1957 and 1976 when the city started to build upwards between six and 15 stories in height: these structures were most affected by the resonance effect of the lakebed. Post-1985 new regulations were published and contained important modifications for increasing the structural security of buildings and houses. Codes have since been upgraded regularly and, in particular, in 1987 and 2003 regulations were modified to include advances in structural design and building materials. Key improvements to building and security included:

- To obtain building permits and licenses, it was no longer optional as in the 1976 regulation, but required for licensed professionals to assume technical responsibility of the construction. This assured legal accountability in the structural and architectural design.
- Seismic and geological characteristics of the land are mandatory in order to make necessary structural improvements to strengthen the buildings and floors so that they can absorb the localized resonant energy produced by seismic waves. This also ensures that buildings do not topple on one another, a situation that caused much damage in the 1985 quake.
- To make buildings and houses more solid and resistant to seismic movements, structures such as columns, roofs and foundations must be built with steel and concrete.
- High resistance concrete is required to increase structural durability and stability; this type of concrete also requires less maintenance and better resists environmental wear and tear.
- The study of masonry pieces with different geometric forms has also been applied to improve structural load and impact.
- Construction had to incorporate accessibility for persons with disabilities or special needs and account for ways to diminish fire hazards.

So when thinking about rehabilitation and self-help housing in Latin America, mandating certain minimum codes are still appropriate to ensure public safety. The effective strategy identifies a balance between minimum standards to protect public safety and overly-restrictive codes that would likely limit rehab and even threaten the existence of unauthorized settlements. The “hard” codes and minimum standards enforced by municipalities in the United States would be highly restrictive to rehab and requires a level of local government involvement rarely seen in Latin American countries. Flexible, locally defined codes found in the concept of progressive compliance are more appropriate for the Latin American environment.

Also applicable for Latin America are performance-based codes that Europe and now the Structural section of the IBC (International Building Code) use. This is very different than other codes of the IBC and regional and local codes employed by the United States, which follow from the rationale described above where 'everyone must be brought up to one code' and generally works under notions of universals when the fact is that each context is different. Performance-based codes use that context in clever ways, assuming that an expert in the community (or the builder) knows more about what should be done than a bureaucrat pushing paper and following rules that perhaps do not make sense for the local context. The concept of peer-reviewed compliance is part of the performance based codes process. For example, if an expert or builder wants to build a structure to account for seismic loads (from earthquakes) in a way that diverges from the IBC, that expert or builder must show to a board of peers how his solution is superior. While regular codes are prescriptive, peer reviews are based on expertise alongside some semblance of local knowledge and account for context.

Primary-code Compliance

Rehabilitation in informal or squatter settlements that applies dual standards, the core unit approach or peer reviews must first target bringing up to code those parts of the dwelling that create basic security and structural norms. That said, a first priority round of building standards and code regularization that addresses safety and hazard concerns should touch on the following areas that cause the most concern:

- Location
- Building shape (rectangular or square as opposed to irregular shapes)
- Foundations and roofs (apt for vertical or horizontal expansion)
- Building materials
- Electrical wiring
- Access to adequate sources of clean water and safe wastewater disposal
- Access to the settlement for emergency vehicles and fire personnel

The public safety context will shift according to the region or settlement. For instance, in some self-help communities minimum standards must include structural codes that ensure homes are physically stable and able to withstand any additional stories that may be contemplated. This is particularly important since limited lot sizes in many self-help communities in Latin America require families to expand upward if they need additional space. Having a structurally sound home is vital

under these circumstances. There has been legislation passed in Peru and Colombia regarding who controls “los aires” and the upward expansion of dwellings. For second-tier codes, such as building use and size, homeowners should be able to comply progressively; expecting complete compliance from the outset will likely inhibit homeowners’ ability to participate in rehab projects.

At times, the circumstances may arise when homeowners fail to comply with progressive or performance-based codes, leaving homes at risk to safety hazards. In this type of situation, there must be effective mechanisms for solving the problem, either through incentives or penalties. While imposing some sort of tax on homes that fail to comply with minimum standards may be a knee-jerk solution, the local government may not have an effective tax collecting mechanism and homeowners may simply not have the capital at hand to pay a tax. After all, the very reason why the poor invade land or live in irregular settlements is to avoid payments that act as barriers to having shelter. Therefore, a more effective strategy may be to create incentives such as subsidies or construction credits for homeowners to comply with minimum or communal codes rather than imposing monetary punishments. Another option is community involvement and commitment whereby group pressure, action and/or assistance ensures that families not in compliance are brought to code.

Financial Considerations

Fiscal sustainability and experimental or creative solutions to credit are crucial for there to be continuity and carry-over in urban rehab policies. A host of financing mechanisms from microfinancing to public-private partnerships and funding sources from multiple levels - local, non-profit, international - will need to be considered. Efforts to incentivize the private sector can also open up important sources of financial flows that can complement the public sector. The political recognition of the worth of providing financial support to progressive self-help or self-built housing is crucial.

One of the main problems in Latin America even with the introduction of flexible compliance schemes is that any policy may still not be practical for the poorest. Some families or communities may live under such extreme poverty that even finance mechanisms with very low interest rates may be out of their reach. One potential consideration is legislation that targets subsidies for these marginalized families. For example, similar to cash transfer programs throughout Latin America to fight extreme poverty and improve human capital, the poorest via key indicators can be subsidized for the purchase of land and initial home credits with the requisite that children must attend school and adults some level of training to earn income. This in part addresses the structural characteristics that cause poverty (and may curb generational poverty) and not the end-result symptoms. Another consideration is to link housing rehabilitation directly with job creation programs whereby credits can be passed on to firms that employ low-wage workers with limited education, training and/or experience; these workers in return then have a source of payment for housing improvements or some of their earnings can be in the form of construction credits that will ensure application towards housing rehab. What is important are creative solutions.

Organizational Considerations & Community Participation

Trinitat Nova

In terms of organizational considerations, one of the best practices related to urban rehabilitation was found in the Barcelona neighborhood of Trinitat Nova, a working-class neighborhood located in the old northeastern periphery of the city (Rebollo, 2001). Trinitat Nova was one of the earliest peripheral urban areas of social housing established in Barcelona in the 1950s to accommodate the thousands of workers arriving from other parts of Spain to Catalonia. Currently, the area is inhabited by approximately 7,700 inhabitants, and is characterized by an aging population and dilapidated housing infrastructure (UN Habitat, 2010). The urban rehabilitation project in the neighborhood began in the early 1990s as members of the community—through their established neighborhood association—sought to address a host of physical and social ailments that were afflicting the now aging community (UN Habitat, 2010). As a result of inadequate urban planning, by the 1990s Trinitat Nova was a neighborhood where the homes suffered from serious structural problems (e.g. aluminum structural decay) and were poorly serviced. There was also concern over the physical connection of the neighborhood, not only to the general metropolitan area but also to adjacent neighborhoods. Then there were the social problems such as high levels of unemployment, drug addiction, and ethnic tension between the different groups (gypsies, etc) residing in the area. Thus, through a process of community planning and collaboration with the local government, the neighborhood association came up with a list of neighborhood-wide priorities that surpassed physical urban renewal to encompass broader adopting social, economic, and cultural aspects into a more integral project.

From an organizational perspective, Trinitat Nova stands out for several reasons. Consistent with the literature on urban social movements (Mangin, 1967), community members began to mobilize in an effort to address one specific problem: address the aluminum decay affecting their homes. However, the neighborhood association pushed for a holistic approach to urban rehabilitation, focusing on the interplay between the social, economic and environmental spheres of the urban process (EcoCity, 2009). Given that Trinitat Nova was characterized by an aging population (31 percent over 65) and low levels of education (30 percent did not complete primary education), there were concerns over the social exclusion and poverty of the population vis a vis other parts of the metropolitan area. The residents thus identified a series of issues they wanted to address in the community plan from job creation in the neighborhood to transforming the area into an eco-quarter. Their mobilization efforts were also successful in that they manage to include important community members such as university professors from various universities. With their technical support and know-how, the community was able to put forth a solid and integral community development plan. This also allowed residents to come up with sustainable financing mechanisms that included the residents themselves, as well as the Catalan Regional Government and the City Council. The financial resources would then be allocated and managed at the corresponding housing and urban planning agencies at the local and state level (e.g. Instituto Catalán del Sol, l'Agència de l'Habitatge de Catalunya, and Gestió d'Infraestructures).

In sum, the rehabilitation process that is taking place in the neighborhood of Trinitat Nova is a good example of multi-level governance and shared decision-making. The project shows that civil society has become central in urban planning, particularly in urban rehabilitation programs. Even in welfare states in Europe important responsibilities are now being delegated to lower levels—in this case the neighborhood—sparking the emergence of new partnerships and modes of participation. This model of co-responsibility has been so successful in Trinitat Nova that it is now being implemented in over 40 neighborhoods across the city and broader Catalonia region (Rebollo, 2001).

Reconstructive Efforts in post-earthquake Mexico City

A second case that highlights the integration of community involvement and housing policy formation is the 1985 Mexico City earthquake. High-rise public housing and run-down tenements (vecindades) were particularly hit, displacing much of the urban poor (Connolly, 1993). A scene of major disaster occurred in the delegación or borough of Cuauhtémoc where the neighborhood of Tlatelolco and Colonia Guerrero are located. As a result of this devastation, these residents and others, including workers from the neighborhood sweatshops, mobilized to form the *Coordinadora Unica de Damnificados* (CUD) to demand representation in the reconstruction process. President Miguel de la Madrid and the PRI were forced to acknowledge community, labor and opposition groups when their significance in the city's recovery became clear. The combined political pressure resulted in the Convenio de Concertación Democrática para la Reconstrucción de Vivienda (Democratic Agreement for Reconstruction) which adhered to two core demands:

1. To expropriate condemned buildings and construct new housing in the same area for displaced residents rather than relocate them permanently; and
2. To have democratic and transparent reconstruction process that would include the participation of the community movements. Throughout the construction many residents were provided temporary shelter in the streets by their former residence. This gave them the key role of supervising and accelerating the reconstruction process and obtaining some alterations to the standard housing plans.

The *Programa de Renovación Habitacional Popular* (RHP) was established and became the most important effort for the urban reconstruction and rehabilitation of houses and apartments damaged by the quake. Two years later, with the help of World Bank funds, the RHP built or renovated over 48,000 units, most on the original plots and to the benefit of the original tenants. The legal terms of the expropriation determined that the families who had been occupying the lots at the time, or immediately prior to the earthquake would be the beneficiaries of RHP renovations. This reduced the traditional corrupt mechanisms for allocating housing credits and the use of clientellistic tactics to gain political or economic capital (Connolly, 1993). More so, the temporary nature of the program also meant that there was no time for the usual build-up of vested interests in bureaucratic power; RHP, as an institution, terminated in 1988. Thus, the expropriation solved one of the main problems facing low-cost housing programs – access to land – and met the demands of the families affected – the right to remain in their respective neighborhoods and places of work. The property regime changed from an uncertain situation to a secure holding since most families previously rented before the earthquake then became co-owners of the renovated residential units.

These two cases are exemplary in terms of implementing participatory urban upgrading and housing rehabilitation. As was the case in the Latin American innerburbs in past decades, community participation and engagement was vital in providing entire communities with better living conditions, particularly in relation to basic infrastructure, roads, public spaces, and security of tenure. Community participation will be key to any systematic rehabilitation efforts, enhancing not only the quality of projects but ultimately, ensuring the continuity of development in these working-class settlements.

Legal & Regulatory

The Importance of Clean Titles

The nature of “informality” in low-income settlements typically has to do with (insecure) land tenure, infrastructure requirements and building standards (Fernandes and Varley, 1998). In the past, policy interventions focused on two main areas. The first was to gradually provide essential infrastructure (water, electricity, drainage, street paving, schools, and so on) in an effort to upgrade their physical status and ensure that they were more fully integrated into the city as working-class neighborhoods. The second area of intervention addressed the illegal nature of land acquisition by transferring title to de facto owners. Today, the idea that clean title is essential remains an important element in contemporary policy formulation to encourage individual mobility and to expedite property transfers, whether through the market, or through inheritance and succession. As such, below we propose to utilize the regulatory environment (policy tools, institutional and legal framework) in ways that provide not only de jure security of tenure to low income communities, but also de facto security. A long term perspective and holistic approach to the regulatory environment will allow policy makers to deal with the return to informality (i.e., subdivision of property) that households in the innerburbs are experiencing, as well as new forms of irregularity that arise out of the need to accommodate multiple generations on the same property .

The first issue that must be addressed in order for housing rehabilitation to be successful has to do with clouded titles, or whether the person deemed to be the owner was also the named titleholder. In the past, “regularization” policies in the region have (for the most part) provided clean title deeds to many owners usually in the name of the male head. As such, it is not uncommon today that in many cities in the region the majority of titles remain in the name of the original owner dating to the time of the regularization, which in most cases occurred sometime during the 1980s. In order to ensure and facilitate future transfers of clean title to new owners either through the formal housing market thorough a *traspaso* (sell), or inheritance and succession processes, a new round of regularization may prove necessary. As such, property laws that produce clear title facilitate the ability to dispose of property for market value or to otherwise transfer property in several ways. They allow the free trade of the asset on the open market on the one hand, and allow for outside investments in property on the other. When title interests are insecure or unclear, creditors will either refuse to invest in the property or, alternatively, devalue the asset to take into account the higher risk of the investment or the transactional costs of making the title interests more secure (de Soto, 2000).

Inheritance and Succession

Whether someone is acquiring a dwelling through purchase or succession and inheritance, a complex system of laws and regulations supports the creation and transfer of clear title interests. While a common means for low income populations to acquire a home in Latin America was through informal mechanisms (first generation), a second path to homeownership in the region is increasingly through inheritance and succession (second and subsequent generations). While the ability to hold and transfer secure title has been a central component of homeownership in the United States, in Latin America homeownership is embedded in varying levels of informality. In other words, a regulatory framework that ensures not only the secure (and alienable) title to homeowners, and facilitates the transfer of that very title to future owners is essential. These legal mechanisms, however, are often inaccessible to many in the region. In Mexico, for instance, low-

income families often do not complete a will, and even if they do, after they die their heirs may not have the means to formalize the transfer of title to their home.

When a property owner dies, the formal transfer of the property's title to the next generation of owners requires access to financial resources and information in order to be able to successfully navigate the country's (or state's) estate planning and inheritance laws. For a variety of reasons, low-income families frequently circumvent formal probate (testate or will, and intestacy) systems. Instead, many low-income families transfer their property interests informally from generation to generation through the laws of intestacy, even where freedom of testation (e.g. Mexico) is the legal norm. Through the intestate laws of most jurisdictions, when a deceased (decedent) person does not have a will, the title to the person's home passes to his closest living relatives, typically the deceased's spouse and children. In most Mexican states, for instance, if a person passes away without a Will (survived by a spouse and/or children) most laws require that the decedent's estate be divided in equal portions between the children and the surviving spouse (depending on the marital regime the spouses chose upon marriage). State legislation thus provide for a prescription of estate distribution that clearly identifies legal heirs and facilitates the transfer of secure (clean), recorded title. In Mexico, for instance, this formal process is called the "determination of heirship" which requires that an action be filed in court and requires the appointment of an attorney to protect the interests of the unknown heirs.

In order to facilitate the transfer of title, a homeowner can write a will, often with the assistance of a public notary or lawyer, and engage in other estate planning strategies that will govern the disposition of the home upon the homeowner's death. In the case of the U.S., after the homeowner dies his/her estate must be proved by way of probate, an often expensive and time-consuming court process, in order to determine how the assets are to be transferred to family members (Asadorian, 2011). In Mexico the probate process can be carried out before an attorney or a *notario público*, provided there are no minor children, third party claims, or conflicts regarding how the estate is to be partitioned. However, if there are outstanding claims and/or family disagreements, the probate process must involve the family courts. As mentioned above, Mexico's legal tradition includes the freedom of testation principle, such that individuals can dispose freely of their estate through a will, even if it means 'intentionally disinheriting' spouses and/or adult children. In this regard, Mexico's succession laws are dramatically different from those in much of continental Europe and Latin America that restrict testation through "forced heirship" or legal portions regimes. There are some restrictions to the freedom of testation, however, mainly in the form of "support" for children under the age of 18, poor spouses and parents (Deere and Leon, 2001). If an individual's will does not take into account these legal obligations to his/her family, the testament will not necessarily be declared invalid or null but rather, the court will deduct such financial obligations from the bulk of the estate.

In summary, whether the home is acquired through purchase or inheritance, the law and related formal systems play an important role in enabling homeowners to obtain and transfer secure, alienable title to their homes. Still, in Latin America many lower-income households inherit homes outside formal systems and, as a result, face significant barriers to obtaining (and transferring) clear title to their homes. The informal market, while often a better alternative for low-income populations, provides de facto homeowners with weaker legal protections and little in the way of oversight to ensure the transfer of clear and legal title. In such arrangements, there is little in the way of legal scrutiny to insure that the title has no third party claims to the family property. Without a clear title, be it through secure market transfers or succession and inheritance processes, informal owners may face difficulties accessing formal lending institutions for dwelling rehabilitation and upgrading. With clouded titles financial obstacles become even more difficult to overcome. Until the homeowners can receive legal assistance to clear up their (clouded) title problems, many must resort to informal mechanisms or self-financing any repairs or improvements they need to make to

their homes, or lacking these financial resources, watch their homes fall into further disrepair. Next we present a series of policy recommendations--second and successive generation reforms--that address the issue of clouded titles and provide households with de facto tenure security, as opposed to just de jure security.

- **Estate planning:** provide low-income populations the legal and financial resources to be able to undergo a formal succession process via way of will-making, or intestate succession by streamlining the succession procedure.
 - Testamentary
 - Will-making (front-end)
 - Testamentary & Intestate (downstream costs)
 - Legal aid clinics & tax, fees reduction programs
 - Intestate
 - Dispute resolution mechanisms
 - Prioritize rights of home occupants (legal heirs that live in property) vis a vis absentee “owners” (legal heirs that no longer reside in the home)
- **Property and succession laws** (subnational level): reform state succession and property laws to make the succession process more flexible, attractive, and efficient.
 - Set up a system that conducts a legal audit of the state’s title transfer system
 - Exempt small estates from probate system
 - Recognize and give legal backing to oral agreements governing the transfer of title
 - Allow a majority of interests to make binding decisions concerning the management and maintenance of the property (when there is conflict regarding the future of the estate)
 - Make the administration of estates compulsory within a determined period of a homeowner’s death.

Unresolved property issues may ultimately contribute to community deterioration and property disinvestment by failing to address issues of clouded title and unresolved succession problems. As such, a holistic regulatory environment needs to focus on enhancing homeowners’ ability to be secure in their homes and accrue housing wealth. While broad-scale title clearing efforts may prove difficult in Latin America, municipalities and local government agencies can facilitate such initiatives through tax breaks (as in Mexico City) and by providing low-income populations much needed legal assistance. The regulatory environment can also halt the fragmentation of property by promoting will-making (as in Mexico).

Property that has been passed down from one generation to the next without a valid will is managed through each state’s succession laws (Asadorian, 2011). In such a uniform system, the state decides who the legal heirs are, and how the estate is to be distributed. Generally speaking, each legal heir has the same rights as the others to use, live on and occupy the property. Thus, over time, and through each intergenerational transfer, property ownership becomes more fragmented (as the number of owners grows). With time, the number of “legal” owners increases, and the likelihood of intrafamilial conflict also significantly increases. We are seeing signs of such multigenerational heirship issues and clouded titles that need to be adequately addressed in the innerburbs of Latin America. In order for low income populations to retain and maintain their homes as a sustainable asset for future generations, it is important to have solid negotiation and mediation mechanisms at hand.

Conclusion

There are key points of interest for sustainable rehab policies. First, progressive or performance compliance can lend itself as a flexible scheme for self-help construction and to allow poor families bring up to code their dwelling structures. Second, compliance policies will differ in scope and scale, and in types of codes and time frame to meet local demands but to ultimately achieve the same goal. For example, stricter regulations may be required to ensure safety in communities where lot sizes are small and the only alternative is for families to build upward. And third, flexible codes and even low-interest financing may still not be practical for some for families and communities living in extreme poverty. In such situations, experimental and creative solutions that include self-build alternatives, subsidies tied to requisites (such as workforce training for adults and school attendance for the children) and ways to incentivize participation from the private sector should be considered.

COMMUNITY MOBILIZATION FOR HOUSING REHAB

Introduction

This paper seeks to address the challenge of achieving participatory mobilization in housing rehab. One of the key aspects of housing rehabilitation and urban renewal policies in Latin America to consider is how to successfully involve community organizations and residents into the process, so policies remain effective and sustainable. In this sense, a thick social fabric, with an active participation of local organizations, institutions and residents in general, becomes central to housing policies that depart from the state, the local government or the community.

This section tackles self-help housing rehab questions by looking at the interplay of the several actors that participate in the process at the regional, municipal/city-wide, community and household levels. In this interlinked web of players and locations where they interact, the analysis concentrates on the actions that actors take depending on the specific contexts, levels, but also of their particular needs. The analysis covers the role of grassroots movements in demanding attention from the state as they did in Argentina, and how NGOs may fuel these types of organizations but also generate certain level of dependence and disempowerment of the community. It addresses the role of women and how to target them if necessary, based on existing financial programs. It places particular attention to the importance of neighborhood associations as galvanizers of housing policies, such as the cases of micro-brigades in Havana, Cuba or Trinitat Nova, in Barcelona, Spain show. It also looks at the efforts of state institutions that open spaces of interaction such as the Area Renewal Office in Vienna and the participation of private funders such as La Corporación in Santiago, Chile, that fostered the creation of micro-centers.

At the same time, this section analyzes how the urban environment becomes the space of interaction among all these players and how they respond to specific types of policy orientations. In this sense, the origin of policies will determine the shape that the interaction will take and whether it is necessary to artificially generate a dense urban fabric. If policies emerge from the upper levels, that is, national, federal or local governments, they most likely will take a top-down approach making it necessary for the institutions to mobilize the community and artificially generate social cohesion. In the cases where negotiation is possible, local neighborhood organizations will play a major role, but sometimes only as a response to policies defined by higher levels. Finally, in cases where policy is defined from below, the community will play a major role in the definition of policies and will have a higher degree of autonomy and self-sufficiency, as they look for ways to fulfill their needs.

A final section with comments and discussions emerged around the subject of community organization during the Latin American Housing Network held in Austin during May 5 & 6, 2011 was attached at the end of the document.

Regional Level

At the regional level of housing rehabilitation programs, social organization is not as straightforward as at the community level, but regional policies that emphasize social mobilization have often been successful in this area. The policies and trends that have supplied the greatest achievements at the regional level include ones that use the support of NGOs and grassroots movements, recognize the role of women, employ resident inclusion in city planning, and incorporate the use of area

Regional Level

Policy approach	Core instruments	Actors involved	Key overlapping sectors	Upsides	Downsides
Encouraging NGOs and grassroots movements	<ul style="list-style-type: none"> Ensuring participants are informed about current laws and regulations Make information on funding readily available For funds from government, create bureaucracy that is easily maneuvered by small groups 	<ul style="list-style-type: none"> Community Federal or municipal government Local institutions, churches NGOs, Non-profits 	Financing, legal	<ul style="list-style-type: none"> Movements contribute to social mobility Organizations provide communities with tools to assert their rights and fight for progress in housing policy that will benefit them Organizations can provide a forum for change driven by women or other marginalized groups 	<ul style="list-style-type: none"> Information may not be available equally, and groups that control information can manipulate communities
Emphasizing women's roles in funding rehabilitation and renovation	<ul style="list-style-type: none"> Primarily disburse money to women Tie funds to conditions, such as health and education conditions, that will produce benefits for the community at large Include men in general meetings and planning for goals for funding 	<ul style="list-style-type: none"> Residents, especially female Project funders, including government, NGOs, and private funders 	Financing	<ul style="list-style-type: none"> Conditional cash transfer programs focused on basic needs have had great success in disbursing funds to women for better targeting and effectiveness Women work in the home and benefit from community facilities more directly as primary caregiver, and may be more effective at setting priorities 	<ul style="list-style-type: none"> Women end up with even more tasks – chores, work, planning and managing finances, and absorbing any extra tasks from fulfilling conditions Men may not want to allow their wives or girlfriends to be away from the home for program activities Women are generally not the primary workers in project implementation

Regional Level

Policy approach	Core instruments	Actors involved	Key overlapping sectors	Upsides	Downsides
Including residents in city planning	<ul style="list-style-type: none"> Develop structures through which residents can participate in planning Incentivize or otherwise encourage participation 	<ul style="list-style-type: none"> Government Residents 	Physical	<ul style="list-style-type: none"> Resident participation increases speed and efficacy of construction, likelihood of long-term maintenance of infrastructure and services, and ensures that projects are more likely to satisfy resident demands 	<ul style="list-style-type: none"> In some cases, residents have been unwilling to mobilize and participate
Using government institutions to facilitate community organization and mobilization	<ul style="list-style-type: none"> Establish area renewal offices to link communities with policymakers Provide information and communicate with residents, coordinate renewal of public space, and identify self-help activities Offer administrative and technical support 	<ul style="list-style-type: none"> Residents Municipal government 	Legal	<ul style="list-style-type: none"> Residents have direct communication with government, and assistance for maneuvering bureaucracy 	<ul style="list-style-type: none"> Political support is a prerequisite for organizing capacity Political parties may use increased communication to garner support for their preferred projects rather than let residents set the agenda

Municipal and Community Level

Policy approach	Core instruments	Actors involved	Key overlapping sectors	Upsides	Downsides
State-led mobilization (Top-down)	<ul style="list-style-type: none"> Require communities to organize according to a certain structure in order to receive housing and facilities projects Implement projects through new org Continue to use org for future projects in the area Promote social mobilization and artificial social cohesion 	<ul style="list-style-type: none"> Community Federal or municipal government Local institutions, churches NGOs, Non-profits 	Financing, legal	<ul style="list-style-type: none"> Community is given an incentive to organize Through new org, community is given control over planning and implementation of project Continued incentives to remain organized keep association in place State oversees community actions and application of programs 	<ul style="list-style-type: none"> Community mobilizes from the top-down, according to government priorities Partisan politics dictate what funds and projects will be available Sometimes communities needs are not prioritized May generate resistance from community organizations Information must be made available to communities and residents equally to keep other organizations from co-opting the funds to control a community
Planning and implementation through existing community organizations (Negotiated)	<ul style="list-style-type: none"> Create funding sources accessible for community orgs Open dialogue with community orgs about physical or social problems in their area Spaces of interaction among communities and state agencies 	<ul style="list-style-type: none"> Neighborhood associations NGOs, Non-profits Workers' groups All levels of government 	Financing	<ul style="list-style-type: none"> Resulting plans are better tailored to actual needs Community involvement and responsibility more likely Mutual exchange of ideas and priorities 	<ul style="list-style-type: none"> NGOs may not represent those in need Voluntary labor not always most productive choice Possible dependency on NGOs

Municipal and Community Level

Policy approach	Core instruments	Actors involved	Key overlapping sectors	Upsides	Downsides
Bottom-up	<ul style="list-style-type: none"> Community organizations define priorities and projects, and initiate process to get funding Well established bureaucratic procedures (Applications) State agencies that establish close/direct contact with community organizations 	<ul style="list-style-type: none"> State and International agencies NGOs, Non-profits Local institutions, churches Neighborhood associations Residents 	Financing, legal, physical	<ul style="list-style-type: none"> Policy defines priorities based on community needs High involvement of neighbors of all classes High level of autonomy for the community 	<ul style="list-style-type: none"> Communities depend on funding availability and bureaucratic decisions Sometimes communities' needs don't match state policies.
Planning with women in key positions	<ul style="list-style-type: none"> Encourage the inclusion of women in project planning Tailor meetings around women's schedules Ensure women have maximal information about available funds and projects 	<ul style="list-style-type: none"> Community organizations Municipal government 	Financing, physical	<ul style="list-style-type: none"> Women are more likely to know what problems need to be addressed and how 	<ul style="list-style-type: none"> Women are already over-tasked with work and home duties NGOs and government can begin to dominate women's lives Difficult to encourage participation

Household Level

Policy approach	Core instruments	Actors involved	Key overlapping sectors	Upsides	Downsides
Encouraging residents to live or stay in city centers	<ul style="list-style-type: none"> • Create state subsidies and mortgage credit banks to encourage individuals and families to move to city centers • Subsidize remodeling of homes to encourage retention of residents in city centers • Finance improvement of public spaces and creation of green zones 	<ul style="list-style-type: none"> • Community • Government • Private financiers 	Financing, legal	<ul style="list-style-type: none"> • Residents in city centers stay in their current location • Residents in city centers have more jobs available to them • Subsidies make home ownership possible for more people 	<ul style="list-style-type: none"> • Residents who move may be separated from social networks
Encouraging social mobility	<ul style="list-style-type: none"> • Focus rehabilitation on integrating neighborhoods and residents into the larger urban fabric • Integrate social services for residents and partner with neighborhood associations and churches • Provide private funding for individual households to rehab their own dwellings • Encourage community organizations to work cooperatively 	<ul style="list-style-type: none"> • Neighborhood associations • NGOs, Non-profits • Workers' groups • All levels of government 	Financing	<ul style="list-style-type: none"> • Residents become more integrated with service providers, communities, and cities at large 	<ul style="list-style-type: none"> • Some cases saw these mobility programs produce racial tension

Household Level

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Using government institutions to facilitate community organization and mobilization	<ul style="list-style-type: none"> Establish area renewal offices to link communities with policymakers Provide information and communicate with residents, coordinate renewal of public space, and identify self-help activities Offer administrative and technical support 	<ul style="list-style-type: none"> Residents Municipal government 	Legal	<ul style="list-style-type: none"> Residents have direct communication with government, and assistance for maneuvering bureaucracy 	<ul style="list-style-type: none"> Political support is a prerequisite for organizing capacity Political parties may use increased communication to garner support for their preferred projects rather than let residents set the agenda

renewal offices. These policies have been used around the world, but can all be applied to the efforts of increasing social density in Latin American housing projects.

The Role of NGOs and Grassroots Movements

NGOs and grassroots movements have provided many communities with the means to assert their rights, and fight for better housing policies. Residents of low-income communities in Latin America can be greatly assisted in their quest for improved housing, and these outlets might also be useful for rehab policies. Dealing with NGOs and social movements requires political awareness, as participants need to be informed about the current laws and regulations, so they know which direction to take from what they are given. On top of social mobilization concerns, these options overlap with the legal/regulatory arena of self-help home rehabilitation practices.

Argentina provides an example of regional community development programs which have grown rapidly in the last few decades. The number of formal NGOs grew from 6 in 1960 to 168 in 1992, mirrored by a growth in grassroots movements among the low-income urban populations. Grassroots movements peaked during the '80s, and then decreased in activity in the '90s, with the transition to democracy, while formal NGO activity increased in the '90s. (Lloyd-Sherlock, 1997)

Some formal NGOs, like Fundación de Organización Comunitaria, started out as informal organizations and expanded rapidly through ties to the government. FOC was started by Buenos Aires shanty town women in 1981. They worked extensively in development, with many projects in housing improvements and construction of community facilities like kitchens and schools. When the organization initiated cooperation with the municipality, the two agencies gradually became indistinguishable from one another, as they shared staff, financing, and project goals. (Lloyd-Sherlock, 1997) The policies supported by these organizations worked on housing rehab by creating or improving public infrastructure, building community facilities, and creating an income structure that increases community participation.

Among grassroots movements in Argentina, the most important organization is the Movimiento Territorial de Liberación (MTL), a group of piqueteros that, "self-defines as a political, social, and territorial movement in the fight for land and housing." (Thomasz, 2008, p 338.) Most who belong to the movement do not own their own house. Many of MTL members live in La Boca and Barracas, along with a few other southern neighborhoods, and are immigrants from neighboring countries.

The goals of these programs were to, "improve the quality of life and contribute to urban and social inclusion for the households of the poorest segments of the resident populations of villas and irregular settlement. They aim to consolidate the beneficiary population in the space they [already] inhabit, providing access to land ownership, contributing to the provision of urban infrastructure, community facilities, and environmental cleanliness, and promoting the strengthening of [the community's] human and social capital." (Programa Mejoramiento de Barrios, accessed 2011) The NGO contributions and grassroots movements that spread across Argentina provided significant social mobility increases and this success should be considered for policies in other regions as well.

The Role of Women

Women are an important part of many of the NGOs and grassroots movements, which allows them to obtain greater social equality and mobilization within the community. They have also gained attention as being the targeted recipients of aid or funding that governments or organizations give to low-income families. A key area of overlap here is with the financial aspects of home rehabilitation

projects in Latin America. Many low-income support programs give the money to the female heads of household, which is usually to ensure that some of the money goes towards the children of the family. (Programa Mejoramiento de Barrios, accessed 2011) The choice to give the money to the women may also come from the idea of women spending more time in the house and with the children while the male heads of household are more often working outside of the home. Women would therefore be better fit to distribute the money to where it will more likely benefit the family as a whole.

We see the importance of the role of women in other aspects of low-income housing programs, especially in Brazil and Mexico with their cash transfer programs. Bolsa Familia is a scheme set up in Brazil in 2003 that provides a basic income to 7.5 million of Brazil's poorest families. Mexico's cash transfer program, originally called Progresa and now Oportunidades, now provides government cash transfers to 5 million Mexican families. There are conditions attached to these gifts, however. The payments are made every two months, to female heads of household. One portion of the money, about \$10 per month, is to help with food. A larger element is to help buy school supplies and pay for transport to and from school. If a child misses more than 15% of class days, or fails a grade twice, these payments are suspended. The payments are also made conditional on the family's regular visits to health clinics. Women are chosen as the funding recipients in both Brazil and Mexico because this increases the likelihood that money will be spent on the children of the family. (The Economist, 2005) These programs are not only looking to help with the basic survival of these families, but also to help them gain greater levels of health and education, which are essential for mobilization.

The role of women as recipients of funding is also explored in Conditional Cash Transfers and Women's empowerment: Annotated Bibliography. The paper found that the cash transfer programs increased the recognition of women's importance within the family and gave them more responsibilities for the family, relative to men. While these attitudes came before Progresa, they have been strengthened and made more explicit by state recognition of these principles. Interviews showed that men have become more accepting women's roles within the program largely because the benefits also help them and the family as a whole. With this, men were allowing their wives to allocate time to the program because of the benefits they received compensation. Some men are not content with the amount of time their wives have to spend outside the home, but women try to minimize conflict by making sure that household responsibilities are taken care of before they leave the home. (The Economist, 2005)

Including men in initial Progresa general meetings has proved helpful because they were then able to understand why women need to leave the house to perform program tasks. Women also said that participation in program activities (travelling, attending meetings, etc.) and performing collective work places extra time burdens on them. Yet, interview results show that only a few complain that this is a problem. Another element that adds to their time consumption is that they now need to perform the work previously done by children who are now attending school. In terms of expenses and control of household resources, women make the sole decisions on food expenditure, whereas men or couples decide on the larger household expenses. (The Economist, 2005) With this, we see that in the case of self-help housing aid, the women should be considered as the funding recipients, but it should be expected that the men will also have a say in how the money is spent.

Resident Inclusion in City Planning

A housing rehab program in Brazil that upgrades favelas through municipal planning and work exemplifies the importance of resident inclusion in city planning. The policies in Favela Bairro work

on upgrading favelas by providing services like water, drainage, mail, and mapping. In addition to housing rehabilitation, the program provides construction of new or temporary housing. These policies incorporate the physical elements of housing rehab, and that area should be explored thoroughly when considering this idea.

The Programa Qüinqüenal (1985) inspired the Rio Masterplan (Plano Diretor) of 1992 which drew on municipal funds to make neighborhood improvements for the poor settlements of the region. The agency responsible for neighborhood improvements was GEAP (1993) and one of the projects was the Favela Bairro I where 38 favelas were upgraded. Favela Bairro II (2000) expanded yet again on the idea of service provision to also include activities for education, health and training, and community development. (UNHSP, 2010)

The Favela Bairro project is important because it focuses on social and physical exclusion and inequality in Rio. (UNHSP, 2010) It directly impacts the poor, operates at a large scale, and works to reduce the gap between rich and poor access to urban space. However, “the lack of community participation permeates all levels of the program, undermining the ability of projects to satisfy the demands of residents, undermining the speed and efficacy of construction work, and threatening the prospects of long term maintenance of infrastructure and services.” (UNHSP, 2010) These projects have led to greater inclusion of favelas into municipal society and local planning, which directly impacts poor households, but this cannot be completely successful without the participation of the residents. This regional policy supports favela residents’ mobilization, but in order to create greater social density, community participation needs to be further encouraged.

Area Renewal Offices

The primary facilitators of community organization and mobilization for urban rehabilitation in Vienna and other parts of Europe are what are known as area renewal offices. These offices serve as local support services that provide information, communicate with residents, coordinate the renewal of public spaces, and identify self-help activities. Conceptually, it is their job to link plans for housing redevelopment with the transformation of public spaces and ecological measures. (Van den Berg et al., 2003). Additionally, *this program offers administrative and technical support. Legal and regulatory policies that would affect these offices should be considered before implementation to ensure there are no barriers to communication.* The area renewal offices that link communities with policymakers can serve as a model for Latin America to increase social density in areas where greater communication is needed.

In 1999, the focus of urban renewal moved beyond thinking in terms of only “physical” renewal. This policy has been successful in Rotterdam, especially from the days of housing protests from the 1960s and ‘70s when demolition of social housing took place. Van den Berg, van der Meer, and Pol defined “organizing capacity” as the “ability of those responsible for solving a problem to convene all concerned partners (public and private, internal and external), in order jointly to generate new ideas and formulate and implement a policy that responds to fundamental developments and creates conditions for sustainable economic growth.” (Van den Berg et al., 2003) The key elements for organizing capacity are: a vision of long-term sustainable development, leadership qualities, creation and support of strategic networks, and a generation of political and societal support.

First, a sound vision sees the development of an urban region as well as plans to solve social problems that are able to gain broad support. The municipality of Rotterdam drew lessons from its urban renewal policy carried out during the 1970s and 1980s. For example, physical restructuring

was an insufficient condition for achieving a livable community. Rotterdam invested heavily in physical undertakings, but relatively little in keeping social structures alive. The new vision makes efforts for individual needs and the 'human factor' is essential to physical restructuring. (Van den Berg et al., 2003)

Political support was also a prerequisite for organizing capacity, since political relations and financial pre-conditions are decisive for the opportunities for initiating and carrying out new social policies. Given the serious social problems of Hoogvliet, there still was strong political support for the Integrated Area Approach (IAA) approach at both the national and the city levels. At all levels, the fight against social exclusion had an important place. With wide public support for the program, changes within political parties did not create a threat.

Sound communication between all relevant actors was key here, as a broadly supported vision for the perceived social problems was developed. The local authority and other relevant actors worked out an efficient communication strategy designed to explain to the population at large the extent of the social problems and the policy to be implemented to resolve them. This included creating enough support for the demolition plans. To develop trust in Hoogvliet, the message was brought to the residents by a neutral party (welfare NGOs) and not by a direct stakeholder. "One of the findings of the comparative study is that lack of societal or political support is often due to the poor communication of the programs to those involved." (Van den Berg et al., 2003) The communication efforts of the area renewal offices can be seen as an important policy approach for Latin American nations.

Municipal level

Depending on the context, municipalities or city councils act as a bridge that connects communities and households with the state as well as international cooperation agencies. In the case of the relationship between the regional and supra-national levels, the interaction is defined by the administration of funds and the implementation of programs. However, when it comes to the relationship with the community and household levels, the interaction is determined by the definition of programs, funding administration, and by participation of the community.

Policy Approaches

It is possible to define the relationship between community organizations and the local government in terms of different levels of interaction, from very close interaction in terms of planning, policy definition and funding administration, to loose or almost non-existent interaction between the actors.

At the same time, the relationship among actors at the municipal level is going to be defined by the specific orientation of the programs in each specific context. In general terms, and throughout the three studied regions, three different types of policy orientations appear clearly defined: top-down, negotiated and bottom-up programs. As some cases in Europe and Latin America illustrate, top-down programs, or those that are exclusively defined by state governments or city councils, account for little participation of the community. Negotiated programs account for a higher degree of participation of the community and bottom-up programs account not only for a higher degree of participation of the community but almost a leading role for the community in the definition of urban renovation and housing rehabilitation policies.

Top-down Approach

The cases in Stockholm, Sweden; Budapest, Hungary; and the United States in general are good examples of programs that are planned by the city council and take a top-down orientation that for most seeks to the “artificial” generation of social fabric among dwellers. In the first case, both the state and the municipality fund the housing rehabilitation projects, with the municipality owning a large portion of the city’s residential dwellings, as part of the “Million Programme”. This policy called for the construction of one million dwellings during the 1960s and 1970s, to combat housing shortages. Today, these houses need rehabilitation and the municipality has decided to improve the conditions of “innerburb” developments such as the Järva district. In order to advance this program, the city has defined a set of “hard” practices that refer to reconstruction and rehabilitation of the physical structure itself and “soft” practices that involve improvements to the urban fabric of the neighborhood, non-invasive retrofitting of buildings, and adoption of new policies. Now, as one of the objectives of the program implies “social mixing” through residential planning, there are attempts to integrate the social fabric of a sector that is popular among immigrants. In this sense, the local government has established a community center with language and culture classes that will allow for a better integration of immigrants (City of Stockholm, n.d.).

In the case of Budapest and the urban renewal program known as SEM IX, a combination of the action of the local government and private investment actually dismembered the community. The local municipality owned 51% and maintained direct control over the project that consisted on demolition and slum clearance for the construction of new buildings and the renovation of old ones. Tenants occupying buildings designated for clearance were offered three possible public rentals by the district municipality, but these offerings were not always located in the same neighborhood or district. Because new dwellings were owner-occupied, return after relocation was not likely (Kovács, Z., 2009).

In the United States the interaction between the city-council and the community is limited by policies determined by the federal or state governments. Even though policies foster some level of interaction with the community and in some situations are mandatory (i.e. consolidated plans for programs such as CDBG⁹), the interplay among these actors occurs within a very rigid bureaucratic structure allowing only some amount of input by the community. In general terms, both the federal and the local government define the interaction with neighborhood and local organizations through the allocation of funds for housing rehabilitation or urban renewal. Community organizations and institutions focused on housing rehabilitation interact mainly with the state and the city, with a higher emphasis in the latter. Both of these administrative levels determine the limits and the requirements that community organizations and institutions should fulfill in order to be eligible as fund lenders or recipients.

A clear example is the case of the Michigan State Housing Authority's (MSHDA) that sets parameters for Participating Lenders and Community Agents. The former are financial institutions (banks) that are entitled to provide loans for urban rehabilitation while the latter are community organizations and institutions that are entitled to receive funding for the same objective. In order to become a Participating Lender, county financial institutions should be first registered as HUD Title I lender or as a HUD approved Supervised Loan Correspondent and then sign a participation agreement with MSHDA. To be considered as a Community Agent, organizations and institutions should be either a local unit of government officially recognized as a city, county, township or village in the State of Michigan, or a Community Action Agency in good standing as a CAA in accordance with Michigan P.A. 230, of 1981 or a nonprofit corporation incorporated in the State of Michigan to

⁹ Community Development Block Grants

administer housing related programs. The MSHDA makes public the listings of participating lenders and community agents on a county basis.

At the local level, the city of Memphis provides another example of how the city council shapes the interaction with the community. A public list of entitled Community Housing Development Organizations (CHDOs) is published, recognizing these institutions as the main recipients for funding. From this example, the previous one in Memphis and the study cases of Cleveland, San Antonio, Starr County, Chicago and Saint Paul it is possible to see the wide variety of organizations that are entitled by local governments to receive and administer funds for housing rehabilitation. They may range from private profit or non-profit organizations (St. Paul, Chicago, Cleveland) to faith-based organizations (Memphis), or education institutions and civic organizations (Cleveland).

A final remark about the relationship between state and communities has to do with how federal programs try to guarantee local organizations participation through their involvement in the creation of Consolidated Plans (a requisite for most CDBG programs that require funding recipients to present it). In this sense interaction mechanisms between the state and the community are established, so consolidated plans don't only reflect the interest of authorities. Through public hearings and events that made the projected plans public, local communities and institutions have certain amount of agency to define urban renewal projects.

Negotiated Approach

In between the top-down and bottom-up approaches, the cases of Río do Janeiro, Salvador and Rotterdam, are good examples of a wider interaction between municipal authorities and the community. The extent to which neighborhood organizations and other local actors have some input in policy and decision making certainly varies in all of these cases, but they certainly show an important role of the community in defining them.

In the case of the Favela Bairro program in Rio do Janeiro the municipal government carries all the planning and work, and through specific mechanisms grants some level of responsibility to the community. Favela Bairro projects focus on shared service programs and public space upgrades, and works through partnership between professional designers and local residents. The latter will define it as "good" if they like it and then maintain it. Even though there had been some criticism about the extent to which local residents actually participate in the definition of this policy, there is an effort by the state to involve the community into the definition of the physical shifts that the community is going to face.

In the same vein, the case of Salvador provides another example of a negotiated approach where the community actions have defined the application of the policy. Through the Plano de Reabilitação Integrado, Participativo, and Sustentavel do Centro Antigo do Salvador program, the government initiated renovation of the historic center after the community mobilized, forcing an agreement in 2004. Through this process, the government assumed the responsibility of supporting community programs, the collective use of spaces and the use of local labor. At the same time, after removing families from the historic center, the municipal government created new housing for these families, with the Vila Nova Esperança project as one of the most successful ones. However, what becomes more relevant throughout all this process is the creation of the Escritório de Referencia do Centro Antigo de Salvador by the state government, which is responsible for the integration and oversight of all projects and policies related to the Historic Center as well as stakeholders: the government, residents, business owners, and institutions. An executive board was formed to include six ministries, six municipal secretaries, and six state level secretaries, to

which UNESCO was added in April of 2008. This process shows the integration of local, state and international actors at the municipal level, with a high input from the local community.

Bottom-up Approach

This type of approach shows a different trend in the interaction between the local government and the community as the latter responds to the initiative of residents. More than negotiating or implementing policies from the top, these cases demonstrate a thick social fabric and high community involvement by their organizations and by residents themselves. Two cases are especially demonstrative of a trend that goes beyond self-build practices, and has input at the city-wide level: Barcelona, Spain and Winnipeg, Canada.

In Trinitat Nova, a working-class neighborhood in Barcelona, Spain, community associations have been struggling for the improvement of the area for more than twenty years. Since housing rehabilitation became a major issue in the 1990s, community associations took charge of acquiring funding from several sources and managing the rehabilitation projects. These associations look for the interplay between social, economical and environmental spheres of the urban process, with a heavier emphasis on the inclusion of all the aging and poor population (EcoCity, 2009). In this sense they looked to avoid gentrification, increase the quality of life of residents, improve the transportation system and create new social and economic opportunities for residents, while still attracting young population. In the last few years, the neighborhood has experienced several improvements in terms of business and job creation with a strong focus on the expansion of green areas. Through co-management with the local government, the areas of culture and education have also improved significantly.

The Winnipeg, Canada, case offers another example of a local urban organization leading urban rehab. Through a strong urban fabric and a long tradition of community organization, the Spence Neighborhood Association (SNA) has been successful in rehabilitating households reversing decline in property value and population. The SNA began as a group of concerned homeowners that through the leverage of public funds rehabilitated 100 houses and built 24 new dwellings on previously vacant lots. A strong focus on energy efficiency, safety, environment, connecting and recreation, parenting and childcare, employment and business development, came along with an attempt to incorporate the input from poor neighbors threatened by the raise in property values and gentrification.

Community Level

At the community level, policy mechanisms to encourage urban renovation and rehabilitation that will prove most effective in Latin America are those that focus on utilizing existing neighborhood associations. In areas where those associations do not yet exist or are not strong enough, there are several ways that the state can encourage mobilization by providing a framework for organization, allowing the community to take part in planning and implementation. The state's role in mobilization brings up the importance of looking at partisan politics and their effect on social organization. Finally, although there is only a limited precedent to draw from, policies that focus on women's roles appear to be effective in the creation of renovation and rehabilitation programs that adequately address the actual needs of a community and can be implemented smoothly.

Existing Social Organizations

For rehabilitation and renovation planning to adequately address the needs of the targeted community, the community must be involved in the planning process. Many successful rehabilitation projects also involve the community in the implementation process as well, so that employment and training become factors in the long-term development of a community and so that residents feel a responsibility for the work produced. The most efficient way to involve stakeholders is to work with and through existing social organizations, a method that has been successful in Europe, North America, and Latin America alike.

Neighborhood associations are often the organization best suited to mobilizing a community for urban renovation and rehabilitation. Most residents already belong to the association or are at least aware of it. The association also will generally have a better idea of what needs to be done, since its membership is made up of those who will benefit from projects.

These associations can differ greatly in structure and membership. In La Havana, Cuba, the microbrigade or social microbrigade functions as a neighborhood association. These groups work with local government and are highly decentralized, allowing solutions to be very neighborhood-specific while still accomplishing state development priorities. They encourage both voluntary labor as well as paid work to finish projects. Microbrigades work to rehabilitate housing as well as to renovate communities through producing public facilities and spaces (Math  y, 1992). In Barcelona, Spain, the Trinitat Nova neighborhood association, made up of members of the community, developed a list of problems that had to be addressed immediately then petitioned the government for the resources necessary to tackle them. This association was instrumental in rectifying serious structural problems with homes, the creation of educational and public facilities, the arrival of public transportation in the area, and projects' environmental focus (United Nations Human Settlements Programme, 2009). A similar neighborhood association exists in Winnipeg, Manitoba, Canada (Canadian Centre for Policy Alternatives, 2009): Concerned homeowners who saw problems in their neighborhood, set priorities and planned, then sought out public funding (Spence Neighbourhood Association, 2007). Other examples of successful projects planned and/or implemented through a spectrum of neighborhood association types include Mexico D.F., Mexico; New Orleans, Louisiana; Detroit, Illinois; Cleveland, Ohio; and San Antonio, Texas.

Non-governmental organizations figure highly into rehabilitation work in the United States. In Detroit, nonprofits can be approved to administer housing related programs (Michigan State Housing Development Authority). In Memphis, NGOs are eligible for federal housing and urban development funds disbursed through the city and many are already considered community housing development organizations (City of Memphis, 2010). There are also several published studies of the work of NGOs in public utilities and housing for the poor in Asia, which cite NGOs' role in catalyzing projects and producing progress in addressing problems, as well as their impact on citizen empowerment (Takahashi, 2009, p. 123). However, NGOs are susceptible to a few pitfalls, mostly based on the fact that those who make decisions in NGOs are often not those who suffer from the problem: it is not uncommon to find that the most disempowered members of communities do not receive adequate representation in development projects (Baruah, 2007, p. 235). NGO involvement may also lead to dependency, which further disempowers communities and residents (Takahashi, 2009, p. 123).

Workers' groups are also an option, in that they provide voluntary labor. However, voluntary labor is problematic. In La Havana, Cuba, as well as in El Molino, Mexico, voluntary labor was inefficient and not all that productive, despite quotas or other mechanisms (Math  y, 1992). To get the maximum effort and input from residents, financial incentives or employment are important, making that partnership with the government or another funding body important.

In general, the most effective existing social organizations to work with are neighborhood associations. These groups are made up of long-time residents. They need to plan out how to address their communities' needs, then develop either a partnership with the government or leverage existing public funding to implement their plan.

State-Led Mobilization

In cases where the community has not yet mobilized on its own, the state can motivate mobilization through incentives and funds as well as through the establishment of an organization. In Argentina, housing and community space programs introduced by the Sub-secretary of Urban Development and Housing focus on promoting social mobilization. The Federal Emergency Housing Program set up community cooperatives in its first phase, then used them for implementing purposes, funneling funds through the cooperative to the community and having the cooperative decide who will be hired for a project job (Programa Federal de Mejoramiento de Viviendas, 2010). Other initiatives attempt to organize communities for similar purposes, or to provide a framework for activities and training to benefit the education and health of a community (Promeba, 2010; Propasa, 2010).

By giving the community a structure for organization and a motivating factor – employment and money, not to mention a better neighborhood – the state effectively ensured that at least a few people would take part. Their continued use of the cooperative gives the organization a purpose and adds value to participation in it, promoting further mobilization. State-led mobilization, then, relies mostly on incentives and making participation in mobilization something of value to residents.

However, the entrance of government and political parties means that partisan politics can affect social mobilization, and vice versa. The policies that are brought to light are shaped by the parties selecting them, and partisanship can create or destroy support for these policies, regardless of need. The most obvious example of political parties' influence is in Argentina, where clientelism is the driving force behind rallies and community associations in many cases. Political parties bring welfare money and urban development programs to specific neighborhoods in return for support. Interestingly, in Argentina, these practices are often used by both liberal and conservative parties. Even Menem, the right-wing Argentine president who presided over the infamous economic austerity of the 1990s, used clientelistic methods to garner support (Salvochea, 2008). Clientelism creates a situation in which power is taken out of the hands of the people and placed in the hands of the party handing out services and advocating for rehabilitation. The people may be organized, but they are not organized according to their own will; rather, they are organized as a tool for a political party. This method of mobilization results in what may be considered “false” community mobilization – the resulting organization or association does not speak for the community, in reality.

In Canada, housing policies have failed to be a major part of national strategies due in part to Liberal Party Prime Minister Jean Chrétien's belief that housing is the business of the provinces and private sector. The Conservative Party and Liberal Party have both continued to fail to champion the housing needs of communities, choosing to instead take half measures or ignore the issue altogether. However, the New Democratic Party and Green Party, both more left-leaning and progressive than the Liberal Party, continue to advocate policies to build and sustainably rehabilitate low-income housing, with an emphasis on disadvantaged populations (Condon, 2008). These parties' activity in housing issues seems to indicate that they are more plugged into specific communities' needs.

Control of information becomes another consideration when the state becomes a part of rehabilitation and renovation. While state funds can be a tool for communities to use to achieve their own objectives, information concerning the availability and application process can change

who uses this tool. If communities and their members are unaware of the funds available to them, or of how to maneuver the bureaucracy to get this funding for their projects, state funding can become a tool of clientelism or of outside actors manipulating the community. It can be surmised that this would limit the community's ability to achieve their goals, and may co-opt their mission for the purposes of a political party or another group, rather than helping to incentivize mobilization for a community.

With this, care should be taken to ensure that any state funds established to incentivize mobilization for rehabilitation or renovation are appropriately described to communities across a country or a city. Information should be placed into the hands of residents themselves or community leaders. Bureaucracy dominating those funds should either be easily managed by communities or communities need to be fully instructed on how to apply for and receive funding for their projects.

Emphasizing Womens' Roles

The inclusion of women in urban rehabilitation and renovation is not a well-studied topic, but its importance does emerge in two case studies. In Barcelona, women guided projects to focus on creating jobs "near to home" for working mothers, as well as small service cooperatives. In Buenos Aires in 1981, a group of shanty town women started an NGO to address problems in their community, choosing to develop community facilities in addition to improving housing. This NGO eventually became so important to the municipal government that it basically merged with it (Lloyd-Sherlock, 1997, pp. 84-86).

These examples show not only that women can play a successful role in rehabilitation and renovation, but also that their inclusion can help steer the project toward ends that are important for a great many residents. Without female participation, "near to home" employment for working mothers and other similar ideas may not have been an area of focus for these programs. Women are also more in tuned to the needs of the community in that they are often the ones who are home with the children, doing the shopping, and cleaning the homes. As the primary caregivers for children in most cases, they are most aware of servicing of health and education needs.

Implementing a focus on women, however, is difficult. Whether or not women take part in social mobilization entirely depends on the individuals themselves, and women are often tasked with so many responsibilities already it can be difficult for them to take part. However, their inclusion into the planning process of housing layouts, community facilities, and housing rehabilitation can result in much more effective and appropriate development for a community. As such, organizations working on renovation and rehabilitation, whether government private, or public, should make a point to seek out women's opinions and input. This may require tailoring meetings to women's schedules or providing some sort of child care for working mothers. Surveys of neighborhoods could result in information on necessary measures for women to be able to take part in discussions.

Household Level

Some low-income housing policies target individual households in order to support families in the rehabilitation of their homes. A combination of public and private efforts to provide funding for housing rehab has been successful at the household level of policies, as found in Santiago, Chile, along with some U.S. cities, including Chicago, IL. Many of the programs that have been developed

at this level around the world can provide opportunities for Latin American households to gain greater social mobility.

Bringing/Retaining Families to City Centers

Combining government and private funding to support housing rehab in Latin America is an important policy idea that should be considered more frequently. Financial, as well as legal and regulatory practices in the area need to be investigated, but if there is a means to combine sources of funding, this policy should be implemented throughout the region. In order to attract private funders, housing rehab funding needs to incorporate business incentives for investors. Bringing families into city centers where they are available to work in the area was the goal of the housing policy in Santiago, which was based on a home-financing system that includes a direct state subsidy, a schedule that varies with the subsidy program, and a mortgage credit bank. A business group that supports development in Santiago (La Corporación para el Desarrollo de Santiago) has been working with the central government to create a special housing subsidization program. This private-public approach to housing rehab has proved to be successful, and can act as a model for other projects.

In 1990 La Corporación and the government developed a special program to subsidize remodeling as a part of the Programa de Repoblamiento. This subsidy offers a strong incentive for prospective home buyers to live in urban renovation areas where they are eligible to receive the subsidy. La Corporación is interested in moving families into the newly renovated urban centers, where more of the population can be close to business centers, and thus more available to work. It aims to accelerate participation in the private sector by pushing for these housing programs. La Corporación also helps with other programs, including: actions for improving public spaces, façade recovery, building recuperation, support of cultural and economic activities, and the creation of new green zones. With a municipal administration change in 2000, la Corporación took on more programs and responsibilities in the way of housing developments and improvements. This company takes on an important role in the renovation and rehab of Santiago low-income dwellings (Rojas, 2004).

During the 1990s the municipality in Santiago provided US\$24,000 to \$100,000 for housing programs through la Corporación. In this decade, the Santiago Commune multiplied its efforts tenfold for new and improved housing in the metropolitan area of Santiago. Between 1990 and 1997 renovation subsidies more than doubled from the period before. In 1997 there were over 1400 beneficiaries from this increase in support for housing renovation through subsidies. The state's initiatives here showed a much needed dedication to poor housing improvements (Rojas, 2004).

The first few years of the 2000s saw the consolidation of these housing projects into Microcentros (business and administration centers). This provided improved living conditions and atmospheres for those living in many barrio areas. El Programa de Repoblamiento offered for the first time, many years of possibilities to barrio societies by producing new low-income homes with modern attributes. This created a decrease in the amount of informal housing being inhabited, as well as an increase in the number of home owners (Rojas, 2004). Overall, the housing project subsidies will continue being of great importance for helping residents acquire new homes, and for setting a standard of rehabilitation that demonstrates the benefits of home improvements.

Public and Private Housing Rehab for Social Mobility

The Chicago Metropolitan Area has been the target for many housing rehabilitation initiatives in the public and private sector, mainly due to its older housing stock. Local housing rehab programs have been historic in scope and have targeted a variety household income levels; however they also have been met with some disappointment and enduring political struggles. These policy possibilities will also need to incorporate legal and regulatory suggestions, in order to make the plans run smoothly in Latin America.

Public Housing Rehab

One of the largest scale and perhaps most closely scrutinized rehabilitation plans in the United States is the Chicago Housing Authority (CHA)'s ongoing Plan for Transformation. Over a 15-year period the CHA aims to rehab or redevelop 25,000 local public housing units, with an emphasis on integrating public housing and its residents into the larger urban fabric and broader opportunities (Vale, 2010). Because of Chicago's history of legal, political, and social struggles concerning racial segregation, the plan has been met with concern and criticism from housing activists and residents. There are however, multiple policy practices that are successful, and can be applied to Latin American housing programs.

Currently the rehab plan includes the following components: physical upgrade or demolition of deteriorating public housing units; renovations specifically for senior housing; increased courtyard and open space in new designs; resident relocation counseling services; employment services; and options to transition into private rental market. While integrated resident services have the potential to spur community organization efforts and reduce social marginalization of residents, the outcomes have been debatable. Nonetheless reports suggest that service providers are contacting residents and resident counseling services have improved since the plan's onset (Vale, 2010). Best practices and recommendations identified from the Plan for Transformation include: integration of social services / counseling for public housing residents, partnerships with neighborhood associations and churches in order generate social capital and resident buy-in in the rehab and relocation processes, and long term commitment to residents (Rasinski & Haggarty, 2010). This type of focus on families in the community and their well-being provides low-income households with increased opportunities to work together towards mobilization. Perhaps the lack of racial tensions in many Latin American cities will allow the benefits of this program to develop, without the problems found in Chicago.

Private Housing Market Rehab

Chicago's private sector housing rehab policies and programs target a variety of household income levels through a range of issues including historic preservation, blight reduction, safety, and sustainability. Rehabilitation has been identified as a key strategy for providing affordable housing by the Chicago Metropolis 2020's Workforce Housing Action Agenda. Currently, the metro area has a strong network of community organizations working collaboratively on issues surrounding housing rehab, including rehab funding. Best practices and recommendations from the private sector include enabling rehab strategically at the municipal level, which incorporates the Affordable Housing Preservation Ordinance which gives the department sufficient time to purchase the property (Housing Preservation, accessed 2011). This also includes the Housing Preservation program which has partnered with private lenders and grant foundations to fund rehab initiatives such as: Troubled Buildings Initiative (saving properties from falling into disrepair through a variety of mechanisms) and Preserving Communities Together (facilitating rehab and use of vacant and abandoned properties). These programs encourage community organizations to work cooperatively, while focusing on the importance of providing sound homes for families in the area.

While Latin American cities may not be able to develop the same programs, the idea of encouraging a network of community organizations could be beneficial for housing rehab programs.

Overall, targeting households for rehabilitation policies is not as widely used as policies aimed at other levels, but these practices can still be beneficial. From the cases above, we see that support through private investors can be helpful, but for this to happen there needs to be a large enough incentive. Funding home repairs and rehab in order to attract families to city centers can be used throughout Latin America, as long as the businesses in those areas are willing to invest in these projects in order to gain greater access to potential employees. As we've seen in the case of Chicago, both public and private programs for housing rehab are needed, but private practices seem to be more effective. With the help of these policies' efforts, Latin American families can receive the assistance they need to join their communities in working together to take advantage of mobilization opportunities.

Conclusions

At every level, similar policies prove to be the best practices for motivating social mobilization and incorporating communities into housing renovation and rehabilitation. Community organizations, non-governmental organizations, grassroots movements, and other nonprofit groups all play a major role in the social aspect of housing. These groups provide links from communities to funding to solve the problems they deal with on a daily basis. The importance of including women is also a common theme, as their role increases the likelihood that a project directly addresses needs in the best and most efficient way possible. The state also emerges as important, as it determines what funding and project opportunities are available to social groups for housing purposes. It can create social mobilization, improve social mobility, and build bridges to on-the-ground actors. Each of the approaches tailored to these groups has its drawbacks, which have been outlined here. Further research is needed before these policies can be developed in greater detail to address the issues discussed in this paper.

Other Considerations Arising from the Conference

Mobilization

During our presentation at the conference, many questions and issues on this subject were brought to our attention. One idea that was especially important was how we need to think more about the motivation behind mobilization. What will cause communities to rise up and organize to face a challenge together? We need to think about the issues that Latin American communities are currently the most concerned about, and encourage mobilization around that cause, while connecting the issue to housing rehab. The conference participants named crime and safety issues, as well as the lack of green zones and open areas as important issues that communities are currently talking about. People want to make their living areas more accessible, especially for the disabled, and they want to see changes that provide better security in their neighborhoods.

Health, Education, and Sustainability

Since many of the housing rehab programs we have discussed here promote health and education programs, we should come up with ways to inspire motivation for these causes as well. Community

members might mobilize around the idea of using educational facilities after hours for other community functions like meetings and physical activities. This might be difficult, however, as vandalism and robbery of school property might be at stake. Overcrowding problems in small homes may be a way to connect housing rehab to health issues. Poor home qualities can lead to illness and disease from unsanitary lifestyles, molding, and lack of ventilation, among other problems that result from too many people living in a small space. These ideas should be further explored in respect to mobilizing communities around home rehabilitation programs.

Another idea that the LAHN group brought to our attention was with bringing sustainability and “green” practices to the table. More efficient appliances, weatherization of homes, and other green practices can be motivation for communities to come together and ask for these considerations to be implemented in home rehab. Tying individual buy-ins into community investments for these types of improvements can provide “green financing” systems that residents can mobilize for. Since water waste issues are important in Latin American communities, poorly maintained drainage areas can be a point of motivation, as these areas lead to health issues (standing water being a breeding ground for Dengue and Malaria), and even security issues as gang activity is often attracted to these abandoned areas. Bringing sustainability issues to the table for housing rehab policies might successfully engage residents in coordinated community initiatives.

Economic Impacts

The group also discussed the relevance of economic incentives as a way to raise interest in the community. From experiences in other fields the examples of Codensa, the electricity company in Mexico, and Corona, a joint initiative between public and private sectors in Colombia, demonstrate how residents can get involved in processes that grant them economic benefits and credits. The case of Codensa was successful in dispensing grants for small purchases to its users that they will later pay on a month to month basis through their electricity bill. The underlying of agreement of discontinuing the service if the due dates for the payment are not met, commits debtors to meet their payments on time. In the case of Corona, a public – private initiative that provides loans and advising for house remodeling under parameters of energy efficient programs, it's another good example of how to successfully provide credit for users to upgrade or renovate their houses.

A remark was also made regarding changes in the nature of economy and the need to understand how these changes affect the conditions in which a community can achieve cohesion and mobilization. Changes in the formal economy have had little effect in the composition of the urban fabric, basically implying changes in the transportation infrastructure to get to the job, and usually aligned the core of the cities with finances and the periphery with a more industrial environment. On the other hand, changes in the informal economy have had a high impact in the composition of the urban environment, making it necessary to understand how specific types of occupations align with this type of economy and relate to the household. In this sense, changes in the informal economy affected jobs, but also neighborhoods and their physical composition. Even though self-employment jobs such as street vendors, or tailor and small shoe shops still exist, competition in the informal market raises a tendency that may lead them to disappear in the short run. The idea would be then to determine how the physical structure of the household can be aligned to these specific types of jobs in a way in which self-employers can keep their working activity running. At the same time, it is important to acknowledge the emergence of new types of jobs such as the Cartoneros in Argentina and the Tianquis in Mexico that at some point may be aligned with energy efficiency and recycling procedures. Finally, some other jobs in the informal sector are now tightly associated with illegal activities such as drugs dealing and contraband, affecting also the composition and the possibilities for organization in the neighborhoods.

LAHN researchers discussed potential negative effects of rehabilitation and renovation. These effects usually consist of higher prices for those living in communities benefitting from projects. Taxes may escalate due to higher property value, rents increase for renters, and ownership in a certain community may be out of reach for hopeful owners due to higher land values as a result of servicing or community facilities. Gentrification can also be triggered by these types of projects, which may eventually force residents out of their community.

Renters

Finally, the assembled LAHN group brought up the importance of considering renters in community mobilization. The approaches to community mobilization here discussed focus mainly on homeowners and their families, who will advocate for rehabilitation for their own properties and are invested in the community enough to push for greater servicing and more community facilities. Renters, however, may have very different objectives for rehabilitation and renovation, and will not mobilize around the same issues that owners will. Given the importance of renting in Latin America, renters, their incentives to mobilize, and the issues they prioritize need to be researched to fully understand social mobilization and its place in rehabilitation and renovation. Structures that incorporate renters or organization schemes focusing on renters should be given full consideration in future academic work.

FINANCING FOR COMMUNITY REDEVELOPMENT AND HOUSING REHAB

This section discusses an array of policy strategies aimed at mobilizing funds for housing rehabilitation in the innerburbs. The various tools have been organized around three sections, which differ in the degree to which the state participates in the endeavor as well as in the nature of the targeted actors. The first section deals with taxes and public spending, the second focuses on sustainable lending and leveraging mechanisms applicable to households with housing rehab needs, and the third considers more comprehensive approaches involving large private capital and international lenders.

Tax-based tools for rehab financing and public spending

Tax-based policies can stimulate rehab either directly, by funding it with taxpayer money, or indirectly, by providing incentives for private actors to undertake rehab. The main targeted actors can be private developers, owners, and renters. Diverging strategies are applicable to each of these categories. Individual property owners and renters will be considered first.

Levying funds for rehab

Financing rehab with tax revenue raises questions about the categories to be taxed, the tax basis to be used, the type of tax to be levied, and the criteria for allocating the collected resources. The following analysis considers taxation strategies for specific rehab purposes rather than general revenue financing schemes.

According to the benefit principle of taxation (Brunori 2001), the tax burden should fall on those who benefit from the investment for which taxes are being levied. Two problems arise when it comes to applying this principle to innerburb dwellers: the ability/willingness to pay taxes (or an increase in taxes) by potential beneficiaries, and the determination of the benefiting categories. Potential beneficiaries include renters and homeowners with expected improvements in their living space, property owners anticipating enhanced property values, and neighbors enjoying the spillovers of a renovated environment. Because renters are temporary stakeholders with presumably lower incomes or with saving strategies geared toward the acquisition of housing property in the future, the core population targeted by a household-oriented tax policy should be property owners.

One major hurdle facing the implementation of a tax-based rehab policy in consolidated settlements lies in the assessment of property value. The “cloudiness” of titles, the inefficiencies of the real estate market (and thus the uncertainty surrounding the assets’ market value), the diversity of housing structures in the area, and the obsolescence of cadastral estimations render assessment administratively expensive and burdensome. The creation of an accurate, up-to-date property register seems to stand as a precondition for any sound tax-based policy.

A best-practice candidate for funding rehab is known as Tax Increment Financing (TIF). It has been used in Illinois with some positive results (Cordes et al. 2005; Rojas, 2004). The implementation of a TIF program typically begins with a low-interest loan incurred by a “tax district” for renovation purposes. As property values in the area raise, additional levies on real estate are managed by the

Taxes and Public Spending

Policy Approach	Core Instruments	Actors/Sector	Key Overlap w/ Other Sectors	Upsides	Downsides
Tax Credits: Abatements	Abatement scheme on assessed value of land/building for specified period	Municipality, private developers, homeowners, new buyers, commercial/ industrial investors	Regulatory sector	Adjustable (rate/time period); reduces administrative costs of appraisal/ assessment; leads to expanded tax basis	Cost in foregone revenue; uncertainty about real effects of abatement
Tax credits: Urban Enterprise Zone	Tax legislation (package of tax breaks/incentives on particular zone)	Municipality, private developers, homeowners, new buyers, commercial/ industrial investors	Regulatory sector	Allows for geographically targeted revitalization programs; rehab effects are accompanied by economic dynamism	Gentrification effects as property prices go up (includes tenants); negative externalities from industrial activities; uncertainty about effects
Conditional cash transfers	Targeted transfers; conditionalities; monitoring and enforcement	Central/ municipal government; administering agency;	Community (builds human capital)	Create demand for local industry; reduce opportunity costs of building human capital; may be used to leverage microlending	Not viable option for renter-occupied housing; not easily sustainable; targeting difficulties due to imperfect information

Leveraging and Financing for Households

Policy Approach	Core Instruments	Actors/Sector	Key Overlap w/ Other Sectors	Upsides	Downsides
Reduction, Insurance, and Deposits	Insures loans, reduces the principal/ interest, or provides security/ encouragement for lender.	Municipality and local lenders as primary actors/decision makers and sources of funds; state/ national/ international gov'ts and charities/NGOs as sources of funds.	Regulatory /judicial sector must allow leveraging techniques and can spur leveraging by legal carrots/ sticks (e.g. Equal Credit Opportunity Act); Community Organization sector provides financial literacy, skills training, social welfare assistance to ensure success; how to encourage income generation? Physical Rehab, particularly for sustainable methods, must be encouraged/ trained.	Efficient use of limited funds; encourage private sector involvement; promote positive image for lenders; expand access to credit	Marxist critique-- exploitation of working poor by finance capital; does not ensure lending to lowest income families
Microcredit	Short-term, rotating loans at market interest rates	NGOs, private lenders		Seeks to address needs of low to very low income segments. Successful repayment stats. Allows for (and well suited for) incremental housing improvement. Impact on local economy.	Is not affordable for all low income; ability to repay can depend upon state welfare subsidies and harder to repay if loan doesn't generate extra income. Involves incremental building, i.e. long wait periods.
PACE-style	Government issued tax assessments	Local/City Government	Private sector financing	In case the home is sold, the cost of repair is transferred to new homeowner; scalable; money ultimately repaid; keeps \$\$ in community; can regulate type/size of repairs	Currently stalled as mortgage lenders want the PACE assessments to be the junior mortgage (i.e. get paid last)
Forgivable Liens	Forgivable Liens	USA/Austin	Private Funds (NGOs - Austin Habitat for Humanity), Gov't funds/bonds	Local/City Government, Nonprofits/private donors	Private sector financing

Comprehensive and Mixed-Capital Approaches

Policy Approach	Core Instruments	Actors/Sector	Key Overlap w/ Other Sectors	Upsides	Downsides
Municipal Bond Financing	Municipal bonds issued by municipal governments; bonds insured by multilateral institutions; debt denominated in local currency; private pensions possible source of private investment; technical assistance	Municipal governments are bond issuers; IDB/IBRD bond insurers; private capital finances debt	Regulations to allow pensions to invest in bonds (regulatory); need to manage relations between levels of government (regulatory); municipal-level planning should encourage community involvement (community mobilization)	Decentralization of project design and finance; local credit enhancement; reduced costs; increased municipal government transparency; leverage international assistance; appropriate for urban renewal	Increased risk for municipal governments; may not be adequate incentives for insurers; municipalities with short credit history may be disadvantaged; if used for subsidies, may not be sustainable
	Creation of mixed-capital firm/corporation	Municipality, private capital	Regulatory (defining statutes, prerogatives, risk-sharing structure, special tax regime)	Private capital deemed to bring organizational flexibility. More efficient profit-oriented strategies Emphasis on positive balance sheet Public sector participation allows for legislative/fiscal leverage to facilitate intervention through adaptation of regulatory framework	Creates oligopolistic situations where private investors have market privileges; conflicts between public good/private profits; requires captive market (as in highway or waste collection)
Public Private Partnership					

district and serve to repay the debt or finance further renovation projects in that district. Thus, the city treasury does not suffer from any loss in revenue. However, the success of TIF is contingent upon a general increase in property values, which generally entails gentrification or “boutiquization” effects (Rojas 2004, 223). Besides, if the increase in property does not take place, the initial lender (usually a higher level of government) stands to lose as well. TIF programs thus call for careful, sometimes expensive, prognosis.

One advantage of financing rehab with real property taxes is that one can expect a relatively equitable distribution of the tax burden, as those with most valuable assets will contribute a larger share. The challenge, however, rests in the subsequent allocation of funds, for larger contributors will expect to receive a proportionately larger share of investments, even though the financial and physical conditions of housing units in the neighborhood might argue otherwise. In these circumstances, social capital and community mobilization can play an important role in mitigating conflicts of interest, as it appears to have been the case in the Barcelona housing complex examined by the Europe group.

Enticing homeowners

As an opposite but potentially complementary approach, tax credits can be used to induce rehab by property holders. This approach appears to have been more common in the US experience, where it has taken different forms.

A study by Kromer (2009) focuses on the 10-year abatement on property taxes conceded by the municipality of Philadelphia as a means to revitalize the inner-city by attracting investors and well-off residents. Since a large proportion of Latin American innerburb dwellings is owner-occupied and turn-over is relatively low, it is unclear whether a similar policy would result in larger investment in housing, and it would certainly entail a big cost in foregone revenue. As a means to direct large-scale urban development, this approach comes closer to the Urban Enterprise Zone type of initiative discussed in the third section.

More targeted incentives with built-in rehab provisions for households, however, can be envisioned on a similar basis. Thus, abatements can be granted to individual households rather than on a geographical basis. A technical definition of abatements reads as follows:

The assessed value of the land underlying the new building is frozen at the time the abatement is requested for a specified number of years, and the taxes on the new building are abated at a declining rate over that period. At the end of the period, the property becomes fully taxpaying. (Cordes et al. 2005: 376)

In the context of Latin American innerburbs, this device has the additional advantage of easing bureaucratic procedures, since property appraisals need only be conducted at the beginning and end of the abatement period. Perhaps a more radical form, in which the assessed value of all assets (including land and structures) is frozen before rehabilitation, can prove more cost-effective in this regard. The length of the abatement period must be ascertained such that it provides a strong enough incentive for the owner to undertake rehab but does not deprive the treasury of tax revenue for too long. Other incentives, such as making expenses in materials and labor (if contracted) for rehab tax deductible can further boost the enterprise.

In any such arrangement, renters, whose numbers have raised (cf. current research on innerburbs), should be given protection of some sort. Rent controls, as is well-known, discourage investment in

rehab by landlords. But the set of incentives described above could be made conditional on a rent ceiling for current renters over a period of time commensurate with the abatement period. By so doing, both renters and landlords become stakeholders.

Another relevant aspect when considering tax policy is the existence of threshold effects for, if the number of individuals engaging in rehab reaches a “critical mass”, then the standing of the neighborhood as a whole is pulled upward, with generalized increases in property values. Perhaps this process can be triggered with some form of gradual implementation of the TIF mechanism described above, in which the reinvestment of property taxes in neighborhood development is proportional to increases in property value. Such device, it should be noted, is opposite to the tax abatement solution considered earlier.

Conditional Cash Transfers

Conditional cash transfers (CCTs) are another possible strategy for funneling public expenditure into housing rehab. CCTs are social benefits packages that governments make available to qualifying (primarily low-income) participants with the nominal goal of developing human capital. CCT programs have become widely popular in Latin America, with the *Progresa/Oportunidades* program in Mexico and the *Bolsa Escola/Bolsa Família* program in Brazil gaining particular notoriety. Other programs that have been well documented include *Becas Estudiantiles* in Argentina, *Familias en Acción* in Colombia, and the *Red de Protección Social* in Nicaragua. (Heinrich, 2007; Villatoro, 2005)

As of yet there is no empirical evidence demonstrating the potential of CCTs for housing rehab, meaning their capacity to leverage human capital through housing is unsubstantiated. CCT programs have also historically targeted rural communities. Nonetheless, it is worth considering whether existing CCT institutions could be used to finance housing rehab in urban communities. By improving the living environment within the home, the CCT framework may offer an effective way to support childhood health and academic achievement .

In contrast to more traditional government financial assistance models, which tend to distribute state funds universally, CCTs target specific sectors of a population according to pre-determined and well-defined criteria. By these criteria, transfers are often redistributive and non-contributory. The original purpose of CCT programs, as Eduardo Ríos-Neto documents, “is to break the vicious cycle of intergenerational poverty by promoting human capital accumulation... The conditionalities of these transfers are intended to enhance investments in children – mainly in education but also in health and nutrition”. (Ríos-Neto, p. 68, 2008) Ostensibly, the human capital objective of CCTs makes it difficult to apply the CCT framework to housing rehabilitation in urban areas. If, however, as Pablo Villatoro points out, “conditional transfer programmes stem from the concept of social protection as human capital investment”, then the argument can be made that housing rehabilitation builds human capital by contributing to a positive home environment, which in both the short and long term could benefit a child’s academic performance and productivity.

CCTs are perhaps more applicable to housing in that they could eliminate the opportunity costs of housing rehab. Current CCT programs compensate families for sending their children to school – in other words, by assuming the opportunity costs incurred by not sending children to work. If a family recognizes the need for rehabilitation prior to receiving the subsidy, the transfer would cover the opportunity costs of rehabilitation efforts that might otherwise occur with or without the transfer. For example, families would not need to forego school supplies, bus fare, or enrollment fees in order to engage in rehabilitation.

Alternatively, CCT programs could target landlords, providing incentives to rehabilitate renter-occupied housing. A landlord-targeted program would require close monitoring to guarantee that funds are not misused. Complementary regulations may be necessary to control rental values or to ensure that renters do not bear additional financial burdens as a result of rehab efforts.

It is important to note that CCT programs have considerable weaknesses. Most notably, because of imperfect information, governments struggle to target CCTs effectively to make sure that those who need the transfer for its intended purpose are those who receive it. For example, eligibility standards for CCT programs are often based on information that is self-reported and voluntarily released. This is problematic in places with large informal economies, where large discrepancies exist between reported and actual income. Regardless, existing databases, data-gathering tools and institutions, and data-gathering experience might be helpful for targeting an eligible population for rehabilitation initiatives.

Related to the targeting difficulties caused by imperfect information, difficulties also arise in monitoring CCT programs. Conditional cash transfers are essentially government subsidies and thus are not sustainable over an extended period of time, particularly if they are not reaching their intended recipients. Governments need to know who is receiving the subsidy, whether the subsidy is achieving its desired impact, and when the subsidy is no longer necessary. For these reasons, CCTs may have high transaction costs that could ultimately cause a government to opt for a different urban development strategy.

Lending and Leveraging for Individual Rehabilitation

Thus far, we have discussed household-oriented and large-scale funding mechanisms to assist with urban revitalization by drawing on public funds or shaping private incentives through tax policy. The following strategies address ways to supply funding for the rehabilitation of individual houses from other sources.

Leveraging Public Monies for Individual Rehabilitation

Throughout Latin America, relatively few citizens qualify for traditional mortgages, with estimates of less than 20% in many countries (Ferguson 2004). This low rate is largely due to a limited number of lenders and the fact that existing lending institutions are wary of the risk involved in providing loans to lower-income households. Thus, for many families, access to credit may be one of the primary impediments to home rehabilitation efforts. At the same time, fiscal austerity and limited tax revenues make large-scale public spending impractical in many cities throughout Latin America. For this reason, leveraging public funds to attract private lenders is an attractive solution for home rehabilitation. In addition, because leveraging is a tool, rather than a funding source, these techniques could be equally well applied to the diverse set of funding mechanisms discussed elsewhere in this report.

Leveraged financing techniques work by combining “public dollars with private dollars to create a pool of funds for rehabilitation loans at below-market interest rates” (United States 1979). Thus, public funds from varied sources can be used as a “lever” to encourage private lenders to provide loans to borrowers who would have been deemed too risky. In general, leveraging of public funds can take the form of either direct subsidies or deposits. Direct subsidies, as the name implies,

provide direct assistance to the borrower by reducing either the interest or the principal, or by providing a grant to the borrower (Hanson and Florida 1980). Thus, an interest reduction grant may be used to reduce a borrower's interest rate from, say, 12 percent to 6 percent by paying the difference to the lender. Such a strategy, thus, makes lending both more affordable for the borrower and less risky for the lender, all while making use of limited public funds. Grant rebates or partial grants are another form of direct subsidy in which public funds are used to pay a portion of the rehabilitation cost, often between 20 and 50 percent, directly to the owner property owner. For this reason, unlike interest and principal reduction methods, rebates do necessarily depend upon relationships between public institutions and private lenders seeing that borrowers may find other means of paying for the portion of the rehabilitation costs not covered by the grant rebate. In the second form of leveraging, known as indirect subsidies, funds may be used as deposits or insurance to encourage private sector lending. In the former, funds deposited with the lender in order to encouragement the provision of loans at lower interest rates or with more flexible terms. In the latter, funds may be used to purchase insurance on riskier loans (United States 1979).

While the financial leveraging techniques discussed above have the potential to expand access to credit for low- and middle-income households, some regulatory oversight may be necessary to ensure the proper functioning of leveraging programs in Latin America. The use of leveraging techniques in the United States has been buoyed by legislation aimed at reducing discrimination in lending practices, such as the Equal Credit Opportunity Act of 1974, as well as legislation seeking to ensure reinvestment of funds in local communities such as the Home Mortgage Disclosure Act of 1975, and the Community Reinvestment Act of 1977 (Mathews 1982; Temkin and Ferguson 2004). In order to successfully address the more than 80 percent of homeowners in Latin America that currently have no access to formal home loans or mortgages similar legislative measures, in combination with leveraging techniques, may be necessary. In particular, legislation such as the Community Reinvestment Act is attractive in the context of Latin America given that it "emphasizes the responsibility of banks and S&Ls [Savings and Loans] to meet the credit as well as the depository needs of the communities in which they are located" (Mathews 1982, 60).

Leveraging of Personal Assets

Other forms of leveraging not yet addressed involve the leveraging of private funds from the homeowners themselves. Recently, emphasis has been placed on the important role that remittances play, or could play, in funding development efforts in Latin America, however, the evidence is inconclusive (Villacres 2009; Feinberg 2007). Various practical concerns limit the feasibility of using remittances for local development efforts. Firstly, any policy prescribing a particular use for remittances may burden families, particularly those with limited sources of income, who need the money for other uses. Secondly, as acknowledged by Feinberg, it is difficult to regulate private exchanges of money, so many attempts to leverage the use of remittances have focused solely on reducing fees (Feinberg 2007). Nevertheless, the reduction of fees, coupled with increased speed and reliability, could still potentially increase the effectiveness of remittances in furthering economic development activities in Latin America. Given that insufficient credit history and limited savings are two significant obstacles preventing low and middle-income borrowers from obtaining formal loans, expanding such opportunities for the unbanked is important policy tool (see next section). Thus, facilitating the expansion of banking opportunities through the use of remittances is an attractive option, although it may not address the needs of very low-income households.

Microlending and the Expansion of Banking Opportunities

Despite its appeal, leveraged-financing techniques may be unsuccessful in making formal lending opportunities sufficiently accessible and affordable for many low- and middle-income homeowners. As many authors acknowledge, even the highly subsidized and leveraged housing finance system in the United States has failed to address the needs of all creditworthy households due to high debt payments for “core units,” difficulty making regular monthly payments over long terms, and the absence of clear title (Temkin and Ferguson 2004, 156; Ferguson 1999; Daphnis 2004).

In response to the inaccessibility of traditional lending practices, microfinance for home improvement and rehabilitation activities have become more common place. Although housing microfinance takes a variety of forms, it typically entails a mix of the following characteristics (Daphnis 2004; Ferguson 1999; Women’s World Banking 2006):

- Small loans provided according to the borrower’s ability to repay (often between \$300 and \$3,000)
- Short terms (between 2 to 10 years)
- Market interest rates designed to fully cover the operational costs of the lender
- Little to no collateral or the use of alternative sources of collateral
- Rotating loans allowing for incremental building or home rehabilitation
- Often includes the provision of financial and technical assistance services by the lending institution

Recently, researchers have distinguished between what are called linked and stand-alone housing microfinance programs (see table 1), both of which offer benefits to both lenders and borrowers (Daphnis 2004). While stand-alone programs do not require prior history with the lender in order to

Table 1 *Amended from Daphnis 2004,6-8*

Characteristics of Stand-Alone and Linked Programs						
Type	Average loan size	Repayment period	Collateral	Required time with the program	Savings required	Technical assistance to clients
Stand-alone	\$1,000-\$5,000	1.5 to 3 years	Cosigners	None	No	Yes and No
Linked	\$100-\$600	1 to 10 years	Cosigners	1 to 2 years	Yes	No

qualify for loans, their terms may be less accessible to very low-income families whose financial needs and credit history do not match the eligibility requirements of the lender. Nevertheless, for microfinance institutions, stand-alone programs provide opportunities for diversification and risk management. At the same time, because stand-alone products do not require previous participation with the lender, these programs have the potential to significantly expand the client base, although only to participants deemed creditworthy. Linked programs, as the name implies, provide housing microloans that are linked to previous participation with the lender. These programs, then, often use clients’ credit or savings history as a means of determining who is eligible for services. This more conservative approach is thus better targeted toward lower-income clients, but unlike stand-alone programs, does not succeed in expanding the client base (Daphnis 2004).

Although defining housing microfinance is rather straightforward, identifying who practices microlending for housing is less clear-cut. Lenders include large and mid-scale microfinance institutions and traditional private lenders, government programs, NGOs, and cooperatives (Escobar and Merrill 2004). The diversity of actors involved in housing microfinance means that

overlaps between funding sources, leveraged financing techniques, and institutional actors are both feasible and potentially quite influential. The favorable terms and flexible underwriting that characterizes most housing microfinance products makes them ideally suited to address the needs of the poor in Latin America, but more work can be done to ensure that the other financing techniques discussed in this paper can be successfully coordinated with housing microfinance programs.

Voluntary Tax Assessment Funding

The United States has recently seen the Property Assessed Clean Energy (PACE) financing program develop as a novel approach to funding home upgrades, specifically for green energy upgrades. Under the PACE program, a city or county will make funding available for the upfront costs of an on-site renewable energy or energy efficiency upgrade. It will then recoup this cost through a multi-year assessment which is part of the property tax bill of the improved property. Property owners can then voluntarily agree to borrow money for the improvement and repay the money through a special assessment secured by a lien against the property until the assessment and any related interest or penalty is paid, even if the property is sold. Because the PACE program is usually self-sufficient, funding is often made available through municipal bonds, or a similar government-backed financing source.

This program can be modified to cover the costs of any type of upgrade or repair on a home, not just energy upgrades. In the innerburbs, this could include more basic upgrades such as roofs, siding, electrical, plumbing, and/or more traditional PACE projects. The barriers to getting repairs done are usually high upfront costs, which are minimized through a PACE-style financing program.

The program has run into several legal hurdles in the US that may or may not be problematic in Latin America. To secure funding for PACE bonds, bond buyers do not want to see a subordinated lien. A subordinated lien would carry higher interest rates, potentially defeating the cost-saving benefit of the program. However, the Federal Housing Finance Authority (FHFA), which runs Fannie Mae and Freddie Mac, has expressed its opposition to buying any mortgages that are subordinate to a PACE lien. This has essentially frozen the market for PACE programs. Latin America may not suffer from these same ailments, as many homeowners do not have mortgages, so the question of subordination may be moot.

One other dimension of the PACE program that would need to be modified for Latin America is its insistence on using contractors to do any and all work. The benefits of this are twofold: the work done is done by professionals and likely of a higher quality than a homeowner, and the contractors will be forced to build to code in order to receive the PACE funds. Given that much of the work done in the innerburbs is self-help, this could be a stumbling block. However, if accommodations are made for homeowners to do their own repairs while also ensuring that homes are brought into compliance with local building codes, the program could be viable for the Latin American innerburbs.

Enlisting big capital: large-scale investments by non-state actors

The analysis in the preceding section has focused on financial mechanisms for individual households. Any area-wide rehab effort, however, will most likely require the participation of “big capital”, including corporate developers and other large private investors.

The Enterprise Zone approach

The Rehabilitation tax credit program in the US, which most closely approximates the type of policies under consideration in this section, aimed at firms, not individual homeowners (Cordes et al. 2005: 328-330). These laws, established for the first time in 1976, provided tax rebates of 10% for rehab work on building older than 1936 and 20% on certified historic buildings undergoing rehabilitation. Strict conditions are imposed on the proportions of inside/outside infrastructure that must be renovated or maintained in order to benefit from the program¹⁰. In other words, tax incentives provide the initial spur but the process is regulated throughout its implementation.

The approach has been criticized for violating the principle of tax neutrality (Brunori 2001), which states that rational actors make efficient choice in a market environment. This critique based on market orthodoxy extends to all efforts to alter the market incentive structure as a means to induce rehab. In essence, the argument states that by driving investors to make investments they would otherwise have foregone, the program introduces distortions in the market. In the case of historic buildings, the action is justified by the intrinsic value of their preservation, but the same cannot be said about Latin American innerburbs. By the same token, this issue points to the criteria of profitability that underlies any capitalistic intervention, which calls for more comprehensive intervention plans to counterbalance the effects of profit-driven rehab initiatives.

The Enterprise Urban Zone program, launched under Reagan, was predicated upon this market-based ideology. It came in the form of a “package” of tax incentives associated with an area designated by public officials as suitable for (re)development. In contrast to the prior Model City approach, autonomous private developers were to “do all the work” in a “favorable environment” (Haar, 1984). In terms of its applicability to innerburbs, however, where residential and small-business land uses prevail, a similar policy would mean a diversification of economic activities fraught with the negative externalities produced by industrial premises. Moreover, to the extent that the area “industrializes”, the dynamics thus triggered are likely to promote demolition and reconstruction of the built environment rather than rehab of existing structures. Both these pitfalls were avoided in the renovation of Quito’s historic core because of the area’s high potential for tourism. A degree of diversification in business activities occurred, but mainly in the consumer catering and cultural industry.

The case of Recife, according to Zancheti (2005), gives some ground for hope. Indeed, the revitalization of Barrio Recife took place without any incentive provided by public authorities (e.g., subsidies or credit) other than a reduction in property tax proportional to the degree of rehabilitation undertaken for each building. Further, the activities that sprung in the wake of this program, many of in the cultural entertainment or catering sectors, were absent (and “unexpected”) in the area at the time the program was launched. Zancheti (*ibid*, 370) strikes a note of caution, however, by pointing out that after the incentives were withdrawn, the revitalization movement tended to decline.

Non-Conventional International Finance Mechanisms: Multilateral-Sponsored Municipal Bond Insurance

In the Latin American context, Kathleen McArthur argues that multi-lateral institutions such as the World Bank, through its International Bank for Reconstruction and Development, and the Inter-

¹⁰ Projects eligible for the 10 percent credit rate are also restricted; in particular, at least 75 percent of the external walls must be retained (50 percent external walls), and 75 percent of the internal structure must be retained. (Cordes et al. 2005: 329)

American Development Bank can enhance local credit mechanisms by offering credit guarantee programs at the municipal level. Specifically, McArthur envisions multilateral-sponsored municipal bond insurance. There is growing demand for municipal bonds in Latin America. In countries with private pension systems, for example, such as Chile, there is an emerging investor class looking for debt instruments that can be denominated in local currency. (Fay and Morrison, 2007) While offering a more reliable and affordable source of credit for municipal governments, sub-sovereign finance also allows for decentralization of project decision-making and project finance.

Precedence exists for infrastructure bonds in Latin America. In 1995, Chile authorized private pensions to invest in bond issues with the goal of attracting investment for its transport sector. According to Marianne Fay and Mary Morrison at the World Bank, “the typical infrastructure bond is a 20-year fixed rate bond denominated in Unidades de Fomentos (UFs), an inflation-adjusted unit of account used in Chile with a AAA local rating and a monoline guarantee”. Fay and Morrison note that every series of infrastructure bond offerings have been oversubscribed. The authors emphasize the program’s successes, noting that infrastructure bonds have financed 11 of the country’s 16 road concessions since their inception and have attracted over \$3.6 billion in private investment. (Fay and Morrison, p. 76, 2007)

The goal, as laid out by McArthur, is to make these bonds available at the municipal level. Like McArthur, Marja Hoek-Smit from the Housing Finance Information Network argues that municipalities play a “pivotal role” in partnerships between different levels of government, as well as between the government and the private sector. This may particularly be the case in developing an affordable rental housing sector. Often, says Hoek-Smit, delivering affordable rental housing entails deep subsidies. Rehabilitating renter-occupied housing likely requires similar external financing, and the burden for these subsidies can easily fall on the shoulders of municipal governments. (Hoek-Smit, p. 447, 2009)

This raises questions regarding the appropriate role of international institutions. In the past, multilateral-sponsored credit guarantee programs have primarily targeted private capital investments and in some cases sovereign debt securities. Other infrastructure development initiatives have come in the form of technical assistance, equity grants, and subsidized loans. (McArthur, 2006)

McArthur argues that municipal credit guarantee programs offer at least four distinct advantages over these other conventional forms of financing. First, although it is difficult to predict credit spreads, the bond insurance approach likely reduces the cost of capital and stimulates increased issuance. Second, the attraction of private capital allows municipalities to leverage multilateral development aid. Third, municipal bonds decentralize the international aid process, providing direct links between local governments and multilateral institutions and thus sidestepping the bureaucratic hurdles and discretions of central government. Finally, such bonds could help offset investor concerns about municipalities that do not have a strong credit history. (McArthur, 2006)

A 2009 primer released by USAID expounds upon these arguments to demonstrate the impact of the issuance of municipal debt on the quality of government programs. The primer states the following:

Issuing a bond requires that a local government subscribe to a standard level of information transparency and forward planning, and that it increase its financial management capacity to manage the inflows of the bond proceeds and the bond’s repayment. This contributes to more responsive governance, given that enhancing accountability for service provision encourages citizens to be involved in sound pricing policies...

In addition, sub-sovereign finance attracts utility management and construction expertise, which may be more efficiently provided by the private sector through public-private partnerships than directly by local governments. Sub-sovereign bonds also deepen capital markets by providing investors with a market demonstration effect that local governments and their projects can be good credit risks. (USAID, p. 5, 2009)

It is important to bear in mind, however, that multilateral-sponsored municipal bond insurance is a means of attracting funds. While this insurance can give investors the necessary confidence to invest in municipal bonds, municipalities will still have to determine how best to employ these funds toward urban rehabilitation. Urban rehabilitation programs that are not intrinsically revenue-generating may be inappropriate targets for municipal bond finance. This finance mechanism may be better suited for urban renewal programs or municipal investments in human capital, such as schools, hospitals, or transport infrastructure, that will directly or indirectly help municipalities service their debt (McArthur points to Texas' Permanent School Fund Bond Guarantee Program as a type of credit enhancement that functions similarly to her proposed municipal bond insurance). (McArthur, p. 13, 2006) Nonetheless, even urban renewal initiatives may ultimately have an indirect or longer-term impact on housing quality and rehabilitation capacity.

Public-private partnerships (PPP)

While the participation of private capital is necessary given the limited resources of public sector institutions and individual settlers, it was pointed out previously that the aims of private investors can be at variance with public interest goals, or that the market can be insufficient for the provision of rehab services to low-income settlers to be profitable. Public private partnerships (PPP) offer a potential solution to these market shortfalls. In its broadest sense, PPP refer to any kind of contractual arrangement between public sector agencies and private contractors for public works or service provision purposes.

PACE-style financing for home repairs could be a method of creating a PPP for home repairs. With a city or county providing property assessment-backed financing, private home repair organizations are likely to have a greater opportunity for entering the market. A city working in tandem with home repair organizations could advertise the home repair/upgrade program and the financing that is available through the city.

The following analysis focuses on the potential of mixed-economy firms (*sociedades de capital mixto*) for urban rehab/upgrading¹¹.

Public private joint-ventures raise hefty problems on the regulatory front. For one thing, the management norms and risk-sharing structure need to be specified from the outset, as well as the distribution of future returns and conditions for the provision (access, prices) of product/service. Conflicts between parties, including the beneficiaries/customers, can jeopardize the whole process of implementation, as it happened in Bolivia in the early 2000s. For all these reasons, Jeffrey Delmon (2011) recommends that about 3% of the budget be dedicated to expert consulting prior to the launching of the project. Another reason for that rests in the privileged market position enjoyed by the private partner. The normative framework set by a 2004 Law in Brazil, where this intervention

¹¹ See Rojas 2004, p.184 for detailed chart on PPP modalities with pros and cons.

model is well-advanced, is presented in the appendices and discussed by Cortines and Bondarovsky (2007).

In the Budapest experience reported by the Europe group, the municipality maintained control over 51% of stock shares. In general, predominance of public sector decision-makers can ensure that the public interest remains the prevailing criterion. To attract private capital, however, enticements must be provided, which consist in the flexibility toward and leverage over the regulatory framework given the special status of the company and the participation of public authorities in it, among other advantages. This extends, eventually, to eminent domain and expropriations when imperative to the proceeding of the project. In Quito, for instance, the Empresa Centro Historico, the mixed-capital firm which spearheaded the renovation process, enjoyed a tax basis restricted to the share of private capital participation (10%) while being released from all the bureaucratic controls imposed on state agencies for economic transactions (Rojas 2004).

Opportunities for rehab through PPP in innerburbs

Decisional autonomy, lower transaction costs, and adaptability to market conditions stand among the virtues put forward by proponents of this PPP model. This institutional structure, however, seems more suited to the provision of specific services such as water, sewage, construction and operation of highways, and so on (see World Bank website). Relatedly, PPP clearly target financial returns, so that the economic/commercial potential of housing rehab needs to be established before private capital can be called upon.

Among the guidelines for PPP implementation provided by the World Bank, a clear public interest rationale must be laid down. In other words, rehab policies based on PPP, while providing opportunities for financial returns, should also prove beneficial to a majority of the shareholders, i.e., taxpayers whose funds are being invested by government. Whether and how these conditions can be realized in the case of individual homeowners is open to question. While some rehab interventions can be framed as public safety imperatives (e.g. when contamination or landslide hazards are apparent), most will be seen by neighbors as benefitting primarily the individual owners whose houses have been refurbished.

For these reasons, PPP appear more likely to serve as a tool for upgrading/restoring the basic infrastructure of the area in which rehab will be conducted than to serve as the main financial engine of the rehab enterprise itself. The importance of this stage-setting role must not be downplayed, however, as it is a precondition to any business-oriented policy of neighborhood renovation. Furthermore, PPP seem to require some form of captive markets in order to ensure profitability to private investment. Under special circumstances such as the preparation of an urban center for an international event, profit-making opportunities can arise which did not exist before. In fact, the stadium for the final of the France 1998 soccer world cup was built under a joint-venture arrangement of the type considered here in a typical "inner-burb" area, i.e., Seine Saint-Denis (Rojas 2004). A similar juncture can be envisioned in the forthcoming Olympic Games and World Cup in Rio and Brazil.

Alternatively, a mixed-capital firm could be conceived of that would work on a contractual basis with individual property owners. Beneficiaries would contract and pay for the service at a subsidized price. As against a free market scenario, private capital would receive tax benefits and other financial incentives. Participation of public sector agents, on the other hand, would allow (as pointed out earlier) for an expedite modification of the regulatory framework when necessary. Moreover, the presence of government agents among decision-makers can facilitate the undertaking of interventions at a larger scale when the rehab of an individual housing structure has repercussions

on, or requires modification of, its environment. A set of financial issues, such as who would bear the costs for these extensions, would still need to be worked out.

As a general lesson flowing from the foregoing analysis of the potential of various financing instruments, it stands out that none of these instruments should be used or considered in isolation. If anything can work, it is a combination of these various tools sensitive to the context and issues raised by each formula along the way. Another general insight toward the implementation of many of these tools is the necessity, highlighted by the WB (see website) of an institutional environment at once flexible and stable enough to sustain the market transactions, organizational forms (e.g., PPP), and tax incentive structures defined by policy-makers.

Conclusion

Two lessons emerge from our assessment of these nine mechanisms for financing housing rehab. First, as highlighted by the WB (see website), the implementation of many of these tools requires an institutional environment that is both flexible and stable enough to sustain the market transactions, organizational forms (e.g., PPP), and tax incentive structures defined by policy-makers. Second, none of these instruments should be used or considered in isolation. Effective financing likely requires a combination of tools that is sensitive to the specific geographic context. Table 2 represents a preliminary attempt at examining the possible intersections between these financial tools. The areas shaded green indicate what we perceive to be synergistic relationships in which one tool can increase the effectiveness of another. For example, the formation of an urban enterprise zone may be more effective if prospective business owners in the area are at the same time given greater access to credit through some sort of microlending scheme. Similarly, enterprise zones often require new infrastructure, in which case municipal bonds may be an appropriate financing strategy.

Table 2: Synergistic Relationships

Scale	Financing Technique/Tool	Micro (Housing Rehabilitation)					Macro (Urban Renovation)			Both
		Forgivable Liens	Conditional cash transfers	Property Assessment Financing	Microcredit	Insurance, Reduction and Deposit	Municipal Bond Financing	Public Private Partnership	Tax credits: Urban Enterprise Zone	Tax Credits: Abatements
Micro (Housing Rehabilitation)	Forgivable Liens									
	Conditional cash transfers									
	Property Assessment Financing									
	Microcredit									
	Insurance, Reduction and Deposit									
Macro (Urban Renovation)	Municipal Bond Financing									
	Public Private Partnership									
	Tax credits: Urban Enterprise Zone									
Both	Tax Credits: Abatements									

Legend	Urban Renovation	Housing Rehabilitation	Both
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Addendum: Financing Breakout Session Notes

The following notes were compiled during a breakout session with members of the Latin American Housing Network (LAHN):

Limitations of Conditional Cash Transfer

Can conditional cash transfers (CCTs) for housing rehabilitation be used to increase human capital? Currently, no empirical research addresses this issue. Existing programs, such as Bolsa Familia in Brazil, offer CCTs to low-income families provided that their children attend school, among other requirements. The implication, then, is that school attendance and children's health has a direct impact on the earning potential of low-income families. How, then, could CCTs for housing rehabilitation in the innerburbs be used to create human capital?

Because these programs are a direct subsidy and, unlike all but one other financing mechanism discussed in this report, are not income generating for the lender, CCTs have limitations. First, it is a program that would most appropriately target very low-income families whose rehabilitation needs are unmet by other financing tools. Secondly, in order to ensure the creation of human capital, any CCT program for housing rehabilitation would have to ensure that the subsidy is used to fund housing repair that has a direct impact on social conditions. More research must be done to explore the effect that dilapidated, poorly ventilated, or crowded housing in the innerburbs has on issues such as resident health, sleep patterns, and educational attainment. If these problems indeed can be ameliorated through housing rehabilitation, the possibility exists that CCT could be used to address the rehabilitation needs of the very poor in Latin America.

Identifying qualified participants for CCT for housing rehabilitation programs could have certain limitations, and traditional CCT programs may shed light on the feasibility of administering such funds. Because CCT programs focus on the poorest, they often, according to conference participants, leave large geographical areas without financial assistance. Many programs thus focus on the poorest states or regions, often excluding metropolitan areas altogether. This is due to the fact that selecting eligible participants is easier in rural areas where the majority of residents are likely to be in need of a CCT subsidy, whereas in urban areas program administrators are faced with the need to select eligible participant rather than providing assistance to all. For the reasons just discussed, conference participants cautioned that CCT programs may only address a small portion of those in need. For this reason, other financing mechanisms are discussed herein that address a spectrum of potential recipients.

Tax abatements

Certain limitations of tax credit and tax abatement programs were revealed during conference discussions. Although these programs work reasonably well in regions where a legal framework permits tax incentives, this may not be the case throughout all of Latin America. Conference participants acknowledged that property tax rebates may in fact be considered unconstitutional in Brazil according to local law. Because property taxes in some municipalities are used for infrastructure development throughout the entire city, legal restrictions may limit the ability of certain neighborhoods to forego property tax collection.

Credit Unions (Cajas Populares):

Equal and fair access to credit and banking opportunities is a primary limitation in the financing of housing rehabilitation in Latin America. As acknowledged by conference participants, more work must be done to ensure equitable lending to low-income groups

One issue that was not explored in this report is the role of credit unions (*cajas populares*) in financing housing rehabilitation. Conference participants pointed out that a significant amount of owner-financed rehabilitation most likely takes place through local credit unions—many residents supposedly use account balances as collateral for home improvement loans—but insufficient oversight and regulation of these institutions has resulted in exploitation of depositors. Some credit unions, either due to bankruptcy or for other reasons, have failed to return the account balances of local depositors. For this and other reasons, many in Latin America may harbor distrust of formal banking institutions. In fact, many people rely upon social network groups (known as *tandas* or *candenas*) as a source of financial security. This report discusses the role of legislation, such as the Equal Credit Opportunity Act of 1974, in promoting equal lending opportunities for low-income

residents in the United States. Although such legislative measures are necessary to expand access to credit, more work may be needed to explore the role of legislation in providing insurance for depositors, such as that provided in the United States by the Federal Deposit Insurance Corporation.

The Viability of Pursuing International Lending

Given the World Bank's emphasis in recent decades on issue of health, education, and issues other than housing improvement and upgrading, what is the viability of pursuing international lending for housing rehabilitation? Our response is twofold. First, though many of the financing mechanisms presented herein could work in tandem with international funding, they do not depend on it. In fact, a clear effort of this work is to provide a diverse set of tools that could be used to provide alternative financing strategies given the supposed decrease in international funding for housing development. Second, because the need for substantial rehabilitation in the innerburbs is only now coming to light, the need for new housing finance mechanisms is a recent development. Unlike the financing needs of the unhoused or those living in provisional squatter settlements, residents of the innerburbs face distinct housing needs—such as limited space, irregular morphologies, and dilapidated dwellings—and financing needs that are as of yet relatively unexplored. At the same time, residents in these innerburbs benefit from the accumulated assets that their houses constitute, and thus have leveraging opportunities distinct from those earlier stages of housing development.

Current estimates project that 50% of the population increase in Latin America will occur within the innerburbs. Thus, the need to rethink the development potential of these neighborhoods is critical. Given this projected growth, the contemporary emphasis placed on issues of sustainability and lowering the ecological footprint of cities will be misplaced unless significant research is conducted regarding how to best pursue urban renovation, housing rehabilitation, and population densification in the innerburbs. While housing rehabilitation efforts for individual houses may be a harder sell to institutions such as the World Bank, pursuing urban renovation through the improvement of public infrastructure and transportation, energy use, and citizen security is worth serious consideration.

Clear Title and Lending

Funding for housing development, particularly from international institutions, has historically been tied to title regularization and entry to tax registry. Thus, in order to effectively leverage large-scale investment, housing development programs must be tied to the securing of clear title. Factors such as inheritance (as discussed elsewhere in this report) often lead to conditions of unclear or conflicted title. A second concern regarding the use of title for leveraging is the risk associated with using the home as collateral for a loan. Conference participants discussed the fact that clearing title does not necessarily make people into competent investors; thus, there is reason to fear that borrowers may lose their title by imprudently leveraging their home as collateral. Participants also acknowledged that many people don't want to use their house as collateral, although this is not true across the board. It was also reported that, due to a lack of trust of lending institutions, some homeowners turn to their pension system rather than to local credit unions for loans because the former had a stronger history of stability and reliability than the latter.

Using Financing Mechanisms to Facilitate Buyouts or Rental Conversions

As discussed elsewhere in this report, conflict among owners due to unclear title is a potential limiting factor in the sale or upgrading of consolidated houses in the innerburbs. Conflicts driven by the inability of one or more parties to buy out another, to pay for necessary rehabilitation, or to convert existing dwellings into rental units could certainly limit the development potential of housing in the Latin American innerburbs. Certain mechanisms discussed above, such as property assessment financing or leveraging for individual loans, could feasibly be used to resolve conflicts of ownership while providing benefits to all parties. Those wishing to keep the property could use such financing mechanisms as a way to buy the property from the other parties, thus allowing at least partial payment of the property's value to the potential sellers. These mechanisms could thus be used to simplify and shorten the mediation or arbitration process necessary to clear clouded or conflicted title. Another mechanism not discussed herein, but similar to property assessment financing, is "on-bill" or utility-assessed financing. This technique allows for small rehabilitation loans that are issued by a utility company and then paid back through higher utility payments. Utility-assessed financing could also be used to facilitate buyouts among family members.

Addressing Gentrification and Affordability for Renters

Taking steps to combat the risk of gentrification merits more consideration, particularly if, as reported, the innerburbs are to experience significant densification in coming decades. Two anti-gentrification policies addressed in conference discussions include the use of public-private partnerships and cooperatives to ensure the availability of low-income rental housing. Examples given by conference participants included the sale of state land to fund public interest housing and the rehabilitation and subsequent rental of the first floor of buildings in commercial districts, the proceeds of which were used to rehabilitate rental units throughout the neighborhood. Mechanisms such as utility-assessed financing could also be used to provide funding for the rehabilitation of renter-occupied housing while simultaneously ensuring affordability. Through this sort of "on-bill" financing, renters could pay for necessary rehabilitation over time, and in the case that a family moved out of a rental unit, the subsequent renter would continue to pay the cost of the improvement through higher utility payments.

Given the high expected growth in the innerburbs discussed earlier, demand for rental units will help to ensure that "on-bill" financing of this sort is repaid. In addition, these mechanisms could also be used by homeowners to create new rental units by providing the capital necessary to rehabilitate or remodel unused or underused dwelling units, the cost of which would then be paid by new renters. Regardless of how it is financed, housing rehabilitation must take into account the diverse needs of renters and landlords, including tenure security and affordability, while at the same time encouraging resource mobilization to improve existing rental properties or create new rental units. The following table describes a few policy lines that, while at times contradictory, could serve to further these ends:

Integrating Policies for Renters and Landlords

Goal	Policy Approach
Improve existing rental properties	<ul style="list-style-type: none"> • Expand leveraging (insurance, deposit, reduction grants) for rental rehabilitation targeted toward property owners. • Create legal framework (and set of negotiation agreements) for renter-initiated/directed rehabilitation allowing renters to finance and oversee rehabilitation. • Expand financing mechanisms for renter-initiated/directed rehabilitation.
Create new rental space	<ul style="list-style-type: none"> • Link creation of new rental opportunities to broader urban development. • Allow for financing mechanisms to facilitate the conversion of unused and underused dwellings into rental space.
Ensure tenure security of renters	<ul style="list-style-type: none"> • Provide a minimum notice for eviction due to rehabilitation. • Allow for renter-initiated/directed rehabilitation to reduce risk of eviction. • Provide temporary rental space and preleasing agreements for those displaced by rehabilitation.
Ensure affordability for renters	<ul style="list-style-type: none"> • Enforce a temporary rental price hike on rehabilitated units. • Facilitate use of “on-bill” financing to allow for renter-initiated/directed rehabilitation. • Freeze rental cost for renter-initiated/directed rehabilitation (possibly for the period of time it takes to pay off the cost of rehabilitation). • Make funding for rehabilitation contingent upon the fixing of rental prices.

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