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 Sale of Development Rights (SDR) is used
  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:

<table>
<thead>
<tr>
<th>Model of SDR</th>
<th>Urban service financed</th>
<th>Start year</th>
</tr>
</thead>
<tbody>
<tr>
<td>OODC</td>
<td>Social Housing</td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>Environment Protection</td>
<td>1995</td>
</tr>
<tr>
<td>OODC-S</td>
<td>Historical Buildings Conservation</td>
<td>1993</td>
</tr>
<tr>
<td></td>
<td>Slum Upgrading</td>
<td>2003</td>
</tr>
<tr>
<td></td>
<td>Public facilities</td>
<td>2009</td>
</tr>
<tr>
<td>CEPAC</td>
<td>Infrastructure &amp; public spaces</td>
<td>2011</td>
</tr>
</tbody>
</table>
• 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.

Contact details:
Marcio Alex Marcelino
MSc. in Urban Management and Development
Architect and Urban Planner
+31 6 2521 9576 | +49 176 6746 9929
m.mrclino@gmail.com
linkedin.com/in/marcio-alex-marcelino