Financing urban basic services through Land Value Capture in Curitiba (Brazil)

BACKGROUND

- Local governments → tight budgets → manage city & provide services
- Land Value Capture (LVC) → additional source of revenues
  rebalance inequalities in development
- LVC → *conversion*: increases in private land value → public revenues
- Goal → explain how:
  the way LVC instrument <u>Sale of Development Rights (SDR) is used</u>
  impacts
  the amount of value captured from increases
  to be invested in urban services (in Curitiba, Brazil)

CURRENT CONDITIONS

- Curitiba → Pioneer Brazilian cities → uses the SDR → for 3 decades.
- Tool implemented in stages → 3 ≠ models currently in operation:

| Model of SDR	Urban service financed	Start year
OODC	Social Housing	1990
	Environment Protection	1995
OODC-S	Historical Buildings Conservation	1993
	Slum Upgrading	2003
	Public facilities	2009
CEPAC	**Infrastructure** & public spaces	2011

- Opportunity & necessity → evaluate SDR's operation

FINDINGS (THE AMOUNT OF VALUE CAPTURED IS IMPACTED BY)

- Form of calculation (auction and market value > flat rates)
- Relation *base line of development* x *upgrade*: ⇧ ratio → ⇧ LVC rate
- Planning capacity of local government (long term x punctual demands)
- Location where the SDR acts (helped containing land prices' increase)

CONCLUSIONS (IMPLEMENTATION IN OTHER CITIES)

- *Sale of Development Rights* → powerful financing tool:
  recover plus values **+** generate and redistribute funds
- Operation → active market **+** careful design & implementation
- Therefore it should not be used indiscriminately!
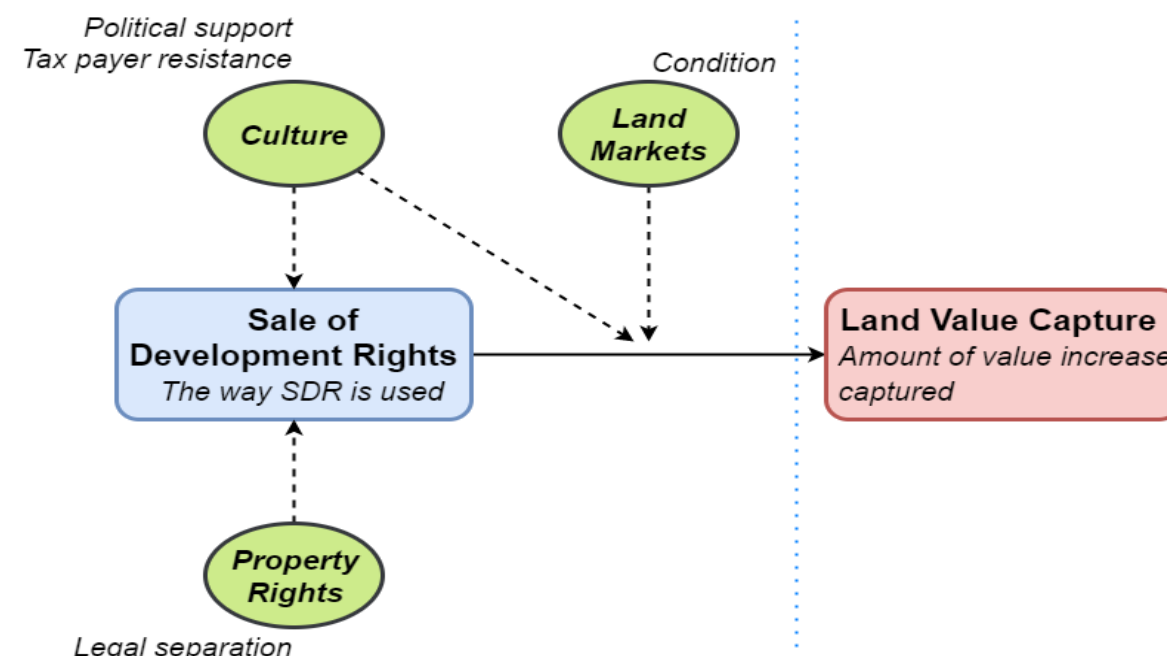
FOLLOW UP

- Promote → ideological & social principles of the tool
  debates   improve the acceptability and consciousness →
  property of increments in value of land and
  importance of this source for the maintenance of
  sustainable urban development.

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