

**In Search of Gentrification:
The Local Meanings of Urban Upward Redevelopment in São Paulo, Brazil**

BY

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For Daniel
No matter where or when, you are always with me

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LIST OF ABBREVIATIONS AND ACRONYMS

PMSP	Prefeitura Municipal de São Paulo (São Paulo Municipal Government)
SEMPLA	Secretaria Municipal de Planejamento, Orçamento e Gestão (Municipal Department of Planning, Finance, and Management)
EMURB	Empresa Municipal de Urbanização (Municipal Company of Urbanization)
SMDU	Secretaria Municipal de Desenvolvimento Urbano (Municipal Department of Urban Development)
SP Urbanismo	São Paulo Urbanismo (São Paulo Urbanism – municipal company)
SIURB	Secretaria Municipal de Infraestrutura Urbana e Obras (Municipal Department of Urban Infrastructure and Works)
SP Obras	São Paulo Obras (São Paulo Works – municipal company)
SEHAB	Secretaria Municipal de Habitação (Municipal Department of Housing)
HABI	Superintendência de Habitação Popular (Social Housing Superintendence, affiliated to SEHAB)
CET	Companhia de Engenharia de Tráfego (Traffic Engineering Company – municipal company)
DPH	Departamento de Patrimônio Histórico (Historic Heritage Department – municipal government)
OUCAE	Operação Urbana Consorciada Água Espraiada (Urban Operation Consortium Água Espraiada)
CEPAC	Certificado de Potencial Adicional de Construção (Certificates of Additional Construction Potential)
EMPLASA	Empresa Paulista de Planejamento Urbano (Paulista Company of Urban Planning – company responsible for São Paulo’s metropolitan planning - state of São Paulo)
CDHU	Companhia de Desenvolvimento Habitacional e Urbano (Company of Housing and Urban Development – São Paulo state)
COHAB	Companhia Metropolitana de Habitação de São Paulo (Metropolitan Housing Company of São Paulo)
METRO	Companhia do Metropolitano de São Paulo (São Paulo Metro Company – state of São Paulo)
DER	Departamento de Estradas e Rodagem (Department of Road – state of São Paulo)
DERSA	Departamento Rodoviário S.A. (Department of Highway, Inc. – mixed capital agency, state of São Paulo)
SABESP	Companhia de Saneamento Básico do Estado de São Paulo (State of São Paulo Waste Management Company – mixed capital agency, state of São Paulo)
CONSEG	Conselho Estadual de Segurança (State Council on Security - state of São Paulo)
IPHAN	Instituto de Patrimônio Histórico e Artístico Nacional (Institute of the National Historic and Artistic Heritage)

IBGE	Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics)
DIEESE	Departamento Intersindical de Estatística e Estudos Socioeconômicos (Interunion Department of Statistics and Socio-economic Studies)
IADB	Inter-American Development Bank
IMF	International Monetary Fund
UMM	União dos Movimentos de Moradia (Union of Housing Movements)
ULC	União da Luta de Cortiços (Union for the Cortiços' Struggle)
PSDB	Partido da Social Democracia Brasileira (Party of the Brazilian Social Democracy)
PT	Partido dos Trabalhadores (Workers' Party)

SUMMARY

This dissertation explores the contributions and limitations of gentrification theory to understand processes of upward urban redevelopment in São Paulo, Brazil. To this end, I develop a definition of gentrification that maintains its analytical consistency while also providing sufficient elasticity to illuminate diverging contexts. I apply this framework to two case studies in São Paulo that were locally recognized as experiencing gentrification. Ultimately, this research explores both the relevance of existing gentrification theory and the local meanings that it has assumed.

Drawing on the classical and global definitions of gentrification, the analytical framework identifies three necessary dimensions common to all cases, even if mediating structures make their materialization context-specific. They are: (1) production of gentrifiable space; (2) upward socio-economic change with displacement; and (3) built environment upgrades. The two case studies in São Paulo expose the challenges of the straightforward importation of theory in each of these dimensions. First, the local urbanization pattern does not follow the central city disinvestment and suburbanization process of classical cases. Second, the presence of urban informality results in the displacement of both formal and informal residents. Third, in scenarios where apartments are valuable housing options, built environment upgrades promote verticalization and corporate developers become “pioneer” gentrifiers.

Finally, by focusing on the state as a key mediating structure of gentrification, the case studies analyze the dynamics of one private-led and one state-led upward redevelopment process. In the first case, the state becomes an enabler by providing the support needed for gentrification to happen. By establishing a partnership with the private sector in the second case, the state becomes an entrepreneur, creating and benefiting from a speculative real estate market. Instead of reifying a homogeneous and invariable pro-market approach, though, they demonstrate the multiple and conflictive goals mediated and legitimized by the state and that can limit the impact of displacement. To be clear, these are indeed gentrification cases given the evidence of the necessary dimensions of the analytical framework. However, they posit the need

to contextualize our understandings of gentrification since interactions between local and global patterns may alter the process over space and time.

CHAPTER 1. INTRODUCTION

1.1. THE NEED FOR A NEW ANALYTICAL FRAMEWORK FOR GENTRIFICATION

“Question 35:

The text describes the current social and territorial process in Salvador by the term ‘gentrification [gentrificação]’. According to it, the term ‘gentrification [gentrificação]’ refers to the process of:

(A) Migration of impoverished populations to the cities.

(B) Migration of enriched populations to impoverished neighborhoods.

(C) Transformation of the Bahia’s capital in a popular center of culture and entertainment.

(D) ‘Ennoblement [enobrecimento]’ of degraded areas and social exclusion of poor residents.”¹

This question came from a 2010 SAT test² for the São Paulo State Technical College (FATEC). The candidate should read a short text about the social transformation of the historic downtown of the city of Salvador – the Brazilian capital in colonial times – with a suggestive title of *“The resumption of Salvador’s downtown”*. After explaining that the local historical buildings became the home of impoverished groups in the twentieth century, the text focuses on the “politically planned” initiatives since the 1990s that have transformed the neighborhood into a theme park for tourism, resulting in the removal of impoverished residents and the construction of middle and high-income housing. The following questions in that test ask about the meaning of the word “gentrification”, and its social consequences, mentioning class struggles over the use of this place and political strategies for capital valorization.

It is not only FATEC, though, that has been demanding that Brazilians get familiar with the term gentrification. Besides other SAT tests in São Paulo and Rio de Janeiro,³ elected politicians and the popular media have been using the term. This use has become even more pronounced given that Brazilian cities are hosting mega-events in the current and following years – the 2014 FIFA World Cup and the 2016 Summer Olympic Games in Rio de Janeiro – and both the international and local media have identified the socio-

¹ Available at <http://www.centropaulasouza.sp.gov.br/vestibular/provas/2010/prova-vestibular-2s-2010.pdf>. Retrieved in January 15, 2014. Translation by the author.

² SAT tests in Brazil are prepared by each university following the general content that the Brazilian Ministry of Education determines as the basic standard for a student finishing high school.

³ There has been other examples of gentrification in SAT tests, such as the Fluminense Federal University in Rio de Janeiro (http://www.vestibular.uff.br/2010./provas/etapa2/vest2010_2aetapa_Geografia_CDH.pdf) and preparatory courses for these tests are now teaching on the topic, such as seen on the video from a teacher of a famous local high school (<https://www.youtube.com/watch?v=P6-WplNVkKE>). Retrieved in January 15, 2014.

spatial transformations entailed by the great urban projects as gentrification.⁴ Even informal communities (favelas), that have been experiencing increases on rents and property prices, have been referred to locally and internationally as gentrifying locations.⁵ Finally, in 2013, for the first time, a Brazilian dictionary included the entry “gentrification”, using the neologism “*gentrificação*.”⁶ Therefore, it is clear that the word is moving beyond scholarly and professional realms to be popularly recognized as a process experienced by several Brazilian cities, such as Recife (Leite, 2007), the already mentioned Salvador (Nobre, 2003; Vasconcelos, 2003), Rio de Janeiro (Mosciaro, 2013) and the city under study in this research, São Paulo (especially Frúgoli Jr. & Sklair, 2008). This popularization of the term, though, only added to my concerns about the generalization of a theory without taking into consideration distinct urban realities from where it first emerged, such as those of Brazilian cities.

To address this concern, this dissertation is guided by the question “*what are the contributions and/or limitations of gentrification theory to understand cases of upward urban redevelopment in São Paulo, Brazil.*” This research is timely for several reasons. First, as mentioned above, there is this growing usage of the term in the country. Inspired by the emergence of processes of spatial production that contrast with previous local patterns of urbanization in Brazilian cities and specifically in São Paulo, there are indeed similarities with the narratives on gentrification from North America and England. This is the case of reinvestment in declining historical districts, flexible and competitive instruments to promote urban restructuring, and the upward transformation of these locations with displacement of previous residents.

Second, there is not a consensual use of the concept in Brazilian urban studies. In contrast with the inductive model of theory construction in the traditional geographies of gentrification, Brazilian studies have been importing the concept in deductive research projects that fit – or at least try to fit – local cases into similar narratives. In this sense, there have been two major uses of the concept in the country. The first

⁴ For instance, an article from the U.S. magazine *New Yorker* calls the stadium for the 2014 World Cup in São Paulo a “*monument to gentrification*”. Several Brazilian journalists have further quoted the article and used the word. Original article available at http://www.newyorker.com/reporting/2014/01/13/140113fa_fact_mcgrath. Retrieved in January 15, 2014.

⁵ One example is at <http://www.theguardian.com/world/2013/jan/23/rio-favela-real-estate>. Retrieved in January 15, 2014.

⁶ Available at <http://aulete.uol.com.br/gentrifica%C3%A7%C3%A3o>. Retrieved in January 15, 2014.

explains initiatives of “revitalization”⁷ or renovation of historic districts, such as the case of Salvador quoted in the opening of this chapter, but also diverse cities in the country from Recife (Leite, 2007) to São Paulo (Frúgoli Jr. and Sklair, 2008). The second and related usage refers to the emergence of competitive policies in the country. Studies making a direct connection between local and global transformations in urban planning and urbanism demonstrate that postmodern and neoliberal agendas have exclusionary effects, promoting pro-growth and pro-capital policies that displace undesirable and less profitable uses and users (Arantes et al., 2000; Fernandes, 2001; Sánchez, 2003). Therefore, gentrification is not connected to historical districts anymore. Rather, diverse geographies are identified with the process.

The literature review, though, revealed that not only in Brazilian studies there is not unified usage of the concept. The same problem is also found on the study of other cities and this is the third reason why this research is timely. It is important to mention that, in order to account for the context of socio-economic restructuring since the concept was first used by Glass (2010 [1964]), authors have expanded its definition to incorporate its conversion into an urban strategy planned and supported by the neoliberal state. For instance, Smith (2002) argues that gentrification has been generalized into a “*global urban strategy*”. Hackworth (2007) calls it the “*leading edge*” of neoliberal urbanism and Lees and Ley (2008) argue that it became an “*active part of public policy*”. Gentrification, by these terms, became an end in itself, an objective to be achieved.

Global gentrification, thus, refers to its expansion both vertically, to smaller cities, and horizontally, to other geographical realities in the world (Atkinson & Bridge, 2005 and Smith, 2002). On its horizontal expansion, we can understand the new international processes of capital production and its new division of labor, the overreaching financial market and neoliberal policies as well as the promotion of new patterns of consumption expanding gentrification processes beyond global cities in core countries to include

⁷ I use “revitalization” in quotation marks throughout this dissertation to emphasize the construction of an image for these places as lacking life or dead, dismissing current appropriations that may not follow the prescriptive images of “revitalization”. In this sense, these projects construct an ideological narrative of disinvested places that condemn them as lifeless to justify redevelopment while depicting this process as natural. However, they negate that most colonial downtowns of Brazilian cities, where most of these projects are taking place, became dynamic popular centers, with intense commerce, informal appropriations of the spaces, while maintaining their function as the main nodes of urban transportation.

globalizing cities, such as Mumbai and Sao Paulo in peripheral countries. On its vertical dimension, changes in urban policies with the promotion of inter-urban competition are expanding gentrification processes to cities sometimes not included in the great circuits of capital and, therefore, reaching not only New York and São Paulo, but also smaller cities in the United States and Brazil. If gentrification has gone global, though, there is no consensus on a framework that can keep the concept analytically relevant to support comparative research while also accounting for these different contexts. Cities in France, Netherlands, India, China, Chile and Mexico, among others, share with the Brazilian cases similar difficulties in using a concept in a distinct socio-spatial reality from where it first emerged. In this sense, my work posits the need to contextualize our understandings of gentrification, in which the interactions between local and global patterns may alter the process over space and time.

The fourth reason that the research is timely is that even in the cities of England and North America, where the theory had its first formulations, there has been a heated debate about the proper definition of gentrification. On the one hand, the authors above-mentioned pointed to the need to understand the evolution of the process within the process of neoliberal globalization to include new geographies and uses beyond the housing stock of historical districts (Atkinson & Bridge, 2005; Lees & Ley, 2008; Hackworth, 2002 and 2007; Hackworth & Smith, 2001; Smith, 2002). On the other hand, some authors ask for a return to the classical definition of gentrification in which the process is located on geographies of disinvestment that are resignified by/for a new middle-class concerned with values of historicity, identity, and community (Bondi, 1999 and Glass, 1989). Finally, a third group of authors has been calling for the complete dismissal of the concept, given its lack of theoretical and empirical soundness (Lambert & Boddy, 2002).

This dissertation, nonetheless, makes a case for using the gentrification concept by advancing an analytical framework that searches for its fundamental definition – its conceptual intension or meaning – while also accounting for its empirical diversity – its conceptual extension. The task at hand is, thus, proposing a framework for analyzing gentrification that is consistent enough not to lose its theoretical relevance while also providing sufficient elasticity to illuminate diverging contexts. This means that it has

to be applicable not only to the traditional cases in England and North America, but also to the more recent scenarios of global gentrification within those countries as well as in Brazilian cities. Ultimately, it has to be able to answer the main research question about the contributions and limitations of using such lenses to understand processes of upward socio-spatial change in São Paulo.

1.2. OVERVIEW OF THE ARGUMENT

Gentrification is a process of upward redevelopment with displacement. Its most fundamental element is that the higher socio-economic profile of the neighborhood is not a result of the social mobility of current residents. Rather, they are displaced to open space for incomers with those characteristics. As already mentioned, though, the intense socio-economic transformations experienced since the concept was first used in the 1960s have resulted in the expansion of its definition. If classical gentrification continues to exist, the more active role of corporate developers, financial capital, and public agents transforms the scale of the process as well as its range. In order to incorporate this evolution and the empirical diversity of gentrification, I develop a targeted, yet flexible explanation (Beauregard, 1986; Betancur 2014; Davidson & Lees, 2005) to define gentrification in terms of necessary dimensions and mediating local forces. This means that there are dimensions present in each and every case, bounding the concept. However, local mediating structures and contextual patterns make gentrification on the ground specific. This analytical framework, thus, exposes the minimal common denominators while paying attention to this diversity as an empirical question that deserves substantive, rather than formal, comparative work. These fundamental dimensions are:

1. Production of gentrifiable space: for gentrification to happen there must be a difference in the capital accumulated with current uses of space and the potential profits coming from changes in occupation. In this sense, gentrification is a process of spatial production that unlocks these urban land values, i.e. closes this real estate gap (Smith, 1996, 2010a and 2010b). In this process of creative destruction (Harvey, 2007a and 2001; Schumpeter, 2008), the barriers that existed for capital accumulation – the less profitable uses –

are removed. On classical gentrification cases, landlords and property owners in previously disinvested locations might sell or rent their properties for higher values to residents that make reforms and renovations on the existing built stock (sweat equity) (Lees, 1994b; Ley, 2010a and 2010b). Realizing the existing potential, though, smaller developers also enter the process by producing units that are “ready” for new residents (Clay, 1979; Mills, 2010; Zukin, 2010). On global gentrification cases, additionally, consistent investments from corporate developers and the state can produce more intense processes of socio-spatial transformation in new geographies, promoting a larger independency from previous patterns of investment and disinvestment (Hackworth, 2007; Hackworth & Smith, 2001; Smith, 2002).

2. Upward socio-economic change with displacement: in the conflict between current and future uses, gentrification entails population change – i.e. a group of incomers with a higher socio-economic profile –, making the concept bounded by class (Atkinson, 1999; Hamnett, 1991; Lees, 1994). Therefore, unlocking land values represents a transformation on households that can be identified on contextual dimensions, such as increases in income; levels of professionalization; formal education; homeownership; and number of residents per unit. On the other hand, displacement can happen with increases in rents and taxes, diminishing social protections, landlord harassment, pressures to sell properties by real estate developers, and transformations in the local life that might have multiplying effects, such as feelings of political and community displacement (Marcuse, 1986). Finally, on a global gentrification definition, the inclusion of larger developers and the state can result also in demolitions and new constructions that promote direct displacement as well as have spillover effects on current residents and uses that do not interest the new and more valuable pattern of spatial production (Davidson & Lees, 2005 and 2010; Smith, A., 1989).

3. Built-environment upgrades: gentrification entails transformations in the built environment given the distinct socio-economic profile of previous and current users. If, on the one hand, there is a strong relationship between gentrification and postmodernism as the cultural logic of late capitalism (Harvey, 1989a; Jameson, 1991), on the other hand, physical space transformations are also related to the construction of a new spatial fix for capital accumulation by freeing fixed capital from less profitable uses

and users. On classical gentrification cases, these investments mostly take the form of reforms and renovations of the existing structures (Lambert & Boddy, 2002; Lees et al., 2008). However, developers and architects can capture the most visible aspects of gentrification to sell the aesthetics of gentrification (Jager, 2010; Zukin, 1987 and 2010). On global gentrification, additionally, public agents and other real estate developers can promote gentrification by either reforms or new constructions in order to sell an image of attractive locations and cities (Clarke, 2006, Davidson & Lees, 2005 and 2010; Smith, 2002). Sklair, 2005).

By using of the classical and global gentrification definition and the diversity of the cases that have used of these theoretical contributions, I test both the applicability of this analytical framework and the range of its explanatory power – i.e., its ability of generalization. Although these necessary dimensions are present on all these cases, they are contextualized in specific ways given the dialogues with local dimensions that mediate the process. It is within this context that we can understand that even if the analysis of New York City and London demonstrates differences – or an Atlantic gap (Lees, 1994b) – they do not imply that these are not gentrification cases. Rather, these divergences are a matter of empirical questions, similar to the one that motivated this research in analyzing gentrification in a Brazilian city.

Gentrification in São Paulo and specifically on the two case studies of this research, thus, cannot be understood within a classical definition of the process. This does not mean that there are not cases in São Paulo in which previously disinvested locations became attractive to new residents with a higher socio-economic profile, stimulating reforms and renovations of the existing built stock. However, there are challenges for the straightforward application of this classical theory to São Paulo. First, the local pattern of urbanization based on a rich center versus an impoverished periphery contrasts with the suburbanization process experienced in the traditional contexts of gentrification in England and North America (Rolnik, 1997; Villaça, 2001). Second, the high level of informality as the major materialization of urban poverty (Fernandes et al., 2004; Kowarick, 2009; Maricato, 1979; Rolnik, 1997) is noticeably absent in gentrification studies that mostly deal with liberal forms of housing tenure. Third, public policy, private investors, and households have been favoring verticalization as a valuable housing type, resulting in the

association between middle and high-income neighborhoods and residential towers (Caldeira, 2000; Somekh, 1997; Souza, 1994). Without a substantial demand for reforms and renovations of the older building stock, upward socio-economic redevelopment might mean verticalization. Given that this research pushes for the recognition of the local meanings of gentrification, it is no surprise that these three aspects that challenge the application of the classical definition of gentrification in São Paulo are also seen in the two case studies analyzed on this dissertation.

Mooca District and the Urban Operation Consortium Água Espraiada (OUCAE) represent the mobility of capital and people *within* the city of São Paulo that have produced a highly differentiated land and these two distinct *gentrifiable spaces*. The first one, originally a working class district that combined manufacturing and residential functions, experienced decline with the channeling of public and private investments away from central locations and towards the Southwest sector of the city – where the high-income neighborhoods, the new global business centrality and the OUCAE are located. However, the resignification of the Italian enclave, the location close to the traditional downtown, and the (assumedly) presence of infrastructure stimulated reinvestment by private developers. The OUCAE, on the other hand, is characterized by the use of urban operations, an instrument that promotes flexible zoning in a determined area of the city considered in need of public and private investments. In this case, although private investment had been taking place before the enactment of the policy, the instrument of real estate valorization has been successful in selling construction rights as financial bonds in both primary and secondary markets. In both cases, the presence of different forms of informality – *cortiços* in the Mooca District and *favelas* in the OUCAE –⁸ exposes the vulnerabilities of these groups to both public and private initiatives. However, displacement in these cases reaches new levels, having an impact on both low and middle-income residents. This *upward socio-economic change with displacement*, the second dimension of

⁸ *Favelas* refer to communities that occupy an area without formal property rights. However, this does not mean that there are not real estate agents on these locations. Rather, after the first occupation, a market of renting, selling and buying built structures is quickly developed and becomes a profitable activity. Conversely, *cortiços* are buildings subdivided into several rental units for low-income groups. Without formal contracts and with poor housing conditions, this type of housing arrangement is similar to tenements housing or landlordism in the United States. For more on the topic as well as for an explanation on the emergence and fundamental role of housing informality in Brazilian cities, please refer to Chapter 3.

gentrification, is identifiable especially by the increase in the price of the square meter and income above the city's average while local informants confirm that residents have suffered the pressures of the heated real estate markets and are moving out of these locations. In another contrast with a classical definition, these cases demonstrate that, despite the presence of historic-structures in the Mooca District, new residents favor apartments. Therefore, the most visible sign of *built-environment upgrades* is verticalization while the local "pioneers" are corporate developers.

The Mooca District and the OUCAE, accordingly, have to be understood within an expanded definition of gentrification. By using the global gentrification framework, it is possible to account for the consistent investments of public and private agents that might take the form of new developments and large-scale projects of urban redevelopment. Instead of just assuming the more active role of contemporary public policy as in the global definition of gentrification (Hackworth, 2007; Lees and Ley 2008; Smith, 2002), though, I push for the recognition of the state as a key mediating structure on all gentrification cases. Within this perspective, even if in classical gentrification the process is not policy-led, public institutions enable it, given their function as regulators of sites of production, consumption and social reproduction (Harvey, 1985; Lefebvre, 1991; Logan & Molotch, 2007). Therefore, traditional geographies of gentrification in North America and England have been produced also by policies that first directed resources to suburbanization and later intended to reverse decline on inner city locations, including curtailing redlining practices and supporting renovations and reforms.

Moreover, the recognition of the state as a key agent has to consider the restructuring of urban policies since the 1970s. There have been, thus, two interrelated shifts in urban government that have been captured by this literature (Harvey, 2007b and 2006). On the one hand, there is the transformation of public policy's concern from welfare and services to the attraction of investment given the high mobility of capital and people under the current economic system. These pro-growth policies can include, for instance, the redevelopment of business districts, the promotion of spaces of leisure and consumption, and new housing spaces to higher-income households that can result in gentrification. On the other hand, the shift

from government to governance emphasizes another important aspect of these pro-growth strategies: the new alliances between state and private sector. Public-private partnerships move planning, financing, and implementing urban policies beyond the state domain to include private agents.

While it is possible to identify these shifts in diverse cities – including São Paulo – I also argue for the recognition of two important points about global gentrification. The first is that neoliberalism has to be contextualized (Brenner and Theodore, 2002; Peck and Tickell, 2002). Given the path-dependency of previous institutional arrangements, the starting point of neoliberal reforms has an impact on the final result. Additionally, the form in which these reforms are made, i.e. agents involved, focus, scope, and intensity, also demonstrate that neoliberalism is highly variegated. When thinking about urban planning, neoliberal reforms have another layer of adjustments given the role played mediated by the multiple levels and institutions that are involved on policy-making. Therefore, the “actually existing gentrification” is dependent on the “actually existing neoliberalism.” The second and related aspect about global gentrification as an expansion of neoliberal urbanism is that the state does not have a monolithic role. Put in a paradoxical position between its socially accepted function as promoter of the “public good” and goals of economic development that might have differential effects on social groups, the state continues to mediate social conflicts. Even with the neoliberal reforms, this function remains key to the system of capital accumulation by, for instance, legitimizing redevelopment projects. Therefore, not all contemporary public policies can be considered neoliberal and not all public institutions support gentrification. Rather, the state’s role on gentrification is multiple and conflictive, ranging from one of (enthusiastic) promoter to one of (reluctant) limiter.

By contextualizing these forces, thus, it is possible to understand that in the Mooca District and the OUCAE the state assumes paradoxical roles. Even if in the Mooca District the state is considered mostly absent of the process, it is not only the channeling of resources away from this location that contributed to gentrification, but also restricting manufacturing uses and establishing more permissive zoning policies facilitated the constructing of residential towers. Even if public institutions did not determine the higher

socio-economic profile of the new developments – on the contrary, the strategy of densification intended to balance out the expansion of impoverished peripheries – it is undeniable that they have been enabling the process. On the OUCAE, conversely, the state acts as an entrepreneur by establishing a partnership with the private sector. On the one hand, the list of public works cannot be accomplished without the interest of private developers given that these investments are supposed to be done with the resources produced by the sale of construction benefits. On the other hand, the municipal government is not directly involved in purchasing, assembling and selling land for developers. The only case in which eminent domain is being used is for the infrastructure works and the construction of public housing units, which leads us to another contextual aspect of the role of the state, i.e. its action on informal communities.

The impact of these redevelopment processes on informal communities has stumbled upon the enactment of progressive policies that intend to deal with the historic pattern of socio-economic inequality in São Paulo and in Brazil in general. Therefore, contemporary urban planning in these contexts has to be identified within contradictory efforts of promoting economic growth and social development. This is especially the case of the OUCAE that was established with the paradoxical goals of real estate valorization and the solution of the housing needs of more than 10,000 informal residents in this area with their mandatory relocation within the perimeter of the policy. In both cases, the enactment of zoning policies (ZEIS) that are supposed to prevent displacement has indeed resulted in the construction of public housing units that limit gentrification efforts. Additionally, the mobilization of local informal residents on associations that count with the support of the housing movement and public agents, especially in the judicial system, has been contributing to the recognition of the urban rights of these groups.

Displacement, nonetheless, has been happening in both cases and as the result of public and private initiatives. Developers have bought cortiços in the Mooca District, informal houses in the OUCAE and even made offers to buy entire communities. Middle and high-income residents have also been pushing for the displacement of these communities with requests, for instance, for the removal of protective policies from these locations. Additionally, the enactment and enforcement of the first policy to guarantee the rights of

cortiços' residents had the unintended effect of increasing rent prices and closing down units in the Mooca District. In the OUCAE, the multiple negotiations with public institutions, including municipal and state government, have been diminishing the number of residents to be relocated within the perimeter of the project. In both cases, the heated and tight land markets signify that the construction of public housing units is well below the demand and that informal households are being displaced to the peripheries of São Paulo, reproducing patterns of socio-spatial inequality and exclusion.

In conclusion, these two cases are indeed experiencing gentrification. However, these contextual processes demonstrate the need, presented in the analytical framework, to recognize the dialogues among multiple and contradictory forces that are localized on these places. On the one hand, it is impossible to understand these cases by merely using a classical definition of gentrification. On the other hand, it is necessary to understand the geographically rooted nature of neoliberalism to expose the multiple roles the state may assume in gentrification cases, including legitimizing and mediating social conflict. By using the targeted, but flexible explanation based on necessary dimensions mediated by local structures, thus, the in-depth analysis of the cases assesses how abstract conceptualizations work in practice. Therefore, this research reveals meaningful parallels between the Mooca District and the OUCAE and other gentrification cases, even if each of the necessary dimensions of gentrification may be materialized on specific ways.

1.3. OVERVIEW OF THE RESEARCH DESIGN AND METHODS

This research was envisioned as a multiple case study to understand the contributions and limitations of gentrification theory to explain urban redevelopment in São Paulo, Brazil. By using an iterative research design, theory and empirical data were constantly in dialogue. Starting with an extensive review of theory and cases recognized by the literature as gentrification cases, the analytical framework was developed based on the abstraction of the necessary dimensions of gentrification. After each round of fieldwork, data was analyzed and used to inform back the construction of this framework. This research, thus, has been supported constantly by theory, leading and informing the empirical work and vice versa. However,

without imposing the framework to the cases and neither the empirical findings to the theory, this research was open to the possible finding that gentrification theory may not be suitable to understand the cases at hand, even if they are indeed cases of upward socio-spatial transformation.

For the empirical part, the case study was chosen as the more suitable method because of the in-depth description it provides of embedded objects of study (Byrne et al, 2009; Yin, 2003). On the other hand, this research also addresses the need to understand how a specific phenomenon operates in different urban situations. In this sense, a multiple case study is more suitable to understand the diversity of “actually existing gentrification”. Therefore, instead of comparing cases, the multiple case study design was used to reinforce the understanding of the diversity of social phenomena (Stake, 2005). Every case was organized individually, as a single case with its own specific trajectories. Nevertheless, there were common questions/themes across cases that contributed to understanding the common element. For this research, the commonality is the upward socio-spatial change and the cases are the specific areas in São Paulo that local sources have identified as experiencing gentrification (Mooca District and Urban Operation Consortium Águas Espraiadas), constituting opportunities to examine the functioning of gentrification.

Additionally, the cases were selected in order to challenge and advance the proposed theoretical framework. With different locations, stakeholders, and conditions of the built environment, among others, the cases contribute to the richness of the analysis in considering the diverse local mediating structures that vary even within the same city and make the materialization of each necessary dimension of gentrification context-specific. While I do not intend to be exhaustive in the examination of all of them, these elements substantiate the contributions and limitations from gentrification theory to understand the cases and were taken into consideration as an integral part of these processes of socio-spatial change. Finally, given that the state is always present in gentrification cases and is a key mediating structure making gentrification context specific, I tested this framework in two case studies selected to speak about the different roles public agents assume. On the first one, the Mooca District, the private sector is the major agent driving redevelopment, resulting in the common assumption that the state has been absent from the

process. On the other, OUCAE represents a case of state intervention using a Brazilian redevelopment policy (urban operation consortium) that combines land use and financial tools. The fieldwork, thus, focused on identifying the importance of public institutions in the process while tracing the impact of policies, projects, and other forms of state intervention. Therefore, the empirical part of this research explores the importance of urban policies since the 1980s to advance and/or constrain those three fundamental dimensions of gentrification in these cases.

The data collection was divided into two main phases (from June to August in 2012 and 2013) in which the cases were explored in conjunction. Although secondary data was used in a descriptive form, the analysis is based mainly on qualitative information that fits the purpose of this research to obtain thick and rich case analyses that unveil the local meanings of gentrification and how it is located in different contexts. Four major types of data, thus, were used. The first was secondary quantitative data, such as information on population change, transformation in uses, occupations and information on the local real estate market. Second, document analysis and archive research included historic documents, policy and planning legislation, minutes of official meetings, previous studies and research on the cases, and media coverage. The third source of data came from site visits. Besides interviews scheduled on site, they also included visits with residents and representatives of local organizations to go over important aspects of the redevelopment process, confirm data from other sources, and systematically conduct spatial observation in different days of the week and different times of the day. The fourth and most important source of data, though, consisted of semi-structured interviews with informants from the public and private sector as well as community organizations and residents. The informants were selected using a purposive sample based on the literature review, document analysis, and online sources. In contrast with quantitative studies, the long semi-structured interviews – at least one hour and at most 4 hours – were based on the interpretation of meaning, causes, and results of the redevelopment process. Additionally, snowballing was used to identify other informants while attendance to meetings, events, and social activities was also used for that purpose. Therefore, the two rounds of fieldwork collaborated to get further access to the field.

On the first round of fieldwork, the focus was on gaining a general understanding of the urban dynamics and policy interventions for both cases. This first round of fieldwork, therefore, dealt with the assumption that formal planning institutions are a major mediating structure in the gentrification process, using archival research and document analysis as primary sources of information, but also conducting site visits and 24 semi-structured interviews. In the second round, the other two main agents were explored: residents and real estate agents. On the latter, although there are many stakeholders in the real estate market, the focus was on organizations and corporations selling, buying, renting, administering, and monitoring residential and commercial developments in the two cases. They included real estate agents, developers, constructors, administrators, consultancy companies, and agencies that monitor the real estate market. As far as residents, neighborhood associations and social movements narrate the experience of redevelopment in interviews, site visits, meetings, events, and online sources, such as blogs. In this second round of fieldwork, 50 semi-structured interviews were conducted, reaching a total of 74, as seen on the table below and in Appendix I.⁹ After each interview, I took notes and transcribed the audio to keep the fidelity of the narrative from informants.¹⁰

1.1. Summary of semi-structured interviews.

INFORMANTS	MOOCA DISTRICT	OUCAE	BOTH	TOTAL
Academics / Activist scholars	3	2	2	7
Elected officials	0	2	0	2
Public institutions	6	8	2	16
Public prosecutors / Public defenders	0	0	4	4
Architects and urban planners	1	4	0	5
Real estate agents	4	3	5	12
Residents associations / Social movements	6	14	3	23
Residents	5	0	0	6
TOTAL	25	33	16	74

One challenge for this type of design, though, is how to keep scientific validity throughout the entire

⁹ The original Research Protocol # 2012-0477 approved on May 25, 2012 by the Office for the Protection of Research Subjects at the University of Illinois at Chicago was amended and approved by the same office on June 25, 2013.

¹⁰ Only 6 informants did not consent to audio recording and I took notes during these interview. Finally, while some informants did not want to be identified by name, to keep with the consistency of the narrative, I decided to keep all the interviews anonymous.

process. The main strategy adopted here was triangulation (Creswell, 2009; Stake, 2005; Yin, 2003). First, the research design used of redundancy of data, with multiple sources, interviewees, and methods. Peer review and conversations with informants knowledgeable of the cases were another source of triangulation used. After each round of fieldwork, data was processed, analyzed, and triangulated between different sources and the theoretical framework. Findings were asserted only when meaningful parallelism was identified during these triangulation processes (Riege, 2003 and Ruddin, 2006). On the other hand, triangulation also contributed to the cyclical research design and analysis envisioned, as already mentioned. By using this strategy, it was possible to keep a chain of evidence that improved the original theory and research design with the data collected by noticing opportunities to follow new treads.¹¹ Additionally, because every case was assembled as an individual case study, each single case had its own chain of evidence. However, considering the multiple case study design, triangulation was carried out not only within cases (for each single case), but also across cases (during the cross-case analysis). Two strategies were used to achieve this goal. First, using as the major data source the semi-structured interviews, the interview guides were defined with common questions for all informants as well as specific questions for each case. By coding the findings into categories, a data repertoire was formed (Cronin et al. 2008). It is from the refinement of this initial repertoire that relationships between the cases and the fundamental dimensions of gentrification of the analytical framework were identified. The analysis only stopped when the findings held up considering the cases' specific research questions and general research questions (cross-cutting themes) (Stake, 2005). In this sense, by using multiple-case analysis it was possible to understand how gentrification works across a range of different local configurations.

¹¹ For instance, when the research design and fieldwork were specified, I had not expected that legal institutions would be mentioned as extensively in the case studies and by both low and middle-income residents as a way of counteracting the most negative aspects of redevelopment, including displacement. However, after the first round of fieldwork, I was able to include this aspect in the data collection process for the next incursion into the field. Additionally, the importance of legal institutions for these two cases informs the theoretical framework advanced by this research once it demonstrates the importance of formal urban planning in gentrification processes. Therefore, the legal institutions only gain this role because planning policies in Brazil, including comprehensive plans, zoning, and urban operations, have to be approved as legislation, thus, opening space for formal contestation if they are not followed.

1.4. OVERVIEW OF THE DISSERTATION

The next chapter focuses on theoretical concerns by developing an original analytical framework for gentrification applicable not only to traditional cases, but also to more recent scenarios of global gentrification. Based on literature review and cases, I define gentrification as an upward redevelopment process and differentiate it from other dynamics of socio-spatial change. The proposed analytical framework bound gentrification by three necessary dimensions that speak about the process itself and not about its end result. This means that while these dimensions are present in each case and establish significant relationships between the indicators of the process and larger structural transformation, they are contextualized in specific forms. Finally, I detail the importance of the state and the formal planning apparatus as a major mediating structure given that it is always present in gentrification cases even if this means that there are different types of public action that might enable, potentialize, promote, and even limit gentrification. In order to demonstrate both the strength of this definition and the diversity of cases it can explain, both cases of classical and global gentrification are used to demonstrate the applicability and range of the analytical framework.

In the third chapter, I start to deal with the empirical concerns of this dissertation. Instead of just laying out the reasons for the case selection, though, I used this chapter to start the substantive part of the analysis. In the first section, I explore the meanings of neoliberal reforms in Brazil by inserting them in the context of re-democratization of the country's economy after a military regime while also acknowledging the more recent strengthening of social policies side-by-side market reforms. In the second section, I introduce major aspects of São Paulo that challenge a classical definition of gentrification. Additionally, as the dominating economic center of Brazil, São Paulo localizes national and global forces in a tight land market that lead to high levels of informality and a gridlock condition in urban planning. In a period of economic restructuring, this situation resulted in the promotion of a new business centrality and the experimentation with flexible and competitive policies that intended to deal with both the need for investment and the local housing gap. Finally, I introduce the basic elements of the two case studies that

contribute to the better understanding of the rest of the dissertation.

The fourth chapter focuses on the (not so) subtle relationships between public and private in the Mooca District. Here, developers realized the potential of the former manufacturing district – i.e. *the gentrifiable space* – by exploring its location close to the historic downtown, the (assumed) presence of infrastructure, the large parcels and reframing the ethnic enclave. Even with the recognition of the historic importance of the district, though, policies for the preservation of the built heritage have not been effective, even if on some cases it has limited the pushes for redevelopment. This is an important feature given that *built-environment upgrades* have been happening mostly in the form of demolitions and new constructions with the verticalization of residential uses. Acting as an enabler of the process, public policies in the Mooca District have restricted industrial uses while also promoting more permissive floor-area ratios. Finally, the *upward socio-economic change with displacement* reaches both formal and informal residents. Regarding the latter, with the pressures from public policies, developers and even longtime residents, the number of low-income households greatly diminished since the 1980s, even if informal housing did not cease to exist and public housing developments were constructed. In terms of formal residents, the heated real estate market and the new socio-spatial dynamics have been causing not only direct displacement, but also the loss of the sense of community and increasing tensions among multiple and overlapping interpretations about Mooca and to whom it belongs.

The Urban Operation Consortium Água Espraiada is the focus of the fifth chapter. My analysis starts before the enactment of the policy when private efforts for the construction of a new business centrality in the Southwest sector of São Paulo were paralleled with public investments in infrastructure. Even if there was a real estate gap realized by private investors before 2001, thus, the enactment of the policy influences the *production of gentrifiable space*, expanding this gap by selling construction rights and changes in uses. Additionally, the list of works and the reinvestment of funds within the perimeter of the project is the guarantee for developers, making the OUCAE a form of public-private partnership and the state an entrepreneur in this gentrification case. However, this process of *upward socio-economic change* had an

impact on both formal and informal residents being pushed away by the heated real estate market and public initiatives. On the latter, even with the mandatory feature of relocation within the perimeter, the policy has not guaranteed the housing rights of informal households that continue to be displaced by the multiple negotiations with public and private agents. On the former, formal residents have been suffering the pressures from the promotion of the business centralities given the increasing demand for high-income housing units. With the stimulus to verticalization by selling construction benefits, finally, built-environment upgrades refer to not only corporate buildings and large scale-mixed use developments. They involve also the multiplication of residential towers and public investments on iconic infrastructure works.

In the final chapter, I point out to some of the most important contributions of this dissertation in both empirical and theoretical terms. I revisit the analytical framework and answer the main research question of this research in terms of the benefits and limitations of using these lenses to understand upward socio-spatial change in São Paulo. Additionally, I also address some of the limitations of this research design, including the use of data, the period under study, and the difficulties of generalizing empirical findings. My closing remarks, finally, point out to the concerns that I share with local residents about the future of these communities and that continues to motivate me to work on a research agenda alongside Atkinson's (2003) remarks about *"the need for a project which will begin to address the systematic inequalities of urban society upon which gentrification thrives"* (2349).

CHAPTER 2. TIGHTENING UP TO EXPAND OVER: THE SUBSTANTIVE MEANING OF GENTRIFICATION

2.1. INTRODUCTION

(gen.tri.fi.ca.ção) [gentrification]

1. Act or result of *gentrifying*; return to the condition of noble

2. Process of recuperation of real estate value and revitalization of the central area of the city after a period of blight [degradação]; ennoblement of places that used to be low-income [populares] (process criticized by specialists in urban planning and urbanism).¹²

The quotation opening this chapter comes from the first Brazilian dictionary to include the entry “gentrification.” This means that not only the word is becoming popular in the country and that Brazilians are becoming more familiar with it, but also that there is a local effort to establish its definition. Ultimately, this research is guided by the question “*what are the contributions and/or limitations of gentrification theory to understand cases of upward urban redevelopment in São Paulo, Brazil?*” My objective is to understand both the local usage of the concept and if the cases associated with gentrification could be interpreted as such. If there is one thing, though, that I can ascertain from the literature review and fieldwork conducted in São Paulo is that there are very different understandings of gentrification in the city. This lack of consensus, thus, led to conflictive interpretations by my informants if the cases here under study are indeed experiencing gentrification. For instance, the absence of a public policy or project, given that private agents lead the process, caused some of my informants not to consider the Mooca District a gentrification case. On the Urban Operation Consortium Água Espraiada, though, the lack of relevant built heritage does not fit the view from those that assume that gentrification takes place in a historic district. Curiously, the verticalization in both cases – i.e. demolition and new constructions – did not have an impact on the use of the concept by my informants given that the major reference was not to the final state of the built environment, but to the upward socio-economic change, which is something that I certainly agree to.

If verticalization is common in São Paulo, a local aspect that had a difficult integration into the narrative of socio-spatial change is the presence of informality in both cases. On the one hand, given gentrification

¹² Available at <http://aulete.uol.com.br/gentrifica%C3%A7%C3%A3o>. Retrieved in January 15, 2014.

theory fails to deal with non-liberal form of housing tenure, there were conflictive perspectives on the displacement of informal residents. It is also telling that informal residents usually do not know the meaning of the concept, using terms such as “exclusionary” or “hygienist” strategies. However, with their participation in the housing movements, gentrification starts being a part of their vocabulary given the dialogues with activist-scholars. On the other hand, due to the construction of public housing units in both cases, public officials have been mentioning the cases as “anti-gentrification” strategies, something that informal residents would disagree with given the struggles they have faced to stay in place. Finally, because of its common association with impoverished households, middle-income groups, if they know the meaning of the word, try to distance themselves from it even though they acknowledge the strong pressures from the heated real estate market that have been pushing longtime residents out of these locations. Therefore, the diverse meanings of gentrification in these cases refer to the challenges of translating abstract constructs into local realities fuelled by multiple layers of agents and diverging interests.

This chapter, thus, speaks to one of the major motivations of this research: advancing an analytical framework for the study of gentrification that can establish a consistent definition while accounting for the diversity of gentrification on the ground. In order to do that, based on the literature review of theory and cases, I identify the common dimensions among gentrification processes – i.e., its nominal character. In order to incorporate the diversity of gentrification, though, I propose an analytical framework in which substantive, rather than formal comparisons are more successful to establish meaningful parallels among cases. In the next sections, I detail this analytical framework starting with the gentrification debates between a classical and the global definition that have also been applied to Brazilian cases. The following section defines gentrification as an upward redevelopment process with displacement. Therefore, I answer to both questions what is and what is not gentrification by differentiating it from other processes of urban change. The third section explores the analytical framework based on necessary and contingent dimensions. While the former give consistency to the definition advanced here, the section also accounts for the diversity of gentrification, demonstrating not only the differences between the classical and global

definitions, but also among cases that can be identified with them. In the final section, I explore the state as one of the major mediating structures for gentrification. Instead of conceptualizing the state as monolithic, though, I see the roles of the state as multiple and conflictive to include the participation of diverging interests in policy-making. If on all cases, including classical gentrification, the state is present, it can assume different roles as the enabler, entrepreneur, promoter and even a restraining force or limiter of the process. Therefore, even if contemporary gentrification has to be understood in a frame of state restructuring, I do not conflate all its roles with pro-market ideologies. Rather, my approach allows for different forms of state involvement in upward redevelopment processes.

2.2. GENTRIFICATION DEBATES: LOCAL AND GLOBAL NEEDS FOR THEORY CONSTRUCTION

Gentrification has been popularized in Brazil as both theory and practice. On the latter, several and diverse cities in the country – from Belém in the North (Ponte, 2001) to Porto Alegre in Southern Brazil (Furtado, 2011) – have been reporting processes of upward redevelopment that were identified by the academia, media, and social movements as gentrification. On the former, the concept has emerged in Brazil in its original name (*gentrification*), on a neologism (*gentrificação*), or in local appropriations to demonstrate the socio-spatial change it entails (such as *urban ennoblement*, or *enobrecimento urbano*). Even if using different terminologies, it is possible to divide these studies mainly into two groups based on the different realities that they try to explain. The first one refers to historical districts that are the focus of reinvestments while the second explores the dissemination of a competitive agenda that connects neoliberal globalization with local processes of urban restructuring. Therefore, these studies also refer to the evolution of the gentrification theory from a classical to a global definition.

Drawing from the experience of British and North American cities, classical gentrification speaks about the first developments of the concept or its original definition coined by Glass (2010 [1964]). In its initial formulation, gentrification refers to a process in which previously disinvested locations become attractive to higher-income households, ultimately displacing working class and vulnerable groups. The process is

usually explained by the resignification of these locations in terms of physical and social attributes, such as the presence of historic architecture and a strong sense of community. Therefore, it involves the socio-economic valorization of existing properties, resulting in gains for new residents and small real estate investor. Soon it became clear, though, that the process was more complex than a simple disruption in local housing markets.

On the one hand, there were socio-cultural patterns that could not be disregarded. From baby-boomers to the stronger participation of women in workforces, demographic changes happening in the 1960s and 1970s in North America and England would (partially) explain the preference for locations closer to employment centers while the process of deindustrialization and increase in service industries, led to the expansion of a middle-class of white-collar professionals (Beauregard, 1986; Ley, 2010a and 2010b). Living in central locations was not only a practical choice, though. In a context of criticism to both urban renewal and modernism, the valorization of mixed-use and dense neighborhoods with historical architecture contributed to generate the demand for these previously disinvested areas. Recognizing the value of these spaces and becoming responsible for renovations and reforms (sweet equity) became a distinguishable trait of this middle-class in contrast with traditional suburbanites (Bridge, 2001; Caufield, 2010; Jager, 2010). Therefore, gentrification is a source of both social and economic capital for this group of residents.

On the other hand, “pioneer” gentrification with new residents that discover the value of the place and invest themselves economically and socially was only one side of the process. Gentrification became a strategy for capital accumulation given the possibility of generating profits from redevelopment. In the case of cities in England and North America, it was clear that the connection with the suburbanization process explained the process of uneven development by which inner city neighborhoods were disinvested and became synonymous of decline and “blight” (Hall, 2002; Harvey, 2006; Smith, 1996 e 2010a). However, their location, availability of urban infrastructure and new housing demands, among others, established a discrepancy between the capital accumulated from the current uses and the profits that could be generated from its turnover to a “better and higher use” – i.e., a rent gap (Smith, 2010b). Therefore, even if new

residents may have different motivations (Rose, 2010), displacing current residents to rent/sell units for higher values is indeed a profitable business for landlords and property owners.

Global gentrification, finally, is the integration of the process into a concerted strategy of spatial production for more affluent users by both public and private agents (Hackworth, 2007; Hackworth & Smith, 2001; Smith, 2002).¹³ In contrast with the limited intervention of the state and an incipient processes restricted to eastern North America and Western Europe in the classical cases, contemporary gentrification has been globalized given its connection with processes of political and economic restructuring at the global and local level. On the one hand, gentrification became a strategy of urban governments to promote economic development, justified in terms of creation of jobs, taxes and tourism revenue. On the other hand, global gentrification also means its expansion to new locations and uses. As a concerted strategy, it no longer rests on the necessary classical link between suburbanization and disinvestment given that corporate developers investing larger amounts of capital could create conditions for socio-spatial change in new geographies and there is greater state support to compensate for the risks associated with this new pattern (Hackworth & Smith, 2001). Therefore, it has achieved a new scale in which not only housing, but also great projects of production, consumption and entertainment became part of gentrification (Smith, 2002).

This evolution of gentrification in theory and practice refers also to the use of the concept in Brazilian urban studies. The most common gentrification studies in the country focus on “revitalization” projects of historic neighborhoods and especially colonial downtowns emphasizing the promotion and commercialization of the local historical heritage. It is important to mention that these initiatives have been stimulated primarily by public agents to deal with the assumed “death” or “blight” of these locations, which already sets a distinction with a classical definition in which gentrification is usually assumed to be led by private agents. Additionally, if “revitalization” efforts have been resulting in gentrification in the United States and Europe (Bidou-Zachariansen, 2006; Boyer, 1992; Harvey, 2001 and 1997), in Brazil such results

¹³ Sassen (2001), in her seminal study on global cities, also understood that gentrification was a “*far broader process linked to the profound transformation in advanced capitalism*” (255).

are disputable. Local scholars have been demonstrating that, even with the great amount of public investment, the socio-economic composition of these spaces in residential terms has not changed or has only changed in areas adjacent to the new public investment (Frúgoli Jr. & Sklair, 2008; Leite, 2007). Therefore, anchor projects, such as museums, cultural districts and touristic facilities, may promote a gentrification of consumption that is limited to punctual events or specific places.

In the transformation of these historical neighborhoods into touristic and entertainment districts, thus, gentrification has been “*more connected to time than space*” (Rubino, 2009: 34). This means that there has not been a permanent transformation of the socio-economic landscape of these areas given that higher-income groups are mostly using it in specific times and events without actually moving there. In this sense, while the strategy of intervention aims at gentrification, it has not been successful in achieving that goal for different reasons, such as resistance from local residents and the lack of interest for housing in historical districts (demand) on the part of higher-income households (Frúgoli & Sklair, 2008; Silva, 2006). Finally, the criticism of the construction of the built heritage as a single perspective that privileges white, Portuguese and erudite production (Rubino, 2005) is rather relevant and could be matched to Atkinson and Bridge’s (2005) analysis of global gentrification as a form of neocolonialism that privileges Western, white and middle-income appropriations of space. Nevertheless, this type of analysis usually does not go beyond the preservationist impulse.

The second type of Brazilian studies also has a deductive process, in which similarities between local and international cases are drawn to identify gentrification. However, by using a more embracing definition, Brazilian studies have been trying to understand gentrification within the frame of urban competition and urban restructuring that establishes parallels with global or neoliberal gentrification studies (Hackworth, 2007; Hackworth & Smith, 2001; Smith, 2002). In this sense, most of the literature about urban neoliberalism and entrepreneurial urban policies, as well as gentrification, has been developed from the observations of European and North American cities. However, Latin American and Brazilian scholars have been exploring similar shifts in terms of planning and dismantling of local socio-economic

and political arrangements. In contrast, thus, with the tradition of the strong developmentalist state that produced comprehensive plans, urban policy in Brazilian cities would be moving towards the strategic framework, privileging competitive uses and locations while targeting a new image of the city to attract investments and a high-income clientele (Arantes, 2012; Arantes et al., 2000; Fernandes, 2001; Sánchez, 2003). However, if this literature provides important insights on the transformation of planning in Brazil, it also tends to generalize this structure of urban entrepreneurialism without acknowledging the many forces that may intervene in this process. When using such theoretical framework, thus, these studies tend to mention the concept solely as an example of the socio-spatial effects of these transformations in a narrative that privileges structural explanations, without exploring either its definition or the actual dimensions of gentrification in Brazilian cities. Therefore, the focus is not on gentrification itself while there is minimal account for empirical evidences of its local manifestations. It would be possible even to speculate that if these authors criticize the importation of policies and the imposition of a top-down world-view to Brazilian cities, they ultimately seem to fall in the same trap by importing a concept without acknowledging the specificities of the cases under analysis.

It is not only Brazilian studies on global gentrification, though, that fall on the “structuralist trap”. On the one hand, it is important to acknowledge that the generalization of competitive urban strategies has resulted in similar socio-spatial processes in cities around the world. If authors have been arguing about the necessity to contextualize the process (Atkinson & Bridge, 2005; Hackworth, 2007; Smith, 2002), these international cases still rely on the traditional scenarios of gentrification, especially in England and North America, imposing a linear view of the process. On the other hand, it was in the traditional contexts of gentrification that the progression of the practice has resulted in the expansion of its theoretical definition to include the processes of political and economic restructuring since the concept was first coined. This redefinition took place, thus, in gentrification “native grounds” especially given that the most preeminent authors to promote and/or support this view are local scholars and not newcomers to the debate trying to

fit their cases into the classical narrative.¹⁴ However, this expansion resulted in a heated debate in which authors diverge between the more restrictive classical definition – i.e., the transformation of existing housing stocks by new residents and small developers (Bondi, 1999; Glass, 1989) – and a broader definition that includes different uses, agents and processes. Therefore, even if it is already a cliché to refer to gentrification as a highly differentiated process and call for its contextualization (Beauregard, 1986; Clark, 2005; Lees et al., 2000; Smith, 2002), there is still not a consensual definition or an analytical framework based on its most fundamental elements to guide empirical work. In a geographical perspective, this theoretical uncertainty challenges the use of the concept in a comparative approach, given that diverse processes assumed as gentrification may display different dynamics, with original and even most preeminent features. In an ontological matter, this problematic challenges the concept altogether, leading authors to ask even if gentrification exists (Lambert & Boddy, 2002; Slater, 2006).

So far, we have followed the explanation that the meaning of gentrification has been broadened, as has been the range of its application. However, without an analytical framework for its study, the concept has become vaguer – i.e., broadening the coverage resulted in the loss of precision. Considering that cities have been experiencing a whole range of economic, political, socio-cultural and geographical restructuring since Glass first used the concept in 1964, I believe that the classical definition has become less useful to understand the contextualization and progression of its practice, even if those traditional narratives continue to happen. Additionally, although I do not intend to consider every urban process as gentrification, I also do not join the group of authors that advocate in favor of alternative concepts (Lambert and Boddy, 2002). If gentrification is in need of re-conceptualization, its explanatory power as an urban process that involves polarized social relations is, I believe, still valuable. Nevertheless, there is indeed the necessity of a definition that captures the essential aspects of gentrification to make meaningful parallels

¹⁴ These “native” scholars on gentrification are also promoting the expansion of the concept to new geographies worldwide. This expansion is identifiable in the common mentioning of São Paulo as a gentrification case by some of the most prominent gentrification literature (for instance Smith, 2002), as well as in the work of foreigners in Brazilian cities. For instance, in a single study (Gaffney, 2013), an American visiting professor in Rio de Janeiro identified gentrification in four very diverse urban geographies: (1) a traditional middle-income neighborhood (Flamengo); (2) a state-led project for the redevelopment of the old port area (Porto Maravilha); (3) informal communities (*favelas*); and (3) one of the most expensive and exclusive neighborhoods in Rio that has been receiving investment for the 2016 Olympic Games.

between cases without over-stretching the concept. Developing this analytical framework is the focus of the next section.

2.3. GENTRIFICATION REVISITED: A NEW ANALYTICAL FRAMEWORK FOR THE DIVERSITY OF GENTRIFICATION

Gentrification clearly speaks about urban change.¹⁵ Therefore, the first important level for the definition of gentrification is to differentiate it from other processes of urban change – i.e., what is not gentrification. Gentrification is a process of *redevelopment*. The first benchmark used here, thus, is that these phenomena are *located in already urbanized areas*. This means that the proposed framework does not explain socio-spatial change in non-urbanized areas (such as greenfield developments) at the same time as it does not limit itself to a single urban location, such as inner city neighborhoods as classical narratives about investment and disinvestment usually refer to (Beauregard, 1986; Glass, 2010; Smith, 2002). Because it is a *redevelopment* process, gentrification also entails that the space is occupied after reinvestment or removals. This means that demolitions without posterior reuse might cause displacement, but cannot be considered gentrification by themselves. In a similar perspective, the construction of infrastructure – such as in urban renewal projects that demolish residential areas for expressways – are not gentrification cases. While these demolitions and investments in infrastructure might privilege certain socio-economic groups in contrast to others and displace vulnerable residents (Jacobs, 1991; Hall, 2002), the new space is not associated with a specific profile, i.e. an expressway or vacant lot is not high or low-income. This is especially important given that the only consensual aspect of gentrification since the concept has been coined is the upward socio-economic transformation that it entails.

The process of upward change in the occupation refers, thus, to two aspects. The first one is the higher

¹⁵ The proposed analytical framework is based on literature review on theory and cases to identify the common elements that characterize gentrification. In this sense, most analyses focus on urban cases even if there are a few explorations on other geographies, such as rural gentrification (Phillips, 2010). Following the objectives of the present research, these cases have not been included in the proposed analytical framework. While it is possible to speculate its generalization to them, only further research could demonstrate if the proposed necessary dimensions are also present on these cases or if other elements would have to be considered.

socio-economic profile of the neighborhood, which may result from increases on income, levels of formal education, and proportion of professional workers, among others. The second aspect is that longtime residents do not experience this change. Rather, they are displaced to open “space” for new residents who already have that higher socio-economic profile. This last aspect is a clear contrast, for instance, with incumbent upgrading processes in which reinvestment is made primarily by current residents (Clay, 1979; Holcomb & Beauregard, 1981). While on these cases the goal may be the improvement of their own housing conditions or attaining higher property values, the major aspect that differentiates incumbent upgrading from gentrification is that there is only small, if any, population change in the former and current residents do not move out. The same type of conclusion is also applicable to other redevelopment processes, which may include the construction of apartment buildings and/or condominiums. Therefore, it is only if there is upward socio-economic change with displacement that verticalization – the demolition of former built structures for new and taller constructions – can be considered as a gentrification case.¹⁶

Gentrification is, accordingly, bounded by class (Atkinson, 2000; Hamnett, 1991; Lees, 1994; Wyly and Hammel, 1999). The socio-economic change experienced by gentrifying neighborhoods is clear in that new residents have a higher socio-economic profile than displaced, longtime residents do. This does not mean, though, that there are not cultural causes, meaning, and effects of gentrification. On the one hand, it is important to acknowledge that the theoretical divisions between production and consumption explanations are already past given that most researches now, even if giving higher priority to one aspect, would agree that structure and agency as well as cultural and economic explanations are part of the same “*gentrification elephant*” (Hamnett, 1991). On the other hand, it is important to keep the political aspect of its definition as class-based displacement that has been included since the term was first used, making it a highly politicized concept. Therefore, gentrification as a class-based process speaks directly about the

¹⁶ Although I do not follow the same epistemological tradition, the process of redevelopment with verticalization continues to fit a linear narrative about urban “life cycles” in classical narratives about neighborhood change (Hoover & Vernon, 1959; Smith, 1998). These theories of neighborhood change first emerged with the Chicago School of Sociology and were developed in comprehensive models that intended to understand urban neighborhoods as “natural areas” in which the fittest and the best would outbid other uses of the space (Burgess et al., 1925; Harvey 2003; Saunders, 1986). However, they do not consider the agency of capital sectors and state in the production of these spaces while privileging a perspective of rational, maximizing subjects.

social justice and right to the city agenda that motivates researchers – including myself – to keep the gentrification concept in contrast to disguised terms such as “revitalization”, “regeneration”, and “renaissance.” In gentrification processes, it is clear that there are winners and losers while these last ones are lower-income residents, who are the most vulnerable to displacement. It matters, thus, not only that we define the concept, but also how we define it.

This first theoretical effort, thus, defines what is and what is not gentrification, establishing the meaning or the nominal character of the process. Considering that theory and methods are not separate aspects in research design, but rather they are interrelated, this definition of gentrification has two important methodological implications. The first one is its character as a process and not an end result. Gentrification is, by these terms, a series of actions that produce upward urban redevelopment with displacement. Research, thus, should not try to find criteria to identify the final outcome (the gentrified space), but focus on criteria to analyze the process itself. This means primarily to have a historical analysis that can trace the process of uneven development that gentrification entails, including its causes, dynamics and consequences. The second and related implication is that, as demonstrated by other authors (Clark 2010; Beauregard, 1986; Lees et al., 2008; Smith, 2002), gentrification is a highly variegated social phenomenon since it is the process that defines the outcome and not the other way around. Therefore, the different geographies of gentrification are a fundamental aspect for any analysis given its constitutive role on the process. Nevertheless, I agree with Cresswell’s (1996) statement: *“I do not wish to suggest that we simply ‘add geography and stir’; rather I insist that the social and the spatial are so thoroughly imbued with each other’s presence that their analytical separation quickly becomes a misleading exercise”* (11).

With this perspective, I conceptualize spaces and places as both producer and product of multiple social relations. These social relations, though, are not solely a result of the local scale or constructed in place. Rather, they stretch beyond it on space and time, making places open to diverse flows (Lefebvre, 1991; Santos, 1996 and 2008). Therefore, processes that produce places – such as gentrification – have to be considered as the result of multiple and contradictory relations that are localized in specific geographies.

Gentrifying neighborhoods, in specific, connect macro-processes of structural and global changes with national and local contexts. Additionally, geography also matters in gentrification studies in terms of the path-dependency (Pierson, 2004) of not only the legacy of social, economic, and physical structures, but also to the inherited institutional apparatus and political struggles that are negotiated in order to produce urban change, thus, making gentrification context specific. Therefore, there is not a single trajectory of gentrification – as in “one size fits all” – given the dialogues between multiple scales, agents and interests. Above all, the different geographies of gentrification demonstrate the need for substantive and not formal comparisons (Kantor & Savitch, 2005; Ragin, 1989), opening space for the use of different variables that have similar meanings for gentrification processes.

With these methodological implications in mind and inspired by similar efforts from other authors (Beauregard, 1986; Betancur, 2014; Davidson & Lees, 2005), I develop an analytical framework that follows a double (and seemingly contradictory) process of tightening up to expand over the range of gentrification theory. On the one hand, I tie gentrification to necessary dimensions that give consistency to its definition while also establishing significant relationships between local indicators of the process and larger structural transformations. These dimensions are (1) production of gentrifiable space; (2) socio-economic upgrading with displacement; and (3) built environment upgrades. I establish these necessary dimensions as the minimal common denominators of gentrification, stressing a similar – even if small – number of attributes that contributes to broaden the extension of the definition without diminishing its precision. In effect, this model may look like a common place to any gentrification scholar, but is curiously rare to find a study that actually exposes them in a coherent fashion.¹⁷ Therefore, in the explanation of each of these dimensions it will become clear that they are always present in gentrification processes, even if they assume distinct forms in each case. The two definitions of gentrification previously mentioned (classical and global) and their case studies are used, additionally, to demonstrate both the applicability of

¹⁷ For instance, Davidson and Lees (2005) suggest four core elements for gentrification analysis: (1) reinvestment of capital; (2) social upgrading of locale by incoming high-income groups; (3) landscape change; and (4) direct or indirect displacement of low-income groups. However, the authors do not explore these dimensions in their own work.

the theoretical framework and also the diverse trajectories that it can assume, as seen in Table 2.1.

2.1. Proposed analytical framework and the necessary dimensions in classical and global gentrification cases.

NECESSARY DIMENSIONS	CLASSICAL CASES	NEOLIBERAL CASES
PRODUCTION OF GENTRIFIABLE SPACE	Disinvested locations in inner city neighborhoods	Multiple locations, including state created rent gaps
UPWARD SOCIO-ECONOMIC CHANGE WITH DISPLACEMENT	Gentrifiers with higher socio-economic profile replacing current households	
BUILT ENVIRONMENT UPGRADES	Reforms and renovations	Multiple forms, including new buildings

The connection of empirical patterns with the dimensions present in each gentrification process, finally, leads to the generalization of the theoretical framework and its ability to travel throughout space and time in multiple case studies and comparative analysis. By opening space for mediating structures or contingent elements that make gentrification context specific, thus, I acknowledge the *embeddedness* of gentrification, as will be seen in the next sections. It is within this frame, for instance, that we may understand the call for geographies of gentrification (Lees, 2000) in which not even in the same city gentrification is completely homogeneous (Butler & Robson, 2010; Hackworth & Smith, 2001). At stake here is not the fact that gentrification is specific in the Brazilian cities, specifically São Paulo, as will be seen in the other chapters of this dissertation. Rather, gentrification is always specific, negotiating structural and contingent explanations. The Brazilian cities, as well as processes within these cities, constitute just another case alongside with those traditional cases in England and North America.

2.3.1. Production of gentrifiable space: the condition

Gentrification is related in its most basic level to the commodification of space and the primacy of its exchange, rather than its use value (Clark, 2010). In a gentrification process, land values are unlocked from a current and less profitable use of space to be used as a strategy for capital accumulation. The *production of gentrifiable space*, thus, refers to a location in which there is a difference between what is current in place and what is envisioned as a future in terms of the potential for additional accumulation – i.e., the possibility of extracting an extra or a surplus. In this sense, what is currently in place must be destroyed to open space for a more profitable socio-spatial configuration, in a clear process of creative destruction. In

order to understand these aspects, I draw from spatial theories to focus on the production of space as an integral part of the capitalist system, and not just a result of it (Harvey, 2001 and 1989b; Lefebvre, 1991).

In a capitalist system, we have to understand space as an integral part of the system of accumulation in at least two fundamental forms. First, space is in itself a strategy of capital accumulation. The transformation of land into a commodity, even if a fictitious one, represents the formation of a circuit of capital accumulation that invests in the production of space. This is a result of capital's needs to homogenize space to transform it into a commodity and equalize conditions of production in order to expand (Harvey, 1985; Lefebvre, 1991). Contradictorily, capital also needs to differentiate those conditions in order to both accumulate and (re)produce itself, for instance, by creating differential rents for real estate products. By using of differential investments in the built environment, thus, the internal contradictions of capitalism generated unevenly developed landscapes. For instance, residential differentiation, which has a direct impact on gentrification, has a fundamental role in preserving class structures, manifested by the opportunities that are locally available for individuals (Harvey, 1985). Therefore, location, mobility, institutions, services and infrastructure, such as schools and housing options, reproduce power structures and preserve the capitalist system.

The second and related form in which space becomes an integral part of the system of accumulation refers to the separation between means of production and workers that is also reflected spatially in the separation of urban areas into functions, in terms of spaces for production, consumption and social reproduction. Still, the accumulation of capital (profit) depends on the rate of turnover time of capital – i.e., *“the time taken to get back the initial outlay plus a profit”* (Harvey, 2005: 22). Therefore, the system has to deal with practical elements of reducing space and time constraints to capital circulation and accumulation, such as transportation, and social and geographical location of division of labor (production) and reproduction. This is also related to profits generated from the built environment itself, such as the capital investments and the amount of profits generated in selling and renting units that vary in space and time. In this sense, the building environment is both a solution and a barrier for capital accumulation as a form of

creative destruction (Harvey, 2007a and 2001; Schumpeter, 2008).

Creative destruction is the endless process of capitalist replacement of an old system by a new one motivated by the inherent necessity of economic growth.¹⁸ In this sense, the mere survival of the capitalist system depends on its capacity to revolutionize itself from within and this flow has important economic, social and political consequences. The built environment may be involved in creative destruction in at least two forms. First, the built environment may serve as a spatial fix for periodical crises of overaccumulation by absorbing some of the surplus of capital and labor, hence, promoting temporal and geographical displacement from the sector in crisis. For instance, once that the primary sector of manufacturing gives signs of a crisis in which there is a surplus of capital and labor, they can be redirected to the secondary sector, investing in physical and social infrastructure as strategies for accumulation – i.e., a spatial fix (Harvey, 2001). Second, because of its immobility and long lifetime, fixed capital in the building environment has to be destroyed to open space for innovations and more profitable opportunities (Harvey, 1985; Lefebvre, 1991; Weber, 2002). This is especially true considering that profit depends on the time necessary to generate surplus, as already mentioned. The necessity of diminishing the rate of this turnover time initiates a competition aiming at the elimination of spatial barriers and the annihilation of space by time, meaning a continuous transformation of the system and its spatial arrangements. Therefore, the space for accumulation is a space in continuous transformation (Harvey, 2001) and the logic of creative destruction fits a context in which the structure (capitalist system) is localized in the diverse appropriation of space (micro-context). Gentrification is, thus, one of the forms in which creative destruction might happen to facilitate capital accumulation.

¹⁸ In Marxist theory, creative destruction is a critical analysis of capitalism in which, for the survival of the system, the previous economic order had to be destroyed and the existing wealth must be devalued for the creation of a new order. In contrast, creative destruction for Schumpeter (2008) is related to his parallel usage of central concepts such as entrepreneurship and innovation. In this sense, creative destruction is closely connected with goals of economic development and a positive notion of capitalist progress. It is within this approach that neoliberal theories have been using the term while the Marxist usage is still maintained in political economy works. Harvey sums up the difference between Marx's and Schumpeter's notion of creative destruction considering that "both Karl Marx and Joseph Schumpeter wrote at length on the 'creative-destructive' tendencies inherent in capitalism. While Marx clearly admired capitalism's creativity he [...] strongly emphasized its self-destructiveness. The Schumpeterians have all along gloried in capitalism's endless creativity while treating the destructiveness as mostly a matter of the normal costs of doing business" (Harvey, 2001: 46). For this research, I am adopting Harvey's interpretation of capitalist spatial production under the process of creative destruction to understand the production of gentrifiable space.

In order to demonstrate this aspect, I draw from the rent gap theory the basic notion of a difference between current and future profits generated from gentrification. Smith's (2010b) rent gap theory is based on the basic assumption that urban land value is a social creation and, therefore, can be altered by investment or disinvestment. In this sense, if centrality and accessibility are valued in a given city, a piece of land located in the central area of a large and economic vibrant city is highly valuable. This is the finding, for instance, of traditional land market analysis in the United States that identify a correlation between higher values and proximity to business districts (Alonso, 1963). If rent values are constrained by previous uses, conversely, instead of committing more capital to them, disinvestment becomes a possible alternative for the displacement of uses and users – i.e., a form of creative destruction. Gentrification, thus, occurs in the moment that the gap between the capitalized ground rent (the current rent) and the potential ground rent (the maximum that could be appropriated) creates profitable opportunities, i.e. the system can revolutionize from within. Therefore, the rent gap hypothesis substantiates the notion that gentrification has to be understood within the dynamics of capital investment and disinvestment resulting in the uneven production of space.

In a classical case, thus, gentrification occurs in areas in which disinvestment has previously happened given that it is the existence of the rent gap that produces the gentrifiable space. Its presence does not prevent it to be used by both “pioneer” residents and small developers that, realizing the potential profits, are able to buy cheap properties, renovate and sell them with a satisfactory financial return. For instance, if we apply the rent gap as a theoretical device to understand Lees' study of classical gentrification in London, it is possible to see gentrification happening when the gap is being closed as predicted by Neil Smith (Lees, 1994 and Lees et al. 2000). In this case, Barnsbury, a residential neighborhood in the north of London, the upper middle-class neighborhood went into decline when residents started moving to the suburbs after World War II. Property prices decreased and the location became an option for low-income households. In this case, almost 62% of residents in Barnsbury shared occupations, i.e. housing with shared toilets and overcrowding. If there was indeed a phase in which “pioneer” gentrifiers started to move in the late 1950s

– an anchoring phase in a stage model of classical gentrification (Clay, 1979) – gentrification in Barnsbury is not related only to individual gentrifiers. It quickly evolved into a real estate strategy of unlocking urban land values from the previous uses and accumulating capital. This fact is explained in the scenario in which *“landlords were getting a decreasing return on their rented property (due to rent control and occupancy regulations) and developers were realizing capital gains of £20,000 or so by buying up rented property, evicting the tenants, and selling it in a vacant state”* (Lees et al., 2008: 13). In this case, the rent gap can be attributed to the difference between the landlord’s annual rental income and the property’s sale price with its conversion into owner occupation.

The production of gentrifiable space supported by the rent gap theory in classical cases, thus, identifies gentrification in the process of ending the difference between current and more profitable uses of space by the displacement of current residents. In the case used here to exemplify this point, it is clear that there is a mixture of agents, from “pioneers” to developers as well as from financial institutions to institutional arrangements promoted by the state to facilitate renovations (Lees 1994, Smith 1996a, Lees et al., 2008). However, one of the major transformations from the classical to global definitions has been the more pronounced role that the state has been assuming. Global gentrification, as already mentioned, follows the generalization of the process into an urban strategy, becoming the leading edge of neoliberal urbanism (Hackworth, 2007; Lees & Ley, 2008; Smith, 2002). Within this perspective, the *production of gentrifiable space* does not depend on previous disinvestment for the formation of a rent gap. Rather, the difference between capital accumulated from the current occupation and consistent public and private investment can create the potential more profitable use of the space.

For instance, Hackworth (2002) uses the rent gap as a theoretical construct for analyzing contemporary gentrification in New York City, while also reworking its original formulation. In this sense, the classic rent gap theory predicts that the ground rent tended to decrease in relation to the potential ground rent for a given parcel. However, Hackworth believes that more recently the actualized ground rent in New York City was kept stable while the potential ground rent would tend to increase, making an upper

ground rent. This new gap is, according to Hachworth, the result of policies of city promotion and several decades of investment in the surroundings. In an international perspective, López-Morales (2010 and 2011) also rework the concept of rent gap to explain large projects of urban renewal in Santiago, Chile. On the one hand, the local urban renewal program enlarged potential ground rents by increasing density while the public sector invested in local infrastructures. On the other hand, a local and institutional type of “redlining” occurred when local governments did not apply the federal program for current residents causing the downgrading of the neighborhood. The state role was, in this context, to create the economic, legal and administrative framework while private investors responded to the increased potential rent. The author can conclude, thus, that this is a state-created rent gap. Moreover, by using the proposed analytical framework, this means that the state is producing the gentrifiable space.

The purpose of using diverse examples of classical and global gentrification is to demonstrate the contextual trajectories of gentrification. Even if taking into consideration these empirical differences between cases and definitions of classical and global definition, it is possible to demonstrate that the *production of gentrifiable space* is a necessary dimension of the process. It refers to gentrification as a strategy to unlock urban land values by the transformation in uses and users of this space. It is important to mention, though, that there are indeed several criticisms possible to the rent gap theory from its difficulties of empirical analysis (Bourassa, 2010; Hammel, 2010; Ley, 2010a) to the lack of explanation to why gentrification usually does not happen in the location with the largest gap in a city (Beauregard, 1986; Lees et al., 2008; Ley, 2010a). Additionally, it should be noticed that rent gaps are not fixed or the same in all cities. As social constructions, land markets are localized and studies on different cities in the United States have demonstrated the different forms rent gaps assume locally (for an illustration, refer to Hackworth [2006]). If among cities that experienced suburbanization the use of the rent gap should not be mechanic, this is also the case of cities with a distinct pattern of urbanization, such as in Continental Europe or São Paulo, as will be mentioned in Chapter 3. For instance, Millard Ball (2002) demonstrates that in Stockholm, inner city housing was renovated and continues to be very attractive. In this case, the local housing market

is highly constrained by state controlled cooperatives and gentrification put even more pressure on it. Therefore, if it is not the purpose of using the rent gap to measure a specific “tipping point” of gentrification – a positivistic perspective on spatial production that this research is certainly not associated with –, it is a useful explanatory device to demonstrate the need for the *production of gentrifiable space* in which redevelopment can result in profits.

2.3.2. Upward socio-economic change with displacement: the dynamics

Gentrification is a process of upward redevelopment with displacement. This means that for gentrification to exist a previous socio-spatial reality must be present and in opposition to a future condition. As already mentioned, the single consensus between classical and global definition of gentrification is the upward character of this transformation, even if there are different motivations for in-movers (Rose, 2010). This means that it is not the longtime residents that are experiencing socio-economic mobility. Rather, they are displaced to open space for new households that already have those characteristics. Gentrification is, thus, in both classical and global definitions “*fundamentally rooted in class*” (Wyly and Hammel, 1999: 716) and similar empirical evidence has been used in studies that fall within those categories to understand upward socio-economic transformation with displacement. Therefore, the second necessary dimension of the analytical framework – *upward socio-economic change with displacement* – speaks directly about the dynamics of gentrification in which urban restructuring and transformations in urban workforces have direct impacts on local housing markets.

It is no surprise that in her first use of the concept, Glass (2010 [1964]) is already referring to a great class “reshuffle” in London without actual socio-economic mobility. The inequality seen in cities today has to be interpreted in larger regional, national, and global shifts from manufacturing to service industries, by the downgrading of wages and the diminishing of social policies. Globalization, decentralization of manufacturing, flexible forms of production, increased trade and capital mobility, and concentration of economic control have an impact on cities given the shift in the location of each stage of capital

accumulation and increased social polarization (Abu-Lughod, 2000; Marcuse & van Kempen, 2005). In a self-reinforcing cycle, thus, urban restructuring can put pressure on urban housing markets in two forms.

First, channeling public and private resources to those sectors of the economy considered more advanced or profitable by disinvesting in traditional production has an impact on local workforces. On the one hand, while many traditional manufacturing centers lost their importance – such as London, New York City and São Paulo, as will be further mentioned – the mechanization of production made it also less dependent on manual labor. Production could count with less skilled and lower paid workers, diminishing the overall quality of jobs and wages for blue-collar workers. Additionally, the capacity of companies to curtail unions' power – with the support from the neoliberal state – has been enhanced by the increasing mobility of capital that can now search for better “business climates” in virtually any location (Harvey, 2007b and 2006). On the other hand, business centralities in cities gathered a new importance as centers of coordination, service and commerce. There is a growing number of highly skilled and well-paid professionals followed by the increase in the number of unskilled and low-paid workers that cater and/or support them in cleaning services, transportation, restaurants, and stores, among others. If this polarization has been present in the formation of global cities as nodes of control and command of the transnational economy (Sassen, 2001), the symbiotic relationship between the two groups is a mark of the current economic polarization (Abu-Lughod 2000; Castells, 1996; Marcuse & van Kempen, 2005).

The second form in which urban restructuring has an impact on urban housing markets is that, instead of focusing on a “good business climate”, policies may foster a “good people climate”. Therefore, instead of subsidizing companies, the state may focus on attracting members of the “creative class”, as in Florida's (2005) definition of professionals in business, law, finance, architecture, engineering, design, arts and entertainment or a population with social diversity, such as artists and bohemians, among others. These social groups, usually associated with well-paid positions and/or urban lifestyles, put a new demand on local housing markets. Finally, neoliberal reforms to stimulate economic growth increase inequality not necessarily as an unintended effect. Rather, the restoration of power by the elites – after a period of

Fordist-Keynesian policies – is one of the purposes of neoliberalism (Harvey, 2007b). Therefore, monetary policies focusing on inflation control, incentives to companies, and competitive urban images instead of social protection caused the stagnation of worker's wages. In this way, lower-income groups might not be able to afford living in a neighborhood with increasing housing costs while changes in legislations protecting renters and public housing programs (Wyly & Hammel, 1999) further promote displacement.

It is important to qualify that displacement is a form of involuntary dislocation (Marcuse, 1986a). Evictions, landlord harassment, increasing housing costs (such as rent and taxes), conversion of rental into owner occupied units, and housing demolitions can directly displace local residents. If residents are able to stay, they might enjoy the improvements in the neighborhood. However, they may also suffer from losses in community networks and culture, such as political displacement (Martin, 2007) and the general feeling of not belonging to that community anymore (Atkinson, 2000; Davidson & Lees, 2005). These forms of indirect displacement (Marcuse, 1986a) are also matched by diminishing options for low-income housing. This means that more expensive housing costs displace not only those who already live there, but also residents who might have moved there in the future and now have to search for affordable housing in other locations. Moreover, displacement has been the most negative effect of gentrification by removing low-income populations for the remake of neighborhoods for groups with a higher socio-economic profile. That is why displacement has been at the center of gentrification studies that use a frame of social justice and right to the city (Marcuse, 1986a; Smith, 1996; Newman & Wyly, 2010, among others). However, there has been also a wide range of estimates about the scope and severity of displacement, leading also to research works that intend to demonstrate that it is not a significant problem and, thus, making gentrification be a win-win situation for all involved (Freeman & Braconi, 2010; Sumka, 2010).

There are, though, clear winners and losers of gentrification. The problem is that it is indeed problematic to quantify displacement directly by going to its sources – i.e., the gentrified. Given the difficulties of tracking former residents, it is like “*measuring the invisible*” as Atkinson (2000) sums it. However, it is possible to know from current residents, social movements and other types of local

representations the conditions in which or why residents have moved out. These stories usually recall harassment, violence, intimidation, evictions, and even cash amounts as incentives to move out (Atkinson, 2010; Newman & Wyly, 2010). Finally, gentrification research can use analysis of longitudinal data to demonstrate the upward socio-economic change with displacement. Once again, using longitudinal data represents the conceptualization of gentrification as a process of urban change. As such, if there is not a final end or a single trajectory, several variables can be used to analyze this necessary dimension of gentrification. For instance, increases in property values, rent prices and taxes have been considered as indicators of possible displacement given that previous residents would have difficulties to bare these costs. The most common approach, though, is the identification of increases in income; levels of formal education and degree holders; white/Caucasian groups; homeownership; and diminishing number of residents per unit. Finally, level of professionalization has been one of the most accepted characterizations of gentrifiers in both classical and global cases given its connection with the demand for housing by workers of the new urban economy.

In a classical definition of gentrification, levels of professionalization and education were used by Ley (2010a and 2010b) to characterize the formation of a new middle-class in Canada that tends towards urban life styles. Inspired by the hypothesis of the formation of a post-industrial era, Ley demonstrated that the larger restructuring of capitalism, with the decentralization of manufacturing, generated the increase of a middle-class of professional workers in the service, commerce, culture, and entertainment industries. This new middle-class became more attracted and connected with history and/or urban living to constitute a distinctive place for the group. It is, thus, no surprise that gentrification became a form of distinction from working class inner city residents and middle-class suburbanites, representing the struggle over status in social space (Bridge, 2010; Caufield, 2010; Jager, 2010). Nevertheless, in contrast with the progressive and left-oriented gentrifiers identified by Ley (2010b), there is not a single inclination among new residents that may also buy into a “commodified” version of gentrification. For instance, in the analysis of three neighborhoods in London, Butler and Robson (2010) find that although the location in the city can indeed

form a sense of identity (social capital), there are cases in which *“it is economic capital that predominates, enabling competitive access to an increasingly desirable and expensive stock of housing (...)”* (408).

This is also the common finding of global gentrification studies that might include both renovations and new-built gentrification. For instance, against the perspective that globalization entails the formation a transnational community, Rofo (2010) portrays gentrifiers as a diverse group. Using quantitative and qualitative data to two case studies in Australian cities, the author finds evidence that first movers, based on rehabilitation and sweet equity, differentiate themselves from the more recent groups of in-movers to condominiums or new-built gentrification. Described as a form of commodification of the symbolic prestige of gentrification, the new movers would not have the same connections with the place as the first group does given the values motivating them. Other studies have been showing the same type of characterization of new-built gentrifiers that are attracted more to the prestigious location, such as in the works of Bridge (2001), Mills (2010) and Davidson and Lees (2005). It is possible to conclude, thus, that the formation of social capital in Ley's progressive gentrifiers may speak about one type of gentrifier and cannot be considered as a common feature of gentrification processes in general.

Another type of variable that has been facing considerable challenge is race. Race has been one of the most commonly used indicators of gentrification in the United States, representing historical patterns of social exclusion of African Americans in declining inner city neighborhoods (Marcuse, 1997; Smith, 1996; Wyly & Hammel, 1999). The same proxy, though, might not explain upward socio-economic transformation in other contexts, such as Continental Europe (Lees et al., 2008). Race, as a category itself, is socially constructed and can only be understood by the relationships established locally among different groups. Therefore, if race is an important aspect to understand the distribution of residences in the United States because of the magnitude of racial segregation in the country, these socially constructed divisions may be insignificant to explain gentrification in other contexts. Additionally, research within the United States also has shown that African Americans can be gentrifiers, such as in cases in New York City (Taylor, 2010) and Chicago (Hyra, 2008). This has also been the case of the Latino community, for instance with more affluent

Puerto Ricans displacing previous residents of the same ethnicity (Davila, 2004). If the justification for these cases has been a return to their “original communities”, which can be included in the valorization of history and identity that serve as one of the motivators for gentrification, they further prove the point that gentrification is bounded by class (Atkinson, 2000; Hamnett, 1991; Lees, 1994; Wyly and Hammel, 1999). Therefore, those who have the social and financial means to live in these neighborhoods are not low-income households, who are ultimately displaced in the process, and gentrification research has to look for the local meanings and materializations of urban poverty and inequality.

2.3.3. Built environment upgrades: the physical space consequence

Improvements in the built environment are the third and final necessary dimension of gentrification, demonstrating the physical space consequences of the process. These improvements can be directed to urban infrastructure and public spaces as well as buildings and uses. This is due both to the previous disinvestment in the neighborhood and the distinct patterns of consumption between longtime residents and new households. Therefore, even if we consider neighborhoods in which the physical structures are the main asset to attract new residents, incomers mostly adapt the existing structures to their demands, in terms of renovations and utilities upgrading. These improvements on the built-landscape, though, yield another distinction between classical and global gentrification cases.

On a classical narrative of gentrification, the upward socio-economic change of inner city neighborhoods is done by upgrades of the existing housing stock. It is important to mention that some authors would try to restrict the definition of gentrification to reforms and renovations done by new residents, i.e. sweat equity. This would give a connotation to the process as primarily motivated by social aspects, as in the above-mentioned studies by Ley (2010a and 2010b). Therefore, these authors continue to emphasize a distinction between “pioneer” gentrifiers that recognize the value of historic architecture and others that buy into a commodified version of gentrification sold by developers. As already mentioned, though, gentrification became a profitable real estate product that generates high returns of investments.

In uniting production and consumption explanations, thus, it is possible to understand that developers, state agents, marketing professionals, architects and the like capture the more visible aspects of the gentrifiers' lifestyle to sell an exciting image of inner city living (Zukin 2010; Jager, 2010).

On her study of classical gentrification, for instance, Lees (1994) finds in Park Slope, in the Brooklyn borough of New York City, a narrative of gentrification first motivated by the presence of attractive architecture. It was a process, thus, initiated by "pioneer" residents moving into the neighborhood and working on the renovation of local Brownstone houses, making the initiative (not surprisingly) known as "brownstoning". Additionally, public utility companies, especially the Brooklyn Union Gas, also renovated buildings and established a local information center on the topic in order to stimulate private sector to invest locally. While these gentrifiers were concerned about keeping the socially-mixed neighborhood, it is important to emphasize that active displacement happened with the first renovations while, in following actions, the new residents mobilized to "stabilize" the neighborhood with concerns about the presence of low-income housing and homelessness. Therefore, new residents created groups "pro-gentrification", buying houses and renovating them for reselling and attracting "like-minded" people. Because of their collective work, in 1973 Park Slope attained landmark status that provided tax reductions or rebates on building restoration. According to Lees et al. (2008), thus, there is a clear point of inflexion in the neighborhood in which reinvestment replaced disinvestment – i.e., the closing of the rent gap – that can be identified in the tax arrears data. It is no surprise, thus, that the interest from other developers started in the same point with cooperative and condominium conversions. In conclusion, gentrification in Park Slope had a direct relation with the local conditions of the housing stock and resulted in investment in the built stock by new residents, developers and utility companies.

Global gentrification studies, though, have expanded the notion of the investments in the built environment that gentrification might entail to include new buildings. Once again, this expansion of the concept was not done by scholars studying processes of upward redevelopment outside the traditional gentrification cities in North America and England. Rather, some of the most prominent authors on these

cities argued for the inclusion of new buildings on its analysis. For instance, Lees – who conducted the above-mentioned study on classical gentrification in Park Slope – has been one of the strongest advocates for understanding new-built gentrification as a recent “mutation” of gentrification (Davidson & Lees, 2005 and 2010). In a similar way, Smith (2010a [1982]) in his first works identified a difference between gentrification and redevelopment especially in terms of the first being related to renovation of old structures while the second included the construction of new buildings. In recent analyses (2002), though, the author recognized such difference as unrealistic given that both existing and new structures may promote gentrification.

The arguments for including new-built structures on gentrification analyses usually follow two basic arguments. The first one is the already mentioned appropriation of “gentrification aesthetics” and the discourse of promoting socially mixed and diverse neighborhoods by developers and the state. Therefore, infill developments in gentrifying neighborhoods as well as the renewal of disinvested locations are forms of new-built gentrification, such as in Davidson’s and Lee’s (2005 and 2010) study of the London’s riverside redevelopment. The second is that with the maturation of gentrification in some of the areas with most attractive architecture or closest to central business locations, gentrification is moving towards marginal locations with large-scale new developments, great capital investment, and further support from the state (Hackworth, 2007). Finally, I argue for the inclusion of new-built gentrification as a manifestation of postmodernism as the cultural logic of contemporary capitalism.

It is important to notice that if postmodernism was first motivated as a criticism to modernist promotion of elitist cultural patterns and lack of support for individual and cultural identities, I agree with Harvey (1989a) and Jameson (1991) that postmodernism lost its critical edge with the diminishing barriers between arts and marketing, artistic production and commodification of cultural traits. Therefore, if the Keynesian-Fordist system had to absorb the first modernist vanguard ideals of social revolution by homogeneization and mass production, ultimately being transformed into international style, neoliberalism and post-fordism used the same strategy with the more critical aspects of postmodernism to

transform it in flexible accumulation (Harvey, 1989a and 1997). By focusing on the discourse about differentiation and identity, it could be more easily incorporated in product development and consumption ideology. In the creative destruction of the modern industrial city, additionally, post-modernism had a fundamental role in urban restructuring by its transformation in a form of *“aesthetic innovation and experimentation to support flexible accumulation”* (Clarke, 2006: 37). Therefore, the promotion of similar projects in cities around the world does not respond solely to an evolution of form or spatial aesthetics. It is important to understand the process of neoliberal socialization in which the promotion of new values is as important as are its most material aspects (Miraftab, 2009).

On the one hand, with the increasing technological development and influence of transnational elites and professionals, diverse consumption patterns are reproduced in cities farther away from its origin (Sklair, 2005). In this sense, by promoting a network of ideologies that export not only the politico-economic system, but also patterns of consumption and ways of life, neoliberal urbanism expanded gentrification processes as valuable forms of producing and living in the urban space. On the other hand, the promotion of global projects and styles is highly valued as strategies of economic growth and symbols of status. It is in this perspective that it is possible to understand that iconic architecture and the signatures of “startchitects” were transformed into real strategies of economic development given that:

“While for centuries the quality of the urban environment has been an outcome of economic growth of cities, nowadays the quality of urban space has become a prerequisite for the economy development of cities; and urban design has undertaken an enhanced new role as a means of economic development” (Gospodini In Sklair, 2005: 298).

Contemporary architecture is, thus, polarized in two great tendencies: on the one hand, a commitment with high-tech production and vanguard experimentation in a direct cult to “progress” while, on the other hand, there are reactionary impulses of return to the past, especially motivated by the criticism to modernity and tabula rasa approaches (Frampton, 1982; Montaner, 1993). The same polarization can also be seen in gentrification cases in which the valorization of old styles can promote classical gentrification with renovations while new-built gentrification can also draw on the preference for larger spaces, technological advancements and contemporary comforts. This does not mean that any postmodern

initiative is ultimately a strategy for capital accumulation. However, the prominence of buildings of headquarters of transnational corporations and luxurious residences as symbols of the current architectonic vanguard demonstrates the appropriation of aesthetics by contemporary capitalism. Additionally, even with the renewed sensibility for urban history and local architecture, postmodern spatial production may result in copies (pastiche) and renovation projects for gentrified housing, tourism and entertainment. The promotion of the gentrification style (Zukin, 1987), thus, transforms its acceptance easier by identifying it solely as an expression of aesthetics evolution and not as a strategy that intensifies uneven spatial development.

Finally, housing preferences may also have an input on new-built gentrification. As Zukin (1987) reminds us, gentrification became a “*product based on place*” (193). In the contextualization of the process, gentrification may entice different forms of physical landscape transformation, from renovations to new buildings and uses. By incorporating local meanings of gentrification, thus, we have to consider the most valuable housing type in each urban context. For instance, new houses in gentrifying neighborhood may cater to residents that prefer larger constructions with modern architecture in contrast with older and smaller units (Mills, 2010; Weber et al., 2006). In locations where apartments might be a valuable form of housing for middle and high-income groups, as will be demonstrated for São Paulo, demolitions for the construction of residential towers might also result in the greater possibility of profit for developers’ closing the rent gap. Finally, new-built gentrification can also further contribute to rising prices in the neighborhood by updating the local housing stock and increasing property prices of older structures given its spillover effects. New-built gentrification, thus, can also represent patterns of upward redevelopment with displacement in certain locations, and demolitions with new constructions can be another spatial fix for capital accumulation that gentrification might entail (Harvey, 1985 and 2001).

Nevertheless, some authors, especially Lambert and Boddy (2002), argue that new-built gentrification does not exist given that it would not entail population displacement, eviction or rent-hikes. However, new structures may promote displacement both directly and indirectly. On the latter, new-built gentrification

may cause indirect displacement by constructing on brownfield sites that might have exclusionary effects in the region as well as spillover effects on nearby locations, causing exclusionary displacement or price shadowing, such as in the London's Riverside Renaissance plan (Davidson & Lees, 2005 and 2010). This may happen by increasing rent prices, taxes, and stimulating evictions, among others. Nevertheless, new constructions may also cause direct displacement. It is possible to talk about evictions for demolition of an existing structure either because the current construction is severely dilapidated or because the construction of a new type of development focusing on a higher-income clientele might yield greater returns from the investment. In such cases, the teardowns for immediate reconstruction facilitate closing the real estate gap and capitalizing on the rising land values. Therefore, demolitions might happen when the difference between the sale price of the redeveloped property and the costs of the current property (land and buildings) plus the demolition are close to or above zero (Rosenthal & Helsley, 1994). Constructions that have not capitalized on their ground rent or that are located in valuable land, but are under-maintained illustrate this point (Weber et al., 2006).

The case of Tax Increment Financing (TIF) districts in the United States is a good example of areas in which gentrification might happen with demolitions given a narrative of obsolescence of the local built stock (Weber, 2002). First, it is important to mention that although TIF is a method of public financing and economic development, it is also a land use planning operation by designating districts where the value capture system is applied. It can be, thus, considered as a form of overlapped zoning or it can even include a form of changing the current zoning ordinance (Callie et al., 2008). On the one hand, this type of policy is justified as a mechanism to raise municipal funds within a neoliberal context of reduction of federal outlays, decentralization of government and restrictions on municipal expenditures. On the other hand, it is also a form of public-private partnership by sharing the costs of services and facilities that serve new developments. In this sense, all new property taxes in a TIF district must be re-invested in the same geographic area for an established period. These new property taxes, or "increments", are expected to come from both new development and valorization of existing property. Therefore, it is an economic

development mechanism, considering the expected virtuous cycle to be generated by creating new business, jobs, and more tax funds for public investment. The positive effect of a demolition in such context would be increasing the rent gap and closing it in a fast way. In this sense, by demolishing the previous structure, the land price diminishes while the construction of a more valuable building in an area that is gentrifying (increasing demand) is beneficial for the developer as well as for the local government that can use the tax increment in the district (Weber, 2002; Weber et al, 2006).

Therefore, new-built gentrification may also be characterized by more involvement of diverse agents in planning, marketing and selling those spaces, such as architects and developers, as well as a more intense role of the state. The mobilization of real estate agents might be coupled with state support or even its direct action, such as in redevelopment projects, speeding up construction permits and enacting zoning changes (Kennedy & London, 2001; Smith, 1996; Weber et al., 2006, Wyly and Hammel, 1999).¹⁹ It is clear, thus, that not only from this explanation on the upgrading of the built-landscape, but in all three necessary dimensions of gentrification, the role of the state has been one of the more pronounced points of contention between using the classical or global definition. Against either dismissing completely public policy – as in some classical gentrification analyses – or considering the state as a simple agent of the market – as in global gentrification studies – I argue that the state has to be brought into gentrification theory by understanding the complex and multiples roles that public policy might assume in the process. In order to do that, in the next section, I explore the state as one of the major mediating dimensions of gentrification.

2.4. MEDIATING GENTRIFICATION: THE ROLE OF THE STATE IN GENTRIFICATION PROCESSES

From the analytical framework advanced above, gentrification can be identified by (1) production of gentrifiable space; (2) upward socio-economic change with displacement; and (3) built-environment upgrades. One aspect that can be drawn from the literature review on theory and cases, though, is the

¹⁹ The other side of this state support is the control that can be exerted on land uses and densities, restrictions to permits for constructions and renovations, and local historic preservation policies – which in the Brazilian case is a public function realized in the three levels of government (national, state, and municipal).

diversity of gentrification in which empirical patterns may differ over space and time. These dimensions, thus, are contingent upon multiple and conflictive dialogues that are localized in specific places (Lefebvre, 1991; Santos, 2008). Variations can be expected, for instance, from the conditions of the physical environment, both natural and built structures. Therefore, the presence of major natural assets (such as waterfronts) or the existing of valuable historic architecture can stimulate gentrification. The contingency of the type of development also influences the process. In this point, I agree with Marcuse and van Kampen (2000) that we must speak about type and not stage because there is not a linear pattern of development in any sense. Therefore, I do not expect cases of gentrification in São Paulo to follow a similar trajectory given that paths and even notions of urban development vary from the cities where gentrification theory was developed.

Among these contingent aspects, moreover, urban policies have to be on the forefront to explain the diversity of contemporary gentrification. In order to demonstrate that, in this section, I explore the roles of the state on gentrification cases by making two main arguments. First, the state – or the institutional apparatus in place – always has to be considered in gentrification analyses. Even if in classical gentrification theory, private agents may lead the process, the state has an integral role in supporting and promoting its emergence. Second, even if we agree with the general turn of public policy to entrepreneurial approaches, neoliberal urbanism has to be contextualized given its dialogues with existing local institutional arrangements. Additionally, by focusing solely on its economic role, gentrification analysis dismisses that the state continues to mediate conflictive goals among fractions of capital, social groups, and even its own agents. Therefore, the state cannot be considered a rational agent. Rather, its roles can be contradictory to become (even if reluctantly) a constrainer or limiter of gentrification processes.

2.4.1. Bringing the state back into classical gentrification

It is not the purpose of this section to revisit the disputes between consumption and production side explanations of gentrification given that, as already mentioned, they can only be interpreted as

complementary arguments (Beauregard, 1986; Clark, 2010; Hamnet, 2010). Nevertheless, there is still a tension in gentrification theory to understand the role of the state that ends up fuelling back those dichotomies. This is especially important in terms of classical gentrification cases given that the focus on “pioneer” gentrifiers tends to mask the context of capital investment and disinvestment in the production of those processes. However, the state, both in direct and indirect ways, is a major element in understanding classical narratives as well.

This is especially important given that gentrification in classical cases has been explained almost as the counterpart of suburbanization processes (Butler, 2007). It is no surprise, thus, that some of the first developments in theory intended to understand gentrification as a reversal of previous housing market dynamics by extending traditional ecological models or neoclassical market approaches into notions such as “reinvansion” (Palen & London, 1984a) or “filtering up” (Ahlbrand & Brophy, 1975). In this perspective, suburbanization would have opened better housing options for households with a higher socio-economic profile that ultimately would move out of inner city locations, leaving behind housing units that were “filtered down” to lower-income residents (Baer & Williamson, 1988; Rothenberg et al. 1991). Conversely, gentrification resulted from the transformation in the preferences of middle-income households that, in the competition for desirable locations, could outbid economically weaker existing uses. The change of these preferences, additionally, was explained in the context of reaction against suburbanization and search for the diversity and sense of community present on urban areas (Butler, 2010; Ley, 2010a and 2010b). The social collective action of these initial gentrification cases, thus, is seen in direct contrast with the “gentrification by capital” (Butler, 2007) of later stages.

As already mentioned throughout this chapter, though, classical gentrification is a result of collective action that included “pioneer” gentrifiers, but also private developers that renovated houses and sold them “ready made” to new residents. Additionally, transformations in public policy that forbid “redlining” in declining neighborhoods, housing acts that promoted redevelopment and renovations, increased mortgage funds from financial institutions, and public utility companies had an input on those classical processes. In

order to demonstrate these aspects it is important to return to the analysis of the pattern of spatial production of cities in North America and England by using both the notion of a spatial fix for capital development and the rent gap (Harvey, 1985; Smith, 1996).

Coming out from the Great Depression and reiterated after World War II, the justification for the establishment of Keynesian policies – direct state intervention in regulatory and redistributive policies – was based on the stimulus to consumption/demand that would energize economies, cover negative externalities from the market, and promote collective goods such as defense, infrastructure and transportation. In the same agenda, there was also the intention of guaranteeing minimum standards for important commodities that the market would not be able to provide, such as public housing and unemployment insurance. Nevertheless, the focus of such policies would promote a spatial fix for capital accumulation based on urban growth in the fringes (suburbanization) promoted by public incentives and funding to freeway construction and new subdivisions (Hackworth, 2007; Harvey, 1985 and 2001; Smith, 1996). Suburban expansion represented the opportunity for developers to generate more profit with the availability of relatively inexpensive land in large greenfield developments. To the state, suburbanization represented the opportunity to reconstruct cities after World War II, house the veterans, generate jobs and lubricate national economies. Meanwhile, the lack of investment in inner city neighborhoods, both by public and private agents, resulted in a long period of deterioration of these areas.

In the impossibility of maintaining the same profit, speculation and landlordism emerged as lucrative alternatives for inner cities (Hirsch, 1983). Regarding the first, buying at low prices and selling to impoverished populations at a low down payment and long amortization periods would promote profits while landlords could evict households who eventually missed monthly payments. In the case of landlordism, houses were subdivided to be rented to a larger number of families at comparatively high rents, leading to a total income that was higher than the one collected from a single middle-class family that became popularly known as “milking” a building. Once turned into cheap housing, additionally, landlords and property owners would not guarantee minimum conditions, stopping maintenance of the buildings and

payment of taxes and going as far at times as purposefully cutting off utilities. Therefore, channeling resources to the suburbs while there was no enforcement of legislation to guarantee better housing for low-income families produced the gentrifiable space of disinvested inner city neighborhoods for classical gentrification. Moreover, this pattern cannot be understood without considering state action, even if only by inaction or absence given the poor housing condition of the low-income households.

The process of disinvestment in inner city neighborhoods in England and North America, thus, diminished property values in terms of capitalized ground rent, creating conic form of land values, with a pick at the urban center, a decline in inner city neighborhoods and another pick in the inner suburbs while it would continue to decline outwards (Smith, 2010b). It is by the 1950s and 1960s that a transformation started to be noticed in this front and it is not surprise that in the same period Glass (2010 [1964]) first used the concept while identifying that middle-class professionals of the new service industries of London were taking an interest in these neighborhoods. By purchasing cheap properties and renovating them, though, “pioneer” gentrifiers indeed employed their labor and capital in a moment when public subsidies were mostly tied up with suburbanization while financial institutions were reluctant to provide assistance to these “risky” locations.

It is important to mention, additionally, that during this period there was direct state intervention in urban locations in terms of municipal and federal governments trying to reverse decline and increase tax bases. By using several planning and housing acts, both North American and British cities experimented with urban redevelopment and renewal to bring back investment and middle-class residents (Hall, 2002).²⁰ For instance, in the United States, the enactment of the 1949 Housing Act, especially on its Title I, intended to deal with some of the problems preventing redevelopment in inner city locations (Bellush & Hausknecht, 1967; Hirsch, 1983; Wilson, 1966). Public funds would be used to obtain the land in areas considered “blight”, clear the site and make it ready for private investors. Above all, because this policy made land

²⁰ It is important to mention that there are clear differences between the approaches to urban renewal in the British and U.S. cases. Among them, racial issues emerged with greater strength in cities in the United States and the constitution of impoverished inner cities was also marked by racial segregation. It is no surprise, thus, that urban renewal in the country became known for the removal of African American communities (Hirsch, 1983).

available to private agents by a fraction of its original price, it is also a form of public subsidy similar to some of the already mentioned TIF districts (Weber, 2002) once that it was assumed that the tax revenues of the new profitable business would repay the public investment. In that case, though, the federal government would enter with two thirds of the project's costs, meaning the difference between the costs of clearance and the sale price of the parcels, while the local government would contribute with the remaining third. Additionally, the urban renewal lobby was used to open space to construct new road systems that would improve the accessibility of central areas from the suburbs, a contradictory aspect of the program given the objective of reversing urban decline and attracting residents.

However, there was still the problem about the low-income residents that occupied some of the most attractive locations for redevelopment. In order to solve this issue, the use of eminent domain powers by the public sector would guarantee that all land in the prospective site would be acquired by making "slum clearance" a "public purpose". If housing conditions were one of the main justifications for the Housing Act, though, it was never clear in which terms. The legislators did not want to take the risk of using the acquired land to develop public housing instead of selling it to private investors.²¹ After all, the money was supposed to attract a higher income population and not to provide housing for those who could not afford it (Hall, 2002). Therefore, it was clear that the funds were not for housing improvement nor to deal with the shortage of units. Rather, public money would fund private investors. As Hirsch (1983) reminds us: *"the profit motive would govern redevelopment, and the process itself would remain in private hands"* (112). At the end, the program that had the declared objective of improving the quality of housing in urban areas had the effect of diminishing the supply of affordable housing in cities. While opening space for new private investment, it removed low-income communities from attractive urban land and segregated them into large public housing developments.

²¹ According to Bellush & Kausknecht (1967) and Hall (2002), to understand this we have to consider that public housing was mainly opposed by legislators in the United States. The solution for the housing of the poor was not a public responsibility or a collective effort. Poverty was considered an individual problem and its result would also be individual (Schwartz, 2010). The solution was the stimulus and regulation of the private developer. This took the form of housing codes that regulated physically the housing of the poor. Finally, there is a moral argument in which the housing to be constructed with public dollars was for the "deserving poor," excluding the extreme poor and cases with more intense social problems.

The U.S. Housing Act of 1954 was another attempt to accelerate the process (Bellush & Hausknecht, 1967; Hirsch, 1983; Wilson, 1966). This legislation introduced the word “urban renewal”, which replaced the idea of redevelopment from the previous legislation. It had the main purpose of promoting a greater stimulus and responsibility to the private sector in removing and preventing urban blight, i.e. stimulating developers. Additionally, it extended the focus from bulldozing areas to the rehabilitation of houses and conservation of neighborhoods, which were prohibited in the 1949 Act. While banks and financial institutions were famous by not providing such types of financing – especially by “redlining” practices that restricted loans for inner city neighborhoods occupied by low-income communities – federal funds became available for those purposes. Therefore, an urban renewal project could be all redevelopment, all rehabilitation or the combination of both. This represented a broadening of the program given a *“growing awareness of the importance of using renewal to revitalize the economic base and taxable resources of cities”* (Slayton, 1966: 194). Meanwhile, it also recognized that “renewing” cities could not be solved only by clearance and its expensive costs to the public sector. Nevertheless, this expansion of its scope has to be considered also in the context of criticism to urban renewal and modernist approaches to redevelopment that destructed entire communities, such as in the famous fights between Jane Jacobs and Robert Moses in New York City (Hall, 2002).

In conclusion, these state interventions had two effects on gentrification. First, these policies reinforced central business districts, where service industries and corporate jobs occupied by gentrifiers would be located. The increasing demand for housing on these spaces came, thus, not only from the recognition of the value of the historic architecture in the dense and mixed-use neighborhoods theorized by Jacobs (1991), but also from the practical decision of moving closer to employment centers. As rents rose, property owners and landlords realized the difference between current land rents and the profits that could be generated if this housing stock was occupied by those new residents. Second, these policies created a new source of funding for both “pioneer” residents and real estate developers to reinvest in these communities, especially reinforced with the 1977 Federal Community Reinvestment Act that outlawed

previous active redlining. Therefore, on the one hand, public policy responded to the increasing negative opinion on urban renewal from residents and academics by providing stimulus to renovation and using the poor housing conditions as justification (legitimizing the process). On the other hand, public policy also attended the interests of developers in accumulating the possible profits by catering to this growing demand (enabling and promoting gentrification). In the conjunction of these efforts, thus, *“urban renewal can hardly be criticized as the failure of a housing program designed to help the poor. It was never that. It was, from the outset a real state-oriented program to protect and increase inner-city investment values, and as such it succeeded admirably”* (Marcuse, 1986b: 261).

Within this perspective, the state has to be considered an integral part of classical gentrification cases mediating the actual materialization of the three necessary dimensions of the process. For instance, in the already mentioned classical gentrification of Park Slopes in New York City (Lees, 1994 and Lees et al., 2010) it is also possible to see a diversity of agents involved even if “pioneer” gentrifiers, who attracted by the local housing stock (Brownstones), led the first stages of the process. With its first occupation as an elite residential community, stimulus to suburbanization had an impact in Park Slope already in the beginning of the twentieth century. A first wave of disinvestment started when part of the original residents moved to suburbs and local brownstones became tenement-housing options for low-income households. A second wave of disinvestment happened after World War II, with white flight in the neighborhood happening in conjunction with the increase of African American and Latino households. Disinvestment led to the devalorization of properties, physical deterioration and decline of housing conditions given the lack of enforcement of legislation to protect low-income households.

While the first middle-income residents started to move in before any type of public subsidy, because of the work of those “pioneer” gentrifiers and other investors, in 1973 Park Slopes attained landmark status that provided the first tax deductions and rebates for building restoration. The state and federal support for renovations also had local impacts, including the 1974 Community Block Grants, the 1977 Federal Community Reinvestment Act that increased mortgage programs from financial institutions, and state

government's programs for tax exemptions and abatements. On the other hand, once the potential profits were noticed, the state failed to provide protection to low-income residents suffering from harassment, illegal subdivisions, high comparative rents, and code violations, among others, from property owners and landlords. The ensuing curtailing of rent protection legislation further increased their vulnerability to displacement. In this case, thus, the state enabled gentrification by setting up the institutional framework and supports for it. Indeed, laissez-faire was planned and it is no surprise that in following research on the area, a different pattern of gentrification that involved larger developers and displacement of "pioneer" gentrifiers could be found (Lees et al., 2008).

2.4.2. The multiple and contradictory roles of contemporary public policy

Recent gentrification studies have been calling for a deeper understanding of the relationship between public policy and gentrification (Atkinson, 2003; Hackworth and Smith, 2001; Lees, 2000; Smith, 2002; Wyly & Hammel; 2002). This call is mostly related to the evolution of gentrification, as already mentioned, from a marginal to a generalized process integrated in the agenda of local urban governments with the expansion of neoliberalism. Gentrification, thus, has to be understood within the context of local restructuring in which the neoliberal globalization process, coupled with technological developments that made possible the mobility of capital, have resulted in an unstable spatial organization. However, although Harvey (1985) states that in the sea of changes since the 1970s we "*witnessed another fierce round in that process of annihilation of space through time*" (291), mainly in order to reduce turnover time, this does not mean that space lost its importance. On the contrary, the heightened competition made capital much more sensitive to (relative) location-based advantages, not only in terms of material means of production but also in terms of class struggle, for instance, with the deindustrialization and industrialization of certain areas being used against union powers and social movements. It is also in this context that we can understand how cities compete in order to attract the "right type" of capital and people (Harvey, 1985). The production of places and their representations (image-making) become important tasks in this competition

and new forms of urban governance emerge. This, it should be noted, does not go against neoliberal reforms of the state apparatus given that within the efforts to create a good business climate “*enter ‘growth machine politics’, ‘urban entrepreneurialism’ and ‘regional growth coalitions’ and other structures of governance dedicated to improving the competitive strength of the region/territory vis-a-vis other regions/territories*” (Harvey, 2006: 103).

Gentrification becomes, within this context, an important policy in terms of local short-term strategies of urban development to enhance cities’ competitiveness, displacing the older uses that are not attractive to the new urban economies. In this sense, Smith (2002) understands that global gentrification is an expression of rescaling, in the upgrading of the urban in relation to national and global scales – or, glocalization processes to Swyngedouw [1997]). Included within neoliberal policies, the restructuring of the state signified the devolution or increased functions of localities while federal funds (direct outlays) for local governments also diminished (Brenner, 1999 and 2004). This would put a heightened pressure on local public agents to adopt pro-growth policies and gentrification would be a solution to increase tax revenues. Additionally, neoliberal political restructuring also represented the attack of welfare policies and the Keynesian state making it easier to curve pressures on measures to protect working class neighborhoods and vulnerable groups (Brenner & Theodore, 2002; Harvey, 2007b). Finally, because of the saturation of gentrification in areas close to the city center or locations more attractive to gentrifiers, the state assumed an important role in guaranteeing profitability for investors in new and riskier areas (Hackworth and Smith, 2001). Within this context, thus, gentrification has become an “active part of public policy” (Lees & Ley: 2008) and has been generalized into a “global urban strategy” (Smith: 2002).

Although I agree with this type of theoretical development of gentrification, my concern, on the other hand, is not to reduce gentrification cases to as single or linear view on the role of the state in the process. For instance, Hackworth and Smith (2001) developed a theory of the evolution of gentrification on three waves. The first wave (prior to 1973) was characterized by small state intervention (even if with extreme results for the urban working class) and sporadic gentrification in neighborhoods restricted to eastern

United States and Western Europe. While the recession of the 1970s opened the opportunity for investors to buy devalorized urban land, it is on the second wave (1980s) that gentrification is consolidated and intensified, resulting in violent conflicts such as in New York's Tompkins Square Park (Smith, 1996). In addition, gentrification expanded spatially to smaller cities once it was connected with processes of political and economic restructuring at the global and national levels. While the economic crisis of the beginning of the 1990s slowed the process, making other authors argue that gentrification had ended, Hackworth and Smith (2001) state that the process intensified in already gentrifying neighborhoods and expanded further from the city center to new geographies, with the involvement of larger developers and greater state support. If the focus is on the agents involved in the process, the authors develop a single history of gentrification that has been used by many authors thereafter.

Therefore, most of the global gentrification literature has been focusing on developments under the Third Wave of gentrification and the assumedly greater role of the neoliberal state. However, drawing from the New York City experience and describing a linear mode of evolution can be problematic in trying to explain different processes and contexts. While connecting policy-driven gentrification with international cases, the risks of determinism are even greater since governments are considered as agents of neoliberalism without acknowledging that reforms had to be materialized in specific places. In this sense, even if I agree that gentrification has been generalized and became a fundamental strategy on competitive urban agendas, there are interactions between the inherited local structure and the neoliberal globalization project that make both neoliberalism and gentrification geographically rooted processes.

It is important to specify that neoliberalism is mainly based on the belief that free, open and competitive markets are the best mechanism for economic development and institutional balance (Hackworth, 2007; Harvey, 2007b; Brenner & Theodore, 2002). In terms of its policies, neoliberalism is usually described as deregulation, liberalization, privatization, financialization, and (partial) state dismantling and re-orientation to pro-capital policies. One important point about neoliberal reforms, as already mentioned, is the intensive rescaling of relations in which local governments assume fundamental

roles in the political and economic system alongside transnational institutions (Brenner, 1999 and 2004; Swyngedouw, 1997). However, much of the discourse that appeal for the “local” as the key institutional arena actually rests on the assumption that larger scales are beyond any type of regulatory frames considering the strength of contemporary transformations (Brenner, 2001; Brenner and Theodore, 2002). Therefore, the dismissal of the national scale is accompanied by new institutional and social arrangements that promote both globalization and neoliberalism as strong discourses with the power of making themselves truth, i.e., self-fulfilling prophecies (Bourdieu, 1998).²² This type of discourse has an important effect given the emphasis on neoliberalism adjustments as the “natural” or the single solution for local governments.

Even if making a criticism to this approach, global gentrification studies tend to fall on the same narrative by offering a vision about the “triumph of neo-liberalism” (Wyly & Hammel, 2002). Framing it as an inevitable and overpowering force does not acknowledge the multiple and conflictive roles of the state in its many administrative levels and that its agency on processes of urban restructuring leads to multivariate results (Fainstein et al., 1983). Therefore, I agree with Beauregard (1986) that the problem with this type of analysis of public policy is that, contradictorily, it tends to leave politics aside. How could we explain the differences between public policies as well as between places without questioning the notion of an invariable and homogenous state logic? Instead of reifying the state, thus, I argue for recognizing its multiple and conflictive roles as an historical agent.

Against the neoliberal doctrine of “single solution”, which assumes that market-oriented reforms have identical results, thus, neoliberalism has been unfolding in different forms (Brenner & Theodore, 2002; Peck & Tickell, 2002). That is why countries with similar stages of economic development, such as England and the United States, experienced contextual processes and currently represent specific forms of neoliberal governments (Harvey, 2007b). The major point about these distinctive neoliberalization processes is that reforms do not happen in a vacuum. Rather, inherited structures promote negotiations

²² As Peck (2002) reminds us, many times globalization and neoliberalism are used as synonymous, especially in the form by which they were naturalized as external forces and inevitable trends – the politics of inevitability.

between local and structural process, i.e. we have to consider the path-dependencies or *“the general process by which social patterns reproduce themselves”* (Pierson, 2004: 46). Therefore, there are self-reinforcing tendencies of the status quo and its respective resistance that shed light on the contingencies that led to the emergence of distinct patterns of neoliberal reforms and, consequently, of policy-led gentrification.

Within this perspective, we must acknowledge that neoliberal reforms are shaped and/or mediated by national and local institutional environments. For instance, by comparing the forms in which countries have been experiencing pressures to decentralize wage bargaining or work organization – using a similar argument as the one already mentioned in this chapter about the need for substantive, rather than formal comparisons – Locke and Talen (1995) show that similar pressures have led to different processes and outcomes. In Sweden, thus, national wage deals had to be dismantled; in Germany reforms focused on the revision of multi-industry bargaining arrangements; and in the United States industry-wide contracts came to the forefront. Additionally, even if reforms happened in the three countries, decentralization of wage bargaining led to different results given that in Sweden and Germany there is still more coordination than in the United States. Therefore, the previous condition led to different focus of the reforms while positive feedbacks or self-reinforcing patterns, as explained by Pierson (2004), led to contextual results.

Different starting points and promoting agents may also lead to different approaches to neoliberal reform at the local level. Within the perspective of “actually existing neoliberalism”, for instance, Hackworth (2006) understands the imposition of the neoliberal frame to cities in the United States, especially New York City, by the role of bond-rating agencies. This is a direct contrast with the national reforms made by democratically elected governments in the United States and England. But also, it is a different process from developing countries, in which neoliberalism came after the Washington

Consensus²³ in the form of conditional loans from multilateral agencies, such as the World Bank and the International Monetary Funds, and/or in traumatic ways, such as the military coup in Chile (Harvey, 2007b). Cities in the United States – and in contrast with Brazil²⁴ – can issue bonds to cover debt and finance public works. Additionally, the growing municipal bond issuing in the United States is also related to the multiplication of special districts as public-private partnerships responsible for certain services, such as sewage systems, airports, transportation and even public housing. By rating these bonds, agencies that issue credit reports on municipal bonds can almost “redline” entire cities, making lending from financial institutions more difficult and imposing neoliberal reforms in the local level. Therefore, cities in the United States are more dependent on debt and, consequently, on the bond-rating agencies.

In New York City, for instance, its bankruptcy in the 1970s and the refusal from the federal government to intervene let the municipal government in an even more fragile situation given the already existing economic crisis and dismantling of manufacturing base (Harvey, 2007b). With its “reinvention” for global markets, New York City not only became more dependent on agencies rating local bonds, but also on large corporations and real estate development. It is within this perspective that Hackworth (2006) can see a connection between gentrification and local neoliberalism. In order to guarantee the financial viability of the bonds and increase local revenues, thus, public policies and investments promoted a new and more aggressive phase of upward redevelopment since the 1990s that included gentrification as a strategy for economic growth.

²³ The Washington Consensus was a document produced at a 1989 meeting between agents of the United States government and specialists in Latin America from different multilateral organizations, such as the IMF, the World Bank and the IADB, to discuss the results of the reforms implemented in those countries up to that moment. Nevertheless, the document has been used as an agenda not only for the Latin American region, but for other countries as well. The document included recommendations about macro-economic reforms – including but not limited to control of public debt, state reform and monetary control – that every country should follow in order to obtain loans and support from those institutions and core countries. Issues such as poverty, inequality, access to health services and education were not mentioned by the document while democracy, a fundamental issue in a region that was still suffering the effects of long dictatorships, was considered a secondary problem. Finally, the document was also used as a form of securing U.S. loans to peripheral countries, imposing the payment of external debt, in a moment that the U.S. economy was suffering increasing competition from Asian countries and an economic crisis materialized in the form of stagflation and large external debt (Chari & Corbridge, 2008).

²⁴ This is another aspect that makes neoliberal urbanism a contextual experience given that Brazilian cities and states cannot issue bonds after monetarist reforms to control public debt and inflation. Therefore, only the federal government can issue bonds, even if those other levels of government have been pushing for the flexibilization of this legislation. Information available at <http://memoria.ebc.com.br/agenciabrasil/noticia/2013-02-21/governo-federal-nao-pretende-autorizar-que-estados-e-municipios-emitam-titulos-publicos>. Retrieved in March 12, 2014.

Also in a perspective of “actually existing neoliberalism”, Harris (2008) makes a comparative study of gentrification to understand the different histories and geographies of gentrification in London and Mumbai. In these cases, the author stresses the role of agents involved in the process of globalizing gentrification by shaping and legitimizing it. The focus is mainly on: (1) think tanks in disseminating neoliberal urbanism; (2) the influence of “crime consultants”, especially with the dissemination of Giuliani’s Zero Tolerance policies; and (3) architects as an important critical infrastructure in developing brands and lifestyles associated with gentrification. These are transnational actors that work in a two-way direction, transforming the process on the dialogues with local patterns. Indeed, even considering the different contexts in the world economy and different roles the state may assume, policy has been facilitating more market accumulation than social reproduction by affirming and supporting gentrification in both cities. However, without such a stronger liberal tradition, even if we considered the apparent lack of accountability in London, the public and private sector functions in Mumbai have been blurred and they act together to manipulate regulations and urban plans to promote gentrification. The social effects are also more intense in Mumbai with greater social-spatial inequality resulting from the transformation of urban patterns and residential displacement. This analysis matches, once again, the concern that neoliberalization processes assume different forms at the local level and this has a direct impact on policy-led gentrification. However, there is still one final aspect that needs to be discussed about the role of public policies on gentrification – i.e., the need to understand the state beyond its economic role.

The roles of the state in gentrification have to be understood not only on its productionist role (A. Smith, 1989) that emphasizes it as an organizer and supporter of the accumulation process. The state, even after neoliberal reforms, continues to give legitimacy to urban policies. The roles of the state in gentrification cases are, thus, in a paradoxical position. On the one hand, by privileging systems of capital accumulation, public policies might stimulate and promote gentrification, producing differential effects on the multiple social groups involved on the process. On the other hand, since its socially accepted function is to defend the “public interest”, favoring specific groups while low-income households are displaced goes

against that basic role. To solve this crisis of legitimacy, thus, the state apparatus might use both material and/or discursive practices to mediate and ameliorate gentrification, either by using scientific arguments (such as the trickle-down effect that differential policies might have) or actual policies that might restrict displacement and ultimately limit gentrification.

It is within this perspective that we can understand, for instance, the role of urban planning given its inherent and still unresolved contradiction between the reformist role of improving life conditions and built environments while also promoting spatial fixes for capital accumulation (Harvey, 1985). Given the importance of understanding housing markets in gentrification cases, additionally, the state continues to use housing policies as instruments of both accumulation and legitimation by economic incentives for developments that give differential opportunities for middle and low-income demands (Marcuse, 1986b). These two types of policies – planning in general and housing in specific – have indeed assumed the function of mediating the contradictions in the role of the state and ameliorating uneven development. It is no surprise, thus, that progressive and conservatives alike have criticized them by either serving the interests of or interfering with market efficiency (Logan & Molotch, 2007). Moreover, institutions matter because they are resilient – i.e., they have those previously mentioned path-dependencies (Pierson, 2004) – and having reforms signify having to adapt the bureaucratic machinery.

On the one hand, neoliberal ideology might have a stronger impact on some institutions given the compatibility with its ideology of pro-market approaches (Brenner & Theodore, 2002; Peck & Theodore, 2007). For instance, public departments on social rights are clear examples of the reforming aspect of state intervention that serves to ameliorate the most negative effects of capitalist development while legitimizing its project. Their persistency, even with neoliberal reforms, supports the point that not all public policies can be understood in a pro-capital agenda. Therefore, if completely implemented – or with the “triumph of neoliberalism” – neoliberal reforms would delegate solely to the market the resolution of social problems. On the other hand, the state itself has to be considered an agent with a constructive role in policy-making by defining its own agenda and goals (Skocpol, 2002 [1985]). In this sense, public

institutions have their own reasoning and functioning, related to their self-interests, such as the socially oriented character of the above-mentioned departments, the reproduction of their own structures by catering to constituents in different social groups, and even politicians and public officials with the interest of imprinting their administrative mark or a legacy. Therefore, the state has to be considered also an agent with (relative) autonomy and with proper motivations that refrain an analysis solely focusing on its economic role or its interpretation as a rational, maximizing agent. If there are indeed asymmetrical power relations on policy-making, diverging goals of public institutions and officials as well as other social groups – including different fractions of socio-economic elites (Logan & Molotch, 2007) – have an input in public policy and this might not respond solely to supporting or increasing the possibilities of gentrification.

For instance, even with the dominance of neoliberal or entrepreneurial policies, the different levels of the state have to be adapted to this new model of governance. This might entail disputes and contradictory goals between public institutions that can be ultimately solved by the creation of new ones. This is exactly the finding of Adrian Smith (1989) on his analysis of gentrification in the London Docklands. In this case, disputes between the reforms happening at the national level and local approaches to planning are resolved with the creation of a new agency responsible for the redevelopment plan, which mediates the two scales and their different motivations. Additionally, against the overpowering pro-growth narrative, there were transformations in the institutional approach to the London Docklands redevelopment plan given that the more negative effects of the first interventions had to be dealt within the state to give legitimacy to the plan. In the case of the London Docklands, while the early efforts focused on promoting and securing capital investment *“the contradictions of this emerging built environment’s new socio-economic relationships have meant a ‘softening’ of the LDDC’s [the redevelopment agency] approach”*.

The findings of Crossa’s (2006) analysis of a program for the revitalization of the historical center of Mexico City can be interpreted with similar lenses. By exploring the struggles between diverging agents, including those that are usually marginalized, the author demonstrates that the program was ultimately transformed. Even if the original frame of the program focused on an entrepreneurial approach that would

displace low-income users, informal street vendors were moving back after two months of leaving the Mexico City's historic center. Therefore, dealing with the negative social impacts of these two cases – London and Mexico – became one of the focuses of state intervention in order to legitimize the redevelopment plans while there was still space (or some constrained agency) for political debate between conflictive projects of urban development. It is no surprise, thus, that those scholars focusing on the geographically-rooted nature of neoliberalism find a similar narrative of roll-back and roll-out neoliberalism in which a destructive phase of inherited conditions is followed by the evolution of the system in response to its more extreme contradictions (Peck & Tickell, 2002). Therefore, neoliberalism has to be considered as an open-ended program that is evolving and adapting, and this would be one of its main strengths against the critics (Brenner & Theodore, 2002).

The major aspect of bringing the state into this analytical framework, thus, is to understand that its role on gentrification is neither monolithic nor invariable. Actually, from the explanations above, it is possible to identify at least four roles that public institutions can assume, that might be overlapping even if not always in favor of gentrification. They are: the enabler, the entrepreneur, the promoter, and the limiter. While regulating the process and proving its institutional frame, the state can become an *enabler* of gentrification. For instance, it can support the creation of gentrifiable space by providing financial resources to renovations that stimulate gentrification in areas with historic architecture or it may promote new-built gentrification by changing zoning legislation. Additionally, the state can also become an active part of gentrification either by its association with private developers or by leading the process itself. On the former, the state becomes an urban *entrepreneur* by sharing the responsibilities and assumed benefits of redevelopment with private agents. This role fits current neoliberal reforms especially in terms of public-private partnerships and coalitions between rentiers, politicians, local media, and utilities companies, among others, using of both formal and informal arrangements to advance an agenda of urban growth and enhancement of exchange values, i.e., growth machines (Logan & Molotch, 2007). However, the state can also become the *promoter* of gentrification by taking the leadership in the process and assuming risks

upfront. For instance, projects in which the municipal government is responsible for acquiring, assembling and reselling land with lower values to private developers. This means that public funds are being used at the forefront and without guarantee of future investment by private developers. This situation can lead, for instance, to the inefficiency of these approaches in causing upward change, such as in urban renewal projects and current TIF districts in U.S. cities that have not been successful (Hall, 2002; Weber, 2002; Weber et al. 2006). However, by legitimizing the process, ameliorating its most negative impacts, negotiating multiple agents that have diverging interests, including those against displacement, the state can become, even if reluctantly, a *limiter* of the process.

To be clear: the state indeed has a fundamental role in gentrification processes, especially after neoliberal reforms that direct public resources to facilitate market accumulation. However, even if there are asymmetrical power relations, gentrification also creates its counter-spaces (Lefebvre, 1991). Given that gentrification is a dispute between the use value of a place for its current residents and its exchange value as a strategy for economic development, the process ultimately defines the future of a place. Analyzing who is included in this dynamics – who decides, who benefits, who is removed, and who resists – is fundamental, thus, to understand the socio-spatial exclusion that upward urban redevelopment may entail. Instead of looking for these counter-spaces only outside public agents, finally, research has been demonstrating that there are cracks in growth machines that are ultimately ameliorated or mediated by the state (Logan & Molotch, 2007). This can be the result of the path-dependency of those previous institutional arrangements, such as the continuity of rent controls or the need to deal with housing for low-income population. But also, the pressure put by other agents with diverging interests on gentrification might have an impact on public programs and policies, including conflicts between different public institutions and officials within these institutions, such as the above-mentioned multilevel program in London, and the support that residents might find among forces pushing for gentrification (Levy et al., 2010). Within these unstable coalitions, policy makers and public institutions more concerned about displacement and community issues can limit gentrification, even if not able to prevent it from happening.

2.5. FINAL CONSIDERATIONS

This chapter deals with one of the motivations for this research: establishing an analytical framework for gentrification that is applicable to both classical and global cases, including the case studies in São Paulo under examination in this research. Based on literature review on theory and cases, thus, I define gentrification as the process of upward redevelopment with displacement. For gentrification to happen, there are three necessary dimensions. First, there must be the *production of gentrifiable space*, i.e., locations in which there is the possibility of accumulating capital by the redevelopment of land values that were committed to less profitable uses. Second, the dynamics of gentrification entails *socio-economic upgrading with displacement*. This means that longtime residents are displaced to open space for households with a higher socio-economic profile. Finally, because of the differences between previous and new residents, reflected in patterns of consumption and life styles, there are physical space consequences of gentrification with *built-environment upgrades* that includes improvements in the existing housing stock, new constructions, and investments in infrastructure and public space. These three dimensions are present in each and every case of gentrification, identifying the process at a general level. Additionally, the necessary dimensions establish significant relationships between local empirical evidence and structural changes happening on wider scales, in which neoliberal globalization and postmodern styles expanded gentrification beyond its traditional geographies in England and North America.

Moreover, these dimensions speak about gentrification as a process and not as a final result. Without a single narrative on the process, this analytical framework opens space for understanding the embeddedness of gentrification, including local structures as mediators that contextualized structural patterns. Among these mediating structures, the state is identified in this research as key to any gentrification research, including classical and global cases. The influence of public policies can be seen in all three dimensions of the proposed analytical framework. For instance, by directing investment, it can *produce gentrifiable spaces*. Policies to attract the “right type” of capital and people while diminishing social policies may promote *upward socio-economic change with displacement*. Finally, zoning changes or more

financial sources for reforms and renovations result in *built-environment upgrades*. However, instead of interpreting the state solely in its economic function or giving a priority to a homogeneous and invariable pro-market approach, the state negotiates multiple and conflictive goals, including its own. Therefore, neoliberal reforms are contextualized in specific ways given the path-dependencies on previous institutional arrangements and the negotiations between the different roles of public policy in which legitimizing and mediating social conflicts continue to be important even within a pro-growth scenario. The challenge to understand the state as a mediator of gentrification is, thus, not to make an essentialized or determinist diagnosis based on the expansion of neoliberalism. Rather, this should be the departing point of a research agenda to identify the multiple motivations and negotiations that involve the state in different gentrification cases. It is from this analysis, thus, that the empirical part of this dissertation will start.

CHAPTER 3. SELECTING THE CASES TO SEARCH FOR THE LOCAL MEANINGS OF GENTRIFICATION: UPWARD REDEVELOPMENT PROCESSES IN SÃO PAULO SINCE 1980

3.1. INTRODUCTION

While conducting an interview with a former head of São Paulo's planning department, an architect - urbanist who had worked in the Urban Operation Consortium Água Espraiada project, he stated that the displacement of low-income residents is "*a political problem. But if you analyze the political problem, Paris wouldn't exist... if the Baron hadn't taken the actions that he did*". In accordance with such perspective, if São Paulo wants to be Paris - or an important node on the world system and a city "adapted" to its time - the local socio-spatial structure must be transformed and the process will entail winners and losers. This is also the interpretation given to the process by several of my informants - including residents, public officials, developers and agencies monitoring the local real estate market - that have been associating the transformations happening on the case studies of this dissertation with the word "progress." This association has a positive connotation as a necessary and almost inevitable evolution of these areas and the city itself. It is also important to stress that this conceptualization about "progress" is included within a context of economic stabilization and growth of both the city of São Paulo and the country in general. However, there are disagreements. For instance, one of the informal residents stated that "*we are not against progress, but we have been against the way [emphasis in the voice] in which progress is coming, as a steam roller crushing the families.*" Similarly, middle-income residents affirmed that they are not "against progress". Rather, the problem is that it is only favoring companies and not the population. My informants, additionally, assume that the major cause for this "wrong way" "progress" is happening is the state or, more precisely, public institutions that either have benefited solely the private sector or were absent and inefficient in guaranteeing local quality of life and housing for current residents.

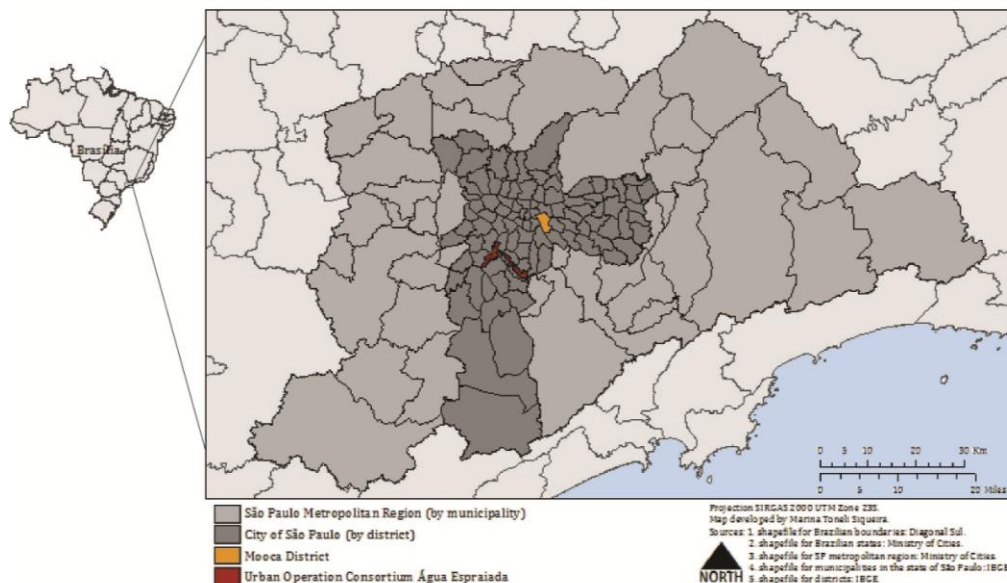
As will become clear throughout this dissertation, I do not believe that these areas are indeed experiencing "progress" given not only the reasons above-mentioned by my informants, but the overall reproduction of exclusionary practices that promote uneven development. However, if there is one thing

that I certainly agree with them is that displacing vulnerable communities is indeed a *political problem*. This interpretation about displacement, thus, leads me to two important conclusions. First, given its definition as a process of upward redevelopment with displacement, gentrification is eminently a political process that speaks about social structure, the costs of displacement, and public and private interests. Therefore, gentrification is also a policy relevant theme given the prioritization of certain goals and social groups, the need to legitimize its model of spatial production and ameliorate its most negative effects. Second, there is a sense of inevitability about current processes of socio-spatial change in São Paulo and about the two case studies of this research that transforms them into a self-fulfilling prophecy similarly to the neoliberal, pro-market rhetoric that presents itself as the only solution for urban restructuring. However, instead of simply assuming the converging points on urban restructuring experienced by São Paulo and cities in core countries, this chapter focuses on finding the local meanings of gentrification by selecting cases that push for the recognition of its contextualization. It is clear, thus, that the case selection had a fundamental impact on this research and the contributions that may result from it.

This chapter explains the process of identifying them, moving from the national to the micro-level of each case in São Paulo. Instead of merely laying out the methodological reasons for this selection, though, the following sections provide the background for these scales, moving beyond the cases to integrate the substantive part of this analysis. The first section, thus, explores the Brazilian context since the 1980s, laying down the tensions between economic growth and social development that inform fundamental transformations in the country during this period. Therefore, urban restructuring in Brazil presents contrasts with a simple narrative of neoliberal reforms given, for instance, the enactment of a federal urban legislation that introduces both economically competitive and socially progressive instruments. The embodiment of these tensions in São Paulo is the focus of the second section that is divided into three subsections. The first analyzes the challenges of importing a classical narrative of gentrification to explain local urbanization patterns while insisting on the need to recognize local patterns of spatial production. The second subsection contextualizes the converging trends of urban restructuring by exploring the

transformation of the economic base and the formation of a global image of São Paulo. Finally, the third subsection refers to the challenges faced in the local urban planning process, including the formulation of new policy instruments that negotiate the structures inherited from the past and the new demands from urban development. The final section of this chapter introduces the basic elements of the gentrifying processes experienced by the two cases, focusing on their formal aspects and the forces that defined the case selection. Therefore, this chapter initiates the empirical part and contributes to the better understanding of the analysis done in the rest of this dissertation.

3.1. Location map – São Paulo and cases.



3.2. THE TENSIONS BETWEEN ECONOMIC AND SOCIAL GROWTH IN BRAZIL

There are two main reasons for choosing Brazil as the first level for the case selection. First, Brazil is outside the list of traditional or classical cases of gentrification. It was not where the theory originated and neither is gentrification in Brazil considered a “pure” representation of the process. Therefore, it allows for exploration of the diversity of gentrification. Second, Brazil illustrates the longstanding tension between the goals of economic growth and social development, which are key elements of the gentrification process and among the major dilemmas cities face today. As such, from 1980 to 2013, the country has issued what may be considered contradictory policies that cannot be understood solely within a neoliberal approach

and inform about the multiple and conflictive goals that the state can assume on gentrification cases.

On the first reason, there is a methodological and ontological problem in testing a theory in the case from which it was developed. Ultimately, this would mean proving the proposed framework, in a self-confirming “science” that does not test the limits of its explanations, i.e. reiterative research (Dieasing, 1991). Hence, the importance of choosing a case that does not fit the expectations of classical gentrification theory in order to contribute to both the theory and the cases at hand. It is important to remember that gentrification theory originated from the analysis of cities in England and North America. It became popular worldwide, though, after the linkage between gentrification and competitive policies was made. However, even if analysts of gentrification in the cities in which it was first studied have demonstrated that the process has changed, as mentioned on Chapter 2, there is an outlying tension on research on these new contexts to demonstrate the suitable use of the concept. Therefore, these new gentrification cases were deemed to be compared and contrasted with the ideal models from classical gentrification theory. The purpose of this research, though, is not “to elevate” the status of gentrification in Brazil to the same level as classical cases. Rather, I advance a framework that recognizes the diversity of gentrification providing a comparative model for future research and using new scenarios to inform back theory by accounting for local meanings of gentrification that might have been dismissed before. Accordingly, this research analyzes how gentrification happens in Brazil by understanding its contextual *embeddedness*.

Brazil is also an example of the continuous tensions between goals of economic growth and the promotion of social development, and this conflict informs not only other “developing” countries, such as India, South Africa and even China, but all contemporary societies, including those cities where gentrification theory first originated. It is on this challenge faced by Brazil since the 1980s that the empirical efforts of this research focus and this is the second reason for choosing the country as the first level of case selection.

Analyzing Brazil from 1980 to 2013 means recognizing the many changes the country has been going through in these years. To start, it is important to remember that Brazil is a new democracy. From 1964 to

1985, the country went through a military dictatorship that restricted political and individual rights. With the re-democratization of the country, a window of opportunity emerged to reenact some of those rights as well as for the recognition of additional agendas, including contradictory forces of neoliberal globalization and national promotion. The country was coming out of a developmentalist military regime that generated a massive external debt (Sallum Jr., 1999 and 2006; Visentini, 2006). In fact, the so-called “economic miracle” taking place between 1967 and 1974, when the country’s economy grew at a 10% rate per year, was based especially on large infrastructure projects and the industrialization of major metropolitan areas funded by international loans. The 1980s, conversely, is considered the “lost decade” of the country given that the end of the import-substitution model coupled with a world crisis generated a scenario of stagflation (Tavares, 2007).²⁵ In this sense, decreases in foreign investment, the oil shock of 1973, and the transformations in the U.S. monetary economy increased the level of dependency of the Brazilian economy on the international system. While industrial activity diminished and inflation increased, the economy became the major issue in the national agenda in the 1980s.

In the political scenario, from the indirect election of the first civilian president (1985) to the first democratically-elected one (1989), this was a period of heightened debate marked also by the formation of a national constitutional assembly. The resulting constitution, enacted in 1988, is considered by many a pristine document targeting the promotion of an extensive list of rights (Carvalho, Araujo & Simões, 2009), including two chapters on urban rights. However, with an unstable economy and increasing levels of social inequality, the challenges of the country were not barely represented in the document, neither were the means to achieve those distant goals. It is also important to mention that the first democratically-elected president (Fernando Collor de Mello) was the subject of an impeachment process by the Brazilian Congress under charges of corruption, with his vice-president (Itamar Franco) taking over in 1992. In this sense, both the national economy and the political environment were in a fragile state.

²⁵ While similar processes were felt in other countries, Brazil had the highest inflation rate in the world, reaching in 1989 an annual rate of 1,973% and setting the national record of 2,477% in 1993. It is, thus, no surprise that during the decade the country stopped paying its public debt twice (1983 and 1987).

It was within this turmoil that the end of that decade and the next one focused on economic plans to try to stabilize the economy. From 1980 to 1993, there were nine economic plans and four different currencies that intended to deal with the issue. It was only in 1993-1994, with the enactment of Plano Real, that the crisis started to be reversed. While the opening of the country's economy had been already the focus of previous initiatives, Plano Real can be considered the major economic plan to both stabilize the national economy and open space for sustained neoliberal reforms. In this sense, while it seems that the political and economic turmoil of the 1970s justified neoliberal reforms in different countries (Harvey, 2007b), the late Brazilian answer to these problems had different connotations.

On the one hand, there are several similarities with the experiences of other economies once the high level of external debt made the country adopt neoliberal reforms imposed by multilateral agencies, such as the International Monetary Fund, in the form of conditional loans. Following the predicaments of the so-called Washington Consensus mentioned on Chapter 2, the stricter monetary policy focused on the control of inflation, public expenditure, and currency. Monetary and state reforms increased even further the level of dependence of the national economy to the international system, both in direct investment and financial terms (Sallum Jr., 1999 and 2006). In this sense, the strategy to stabilize the economy privileged financial regulation instead of investments in national production, resulting in the deindustrialization of strategic sectors of the Brazilian economy while capital gains were drained by the financial system. Finally, neoliberal reforms also promoted labor reforms, flexibilizing regulations and (partially) curbing the power of unions, in consonance with the United States and England (Harvey, 2007b). As result, the country experienced low economic growth, high unemployment and rising poverty levels.

On the other hand, reforms were related to internal factors that make neoliberalism a contextualized experience (Brenner & Theodore, 2002; Peck & Theodore, 2007). First, these internal factors are related to the exhaustion of the economic model of import-substitution established with great social and economic costs, as previously mentioned. In Brazil, this exhaustion and the related economic crisis of the 1980s were associated with the failure of its national supporting structures, i.e. the developmentalist state (Sallum Jr.,

1999 and 2006). Second, the neoliberal reforms in Brazil are also related to the assumedly never completed modernization process, especially to abolish the traditional structures of the Brazilian society, considered archaic in relation to core countries (Sallum Jr., 1999 and 2006; Visentini, 2006). In this perspective, the country remained deeply immersed in political structures of the colonial times, especially in terms of the fundamental role assumed by the national state and the limited separation between public and private spheres that results in personalistic forms of power, such as patrimonialism and clientelism policies (Fernandes, 2006; Nunes, 2003; Tavolaro, 2005).²⁶ It is, thus, no surprise that the neoliberal reforms in Brazil get an impulse from the long-standing desire to separate public and private spheres or political and economic functions, adopting foreign economic models as the best solution for local development.²⁷

In the Brazilian “actually existing neoliberalism” (Brenner & Theodore, 2002), finally, the state led the reforms and negotiated internally the priorities that would redefine its role and it is no surprise that making these reform implied further centralization of power in the executive branch (Visentini, 2006). In terms of the large number of privatizations, the role of the state was redirected in strategic areas from direct interventions to management and control, enacted through regulatory agencies. Therefore, these transformations of the Brazilian state fit analysis of neoliberal reform, on the one hand, focusing on capacities of *governance* and *managerialism* instead of direct intervention while, on the other hand, redirecting state functions to the stimulus of the market. However, while the state diminished its role, it continued to be the major agent of development in Brazil. In this sense, major banks continue to be public as well as the major sources of loans. Finally, fiscal reforms increased the transfer of federal funds to states

²⁶ The term patrimonialism, although inspired by the work of Max Weber, acquires a different meaning in the Brazilian definition (Campante, 2003). Patrimonialism, in this context, means that the state plans, manages and intervenes in the economy to pursue the particular interests of the groups in power. This arrangement would entail that capitalism in Brazil emerges from the state and the market economy only develops with the stimulus and control of the state (Nunes, 2003). In turn, clientelism is the relationship between political actors and other agents in the form of favors and benefits, such as the exchange of jobs or loans for votes. It is still important, though, to make the distinction between them: while patrimonialism refers to the system of deep and close connections between the economic and political spheres, clientelism refers to a specific relationship of exchange. Nevertheless, clientelism entails, once again, a lack of separation between public and private spheres, the use of the state for personal interests and an unequal relation of power and domination (Nunes, 2003).

²⁷ This aspect contrasts with the rhetoric in core countries that (assumedly) had established strong limits between those spheres previously, but intended to restore them after decades of Keynesian or Welfare State (Harvey, 2007b; Visentini, 2006). For this reason, while in England and the United States the first purpose was to “roll back” the state to classic functions (Peck and Tickell, 2002), in Brazil there was not a situation to “roll back” to, with the argument revolving around the construction of those functions for the first time, against the developmentalist state and the strategy of important-substitution.

and local governments, but also increased federal resources by increasing tax bases. Therefore, public investment continues to lubricate economic activity while important sectors of the Brazilian economy targeted for privatization, such as oil production, faced strong popular mobilization and were never privatized. Finally, important social policies that have a universal reach, such as the national health and education system, were not dismantled while policies to curb poverty were implemented (Tavares, 2007).

Within this context, it is important to remark that in 2002 the first left-wing president of the country was elected (Luis Inácio Lula da Silva – 2003-2010). Even if having to tone down his political agenda to become more palatable to voters and investors, his election had major impacts on the country. The new president was very positive for the private sector, promoting a relatively stable rate of economic growth averaging 4% per year and reaching its peak in 7.5% in 2010. This was based on both economic and social factors. On the first, further neoliberal adjustments were done, such as the reform of the public pension system, stimulus to strategic areas for foreign direct investments, and exportation of commodities, such as minerals and grains.²⁸ On the second, during this period, the federal government invested in social policies that have been identified as a main cause of the formation of a large Brazilian middle-class, reaching the lowest level of social inequality in the country's history and establishing a strong local consumers' market. Among them, it is noticeable the increase of the Brazilian minimum wage,²⁹ increases in formal educational levels, and policies of direct cash transfer to low-income families, besides other social benefits (Neri, 2011). Therefore, while some would consider Lula's government a continuity of the previous neoliberal reforms, it is necessary to take into consideration the social development experienced during his government.³⁰

²⁸ External forces were also important. While exports were high during a period of economic growth, the crisis beginning in 2007 reinforced Brazil as an option for direct foreign investments given the stable national economy.

²⁹ From 2002 to 2014, the Brazilian minimum wage increased from R\$200.00 (US\$83.59) to R\$724.00 (302.60), with a real increase (above inflation levels) of 72.31% (DIEESE, 2013b). For the entire dissertation, the conversion from Real (the Brazilian currency) to U.S. Dollars used the currency for February 19, 2014 when 1 Real was 0.42 U.S. Dollars.

³⁰ While some of these policies were already in place during the previous government, they were reformed and/or strengthened with further resources, resulting in a large decrease of the GINI coefficient from 55.3 in 2001 to 51.9 in 2012 (already during the government of Lula's successor). It is important to notice that this index for 2012 still puts Brazil as the 19th country in the world in income inequality and the most unequal country among the 6th largest economies. However, with this result Brazil reached the lowest level of inequality since the GINI index first started to be measured. Therefore, while the actual gain in income may not seem very drastic during the period, it is the distribution of growth that has changed in the country, with the income of the 50% of the Brazilian population with lower income growing 67.93% while for the 10% richer Brazilians it only grew by 10.03% (Neri, 2011).

All these reforms during the period under study had an impact in urban planning as well. The criticism to modernist planning in Brazil started from the diagnosis of the urban crisis that, by no coincidence, was parallel to the economic and political crisis experienced by the country during these past decades. It is important to mention that modernism in Brazil, which was identified with the socialist and revolutionary impulses of the start of the movement in Europe, is considered the first original Brazilian style in architecture and urbanism and it is a source of national pride until today (Segawa, 1998; Xavier, 2003).³¹ However, it was rapidly absorbed by the developmentalist state, becoming associated with the centralized and authoritarian regime that did not deliver on its promises of economic and social development (Maricato, 2000; Villaça, 2004). In practice, Brazilian modernist planning negotiated influences from radical European planners with U. S. policies of land use control to promote high density and strong city centers while zoning policies would secure property prices. In this sense, zoning was a strategy to guarantee that core areas of cities continued to be exclusive once they established regulations that would restrict their use by impoverished groups (Rolnik, 1997; Villaça, 2001). Therefore, when planning was becoming more present in Brazil, cities experienced the largest increases in urban informality. It is no surprise, thus, that modernist planning was also associated to the colonial heritage of patrimonialism given that the state would prioritize private interests while clientelist policies would guarantee the survival of the impoverished population in informal housing and jobs through the exchange of “favors” for votes.³²

Given the scenario of scarce public resources of an economy facing stagflation, partial deindustrialization and neoliberal adjustments, planning also faced reforms (Fernandes, 2001). It is important to remember, though, that while in most countries neoliberal reforms would diminish federal outlays for local governments (especially in Harvey, 2007 and 1997), this was not the case in Brazil where federal funds for cities actually increased since fiscal reforms. If in a peripheral economy public funds are

³¹ With a great deal of spatial determinism, it was expected that the new architecture and planning would nurture a new Brazilian society. It is within this construction of the nation’s imaginary that one may understand the project for the country’s capital – Brasília –, one of the few completely planned modernist cities in the world, even if its goals were not accomplished (Holston, 1993).

³² Informality is not only related to housing options given the persistence and increase of informal economic sectors and jobs in São Paulo and in the country in general. However, given the analysis of gentrification cases, this research focus on housing informality.

substantively smaller than in a core country, it was the structural condition of scarce public resources and the economic crisis of the period that served as justification for pro-growth policies.

Within this context, it is interesting that the major source of inspiration for competitive policies in Brazil is not North America or England, birthplaces of neoliberalism. Rather, continental Europe continued to stir local imaginations. This influence is highly represented in the model adopted: strategic planning. Formally adopted in cities like Curitiba (Sánchez, 2003), Rio de Janeiro (Vainer, 2000) and Recife (Godim, 2007), strategic planning was inspired by Barcelona's experience with the goal of restructuring Brazilian cities both economically and spatially. However, it is known that the Catalan model first counted with the consultancy work from U.S. planners (Arantes, 2012). Therefore, the root for this type of competitive policy draws its inspiration from U.S. competitive cities, especially in *"the turn upside down and inside out"* of city planning in the 1970s and 1980s. Following the political and economic reforms of the period:

"Conventional planning, the use of plans and regulations to guide use of land, seemed more and more discredited. Instead, planning turned from regulating urban growth, to encouraging it by any and every possible means. Cities, the new message rang loud and clear, were machines for wealth creation; the first and chief aim of planning must be to oil the machinery. The planner increasingly identified with his traditional adversary, the developer; the game keeper turned poacher (Hall, 2002: 379).

With the consultancy of James Rouse, who invented the competitive formula for waterfront revitalization in Baltimore (Hall, 2002; Harvey, 1989a and 2001), Barcelona also included the tradition of physical planning and architects leading the process – which is similar to Brazil – with a criticism of conventional modernism. Instead of comprehensive plans in a tabula rasa, the new planning model was based on fragmented or strategic interventions in the urban space. The mottos were regeneration and synergy, expecting that a "positive metastasis"³³ would follow the "surgical" intervention in the territory, promoting larger physical and social transformations (Compans, 2005; Sánchez, 2003). With a clear similarity to the trickle-down effect developed by economists, this model could be easily connected with neoliberal policies, once it assumes that by investing in competitive locations, the positive effects would be

³³ Benign metastasis was a term coined by the architect Oriol Bohigas (Arantes, 2012). As the director of the planning department of Barcelona from 1980 to 1984, he first proposed the interventions in modest scale and focusing on public spaces after the Franco dictatorship (1939-1975).

shared by the entire city. If areas traditionally occupied by the local elites were the target, the process also included locations identified as “blighted” or in need of “revitalization,” without following social policies that could keep the original population in place. In this context, low-income residents, immigrants, and other social groups that did not fit the new image of the city were displaced. Therefore, this interpretation about strategic planning in Barcelona and its influence in contemporary planning in Brazil³⁴ also has an impact on the use of the gentrification concept in the country as demonstrated by Arantes’ passage that

“what I am trying to suggest is that strategic planning may not be nothing else but an euphemism for gentrification [used in English by the author], without stating that they are the same thing - perhaps its apotheosis: a strategically planned city A to Z would be nothing more finally, than a fully gentrified city”(2012: 19-20, translation by the author).

Gentrification or not, this is certainly an unequal treatment of the city with the provision of investments for priority areas designated for capital accumulation. However, this agenda is not quite distinct from the actual outcomes of modernist planning in Brazil. Even if Brazilian modernism produced comprehensive plans that would universalize the technical/rational approach to the entire city, patrimonialist and clientelist policies continued to result in uneven spatial development, with the concentration of investments, exclusivist policies, and lack of low-income housing options resulting in the pattern of formal and informal areas mentioned above. One may even conclude that the only difference is that now the priorities are finally stated openly. However, contemporary urban planning in Brazil is more complex than just the introduction of internationally inspired competitive policies or the reproduction of the same type of uneven production of space. The single element that can break with both patterns is the enactment of a federal urban legislation, the City’s Statute (*Estatuto da Cidade*).

After decades of work from the social organization National Movement for Urban Reform (*Movimento Nacional pela Reforma Urbana*), the City’s Statute was enacted in 2001 (Osório, 2002; Silva, 1991; Villaça,

³⁴ Through the constant publicizing of this experience, the notion that the “Barcelona model” could be adopted in any other city, regardless of its characteristics, became popular in Brazil. Catalan professionals founded consulting services for the elaboration of plans; universities and research institutes promoted courses and study programs; public organizations and civil society became defenders of the adoption of this model. Finally, international agencies, such as the IMF and IADB, not only finance these type of projects in Brazil, but also promote this model of planning rewarding the “good practices” of urban governance (Compans, 2005).

2004).³⁵ It establishes that every Brazilian city with more than 20,000 inhabitants must have a master plan and while planning is still advanced by the state, it must include participatory instruments, which is a contrast with previous top-down approaches. Additionally, the City's Statute formalized planning tools to implement the "social function of property" established by the federal constitution (Osório, 2002; Rolnik, 1997; Silva, 1991). In this sense, it recognizes the existence of inequality in the access to urban land and that this inequality is related to either the concentration of property or the improper use of land. Therefore, it introduces instruments to expropriate unutilized and valuable land, and establishes an increasing property tax in relation to the parcel's use and size, to promote the goals of urban reform.³⁶ Additionally, the introduction of the Special Zone of Social Interest (*Zona Especial de Interesse Social*, ZEIS) represents the recognition that traditional zoning policies had exclusionary effects. This type of zoning, thus, allows for both the regularization of informal areas – providing land ownership and imposing to the public sector the provision of infrastructure – and the establishment of zones exclusively for low-income households located in highly valued land markets and in areas that already have urban infrastructure. On this last one, ZEIS has become a possibility of keeping the current population in central locations that have been suffering real estate valorization and gentrification pressures. If the results are still contradictory (Hirata & Samora, 2013), the instrument is indeed a turning point in the Brazilian urban planning context.

At the same time, the City's Statute also introduced forms of strategic planning and public-private partnerships, such as the urban operation consortiums, one of the case studies of this research. As I will detail later, urban operations originated in São Paulo in the 1980s as redevelopment projects in which the attraction of new investments is done by selling construction benefits while these resources are reinvested

³⁵ Initiated in the early 1960s, although interrupting its activities until 1982 due to the military coup, the National Movement of Urban Reform presented to the national constitutional assembly a proposition of urban reform constructed by neighborhood associations, social movements, unions, and professional associations, among others (Osório, 2002). From the original proposition, some elements were included in the National Constitution, such as the right to housing and two chapters on urban policy. The most progressive instruments proposed by the movement, though, were not included in the 1988 document (Villaza, 2004). Congressmen suggested the elaboration of an especial urban planning legislation to include these elements. However, this decision opened an intensive process of negotiation that lasted almost 14 years.

³⁶ As an example, if one owns a vacant land parcel, the legislation entails that it will pay more taxes, increasing proportionally every year until it reaches a limit value in five years. If the misuse continues, the owner will be disposed of the property by the government because the land is not fulfilling its social function. The disposed land will be part of a "land bank" to be managed by the state to provide social housing and achieve the goals of urban reform, including social housing.

in public works within the perimeter of the project. They are defined by the federal legislation as:

‘the aggregation of interventions and strategies coordinated by the Municipal Public Sector, with the participation of owners, residents, permanent users and private investors, with the objective of promoting a specific area’s structural change, social improvement, and environmental valorization’ (City’s Statute, 2001, translation by the author).³⁷

What may seem a contradiction – i.e., the inclusion of a competitive policy on a legislation based on the urban reform movement – is possible to understand if we take into consideration how the legislative process worked in the enactment of the City’s Statute. In this sense, while the coalition for the urban reform pressured the executive branch to formulate a national urban legislation, other agents worked in the Congress’s committees to amend the initial proposal. In the case of urban operations, they were included in the legislation during debates at the Committee on Economy, Industry, and Commerce. This venue was pivotal because during the first discussions of the original project, and especially during the National Constitutional Assembly, several sectors of the Brazilian economy and particularly real estate developers and construction companies were extremely critical of the legislation. During the seven years in the economic committee, the records of discussions denounce the “pejorative language” of the legislation, by the use of terms such as “speculation” and “exclusion”, and that the social function of property may “interfere with free enterprise and individual property rights”, deeming it a communist strategy.³⁸

However, the justifications for urban operations also converge with the social problems faced in Brazilian cities in both the difficulties to provide infrastructure due to scarce resources and the presence of informal settlements with poor housing conditions. The first representative to propose the inclusion of the instrument (José Fortunati) was a member of a leftist party affiliated with progressive urban movements. It is, thus, possible to speculate that Fortunati was mirroring the first experiences of Luiza Erundina’s administration in São Paulo, which intended to use the instrument to reverse urban speculation into socialized infrastructure, especially public housing. However, in the final report of the committee, developed by another representative (Pauderney Avelino), who was affiliated with a conservative party,

³⁷ Federal law n. 10.257 available at www.planalto.gov.br/ccivil_03/Leis/LEIS_2001/L10257.htm. Retrieved in April 17th, 2010.

³⁸ Transcripts of these meetings are available at www.camara.gov.br/internet/sileg/Prop_Detalhe.asp?id=21252. Retrieved in March 24, 2011.

the language was transformed and several additions were made to it recognizing the further experiences in São Paulo with the instrument to promote new business districts and stimulus to the real estate market. Therefore, urban operations are connected to paradoxical goals of land valorization and urban competition with socialized infrastructure and housing, in a single frame of state intervention. That was, and still is, the main controversy concerning this instrument, at once negotiating the otherwise contradictory interests of social movements and urban developers.

Ultimately, the inclusion of urban operations in the federal legislation demonstrates that the management of urban space is multidimensional and that the state is not monolithic, but rather internally differentiated and often conflictive. In this sense, if the movement for urban reform backed up the first project of law, it was during the Congressional debates that other agents would push for different topics and reframed the policy with new initiatives. Receiving inputs from different agendas, the City's Statute constitutes a mixed type of policy that illustrates the tensions between economic growth and social development that have been characterizing Brazilian cities. Still, the case of São Paulo is a further element in exploring how these tensions are materialized in urban space.

3.3. LOCAL AND GLOBAL STRUGGLES: REESTRUCTURING SÃO PAULO

There are three main reasons for choosing São Paulo at the second level of case selection. The first one is related to challenges of using gentrification theory to understand local cases, thus, speaking about the necessity of contextualizing the process that motivates this research. In this sense, although local authors have been identifying gentrification in São Paulo, the simple importation of the classical gentrification theory stumbles upon the local patterns of urbanization. The second reason for selecting São Paulo is that its insertion on the roll of global cities represents the possibility of establishing meaningful parallels with other gentrification contexts, from the pressures of deindustrialization to competitive policies. Conversely, analyzing cases in São Paulo brings a problem with generalization once that it concentrates intense and variegated pressures, mediating global, national and local demands. Therefore, if it is difficult to generalize

findings on gentrification processes in New York City to the rest of the United States, similarly, São Paulo also does not represent the reality of most Brazilian cities. The third and final reason for choosing São Paulo refers to the hypothesis that the state – in specific urban planning – is a major mediating structure of gentrification processes. As the dominant economic center of Brazil, negotiations between public and private interests lead to a gridlock situation of almost 30 years without a formal revision of the local master plan. With the general economic and political crisis of this period, it is in the city that the Brazilian redevelopment policy (urban operation) emerged, combining a flexible approach to the territory with mixed agents. The next sections explore each of these aspects.

3.3.1. Contextual dimensions: informality, center vs. periphery, and verticalization

To say that urban problems are multiple and complex is redundant. However, when talking about São Paulo, to the old and never solved problems are added the specificities of contemporary agendas. It is, thus, no surprise that authors have been characterizing the Latin American society (Canclini, 2000) and the Brazilian city (Santos, 1979) in accordance to their multiple layers of historicity. This “multi-temporal heterogeneity” also negotiates, translates, and reformulates foreign signs, generating a particular configuration that serves local interests of domination. It is within this perspective that it is possible to understand how upward redevelopment processes in São Paulo have many similarities with gentrification cases in advanced economies while keeping traditional socio-economic structures that characterize this metropolis in the “*periphery of the capitalist system*” (Maricato, 1996). Following the theoretical argument about the necessity of contextualizing gentrification, it is important to mention at least three aspects that make the importation of classical gentrification theory challenging.

The first aspect, which speaks directly to this multi-temporal heterogeneity, is the deep interconnection and interdependence between formal and informal in Brazilian cities (Kowarick, 2009; Santos, 1979 and 1993). This aspect is the result especially of the notion that to stimulate economic growth in a peripheral economy, not all the Brazilian population would have access to its benefits. Justified in the local say “*first*

the cake has to grow, so that it can later be divided”, economic gains would be concentrated in sectors of the economy, geographical areas, and social groups in order to guarantee the very own survival of the capitalist system in a peripheral country. This was specially felt in São Paulo, the “economic locomotive” of Brazil.³⁹

São Paulo is the most populous city in Brazil (with an estimated population of 11,821,873 residents in 2013)⁴⁰ and the fifth largest metropolitan area in the world according to the United Nations,⁴¹ with 19,683,975 inhabitants. With a territory of 1,521,101 km² (or, approximately 587,300 square miles), in 2010 the city of São Paulo had a density of 7,398 inhabitants per square kilometer (or 19,161 inhabitants per square mile). However, its importance is not solely related to its magnitude. As the major economic center of the country,⁴² São Paulo concentrated investments from national and foreign capital on its industrialization as a strategy of economic development (Cano, 1997; Negri, 1996). The concentration of investments in São Paulo stimulated a period of population growth in the twentieth century, with immigrants, first from other countries and later from other parts of Brazil, being attracted by the promises of jobs and economic opportunities. This pattern continued even with the first signs of industrial decentralization in the 1950s (Negri, 1996). Therefore, from 1960s to beginning of the 1980s the city more than doubled its population, passing from 3.7 to 8.5 million inhabitants.⁴³

This population growth was also followed by the increase in informal housing. In 1957, there were 141 of them⁴⁴ with 8,488 housing units while in 1973 these numbers jumped to 525 areas with 14,500 units (Fernandes et al., 2004). In 1973, it was estimated that 72,000 people were living in informality, which

³⁹ The idea of economic locomotive was and still is intensively used to describe São Paulo as the main location to pull economic activity in Brazil even if the original analogy referred to the state of São Paulo and not the city itself (Love, 1980).

⁴⁰ Available at <http://www.ibge.gov.br>. Retrieved in November 16, 2011.

⁴¹ Available at http://esa.un.org/unpd/wup/unup/index_panel2.html. Retrieved in November 16, 2011.

⁴² São Paulo was already the main economic center of the Brazilian economy since the last quarter of the 19th century with the intensification of coffee production and the introduction of wage earning labor, in contrast with the slavery system that continued to exist in the rest of the country. The profits of coffee production – and hence the original importance of the city’s commodities and futures market – were channeled to the development of manufacturing plants. However, its large expansion in the 20th century was based also on foreign investments that located in the city of São Paulo and its metropolitan region (Schiffer, 2002).

⁴³ Available at <http://www.ibge.gov.br>. Retrieved in November 16, 2011.

⁴⁴ It is important to notice that housing informality in Brazil is not only related to occupations and favelas (slums). It can also constitute dwellings located in collective housing arrangements (cortiços) and built-structures, such as warehouses that are not in conformity with zoning and building codes and/or were not supposed to be housing options. However, data for these other type of informality is almost absent in the country, as will be discussed for the case of cortiços in the Mooca District in Chapter 4.

would represent 1.1% of the city's population. For the period under study here, these numbers would suffer another large increase. In 1980, it was estimated that informal housing was the residence for 439,721 people, or 5.2% of the city's population. In 1987, this number almost doubled, following the economic and political crisis the country was experiencing. It was estimated that 812,764 people were living in informal areas in that year, representing 8.9% of the local population (Fernandes et al., 2004). In 2012, São Paulo's Housing Department estimated that approximately 14% of the population resided in informal settlements,⁴⁵ which means another proportional and absolute increase with approximately 1,575,490 people living in informal areas. There is, thus, no doubt that housing informality is an important feature of the local urbanization pattern.

Gentrification theory, though, has not taken these non-liberal forms of spatiality into its research scope. On the one hand, it is important to take into consideration that occupations are not the most predominant feature of informality in Brazilian cities anymore. On the contrary, even without property ownership, an informal market emerged, with its own type of developers occupying and constructing housing units to be sold/rented to those that could not afford a residence in the formal city. On the other hand, without legal protection, not even by rent contracts as in classical gentrification cases, these groups are extremely vulnerable to pressures of displacements from both public and private agents. Even more importantly, informality became the major materialization of urban poverty in São Paulo. Therefore, taking into consideration local meanings, informality is an important dimension to understand displacement of low-income groups, i.e. the class-based aspect of gentrification and one of the necessary dimensions of the gentrification analytical framework advanced by this research.

The second element that challenges the direct importation of the gentrification concept to understand São Paulo is the contrast with the patterns of urban production in classical cases in the United States and England. While in the last ones, classical theory identified a reversal of the historic suburbanization process, Brazilian cities, as well as São Paulo, have been identified by a pattern of rich cities and

⁴⁵ Available at <http://www.prefeitura.sp.gov.br/cidade/secretarias/habitacao/>. Retrieved in March 28th, 2011.

impoverished peripheries (Maricato, 1979; Villação, 2001). This model of center versus periphery results from the understanding of the urban space as a structural part of the local capitalist system, i.e. product and producer of socio-economic relations. In this sense, low wages and large rates of unemployment transferred housing and transportation costs to workers, making the distant and precarious peripheries the territory of impoverished households. Additionally, and in contrast with common sense, informality grew not only as the result of social inequality, but also as a direct product of urban planning. Since the first planning initiatives,⁴⁶ exclusionary patterns were reinforced. This is the case, for instance, of zoning laws that, by stipulating uses, sizes of parcels, and other parameters, excluded a large part of the population of São Paulo from formally planned areas (Maricato, 1979 and 2001; Rolnik, 1997).⁴⁷ Finally, even if trying to deal with the housing gap in the city, most public programs would end up constructing units in distant areas, using as justification that larger parcels and cheaper price of land would result in more units (Bonduki, 2011; Santos, 1990). Therefore, most of the low-income population was pushed to the outskirts of the city, constituting a ring of impoverished peripheries.

This polarization between city and periphery, though, does not explain the entire reality of Brazilian cities and especially São Paulo. Since the first development of this explanatory model, authors have already pointed out to the formation of differential land rents that are not related to distance to the city center, constituting highly valuable peripheral locations – in high-income enclaves such as Alphaville and Granja Vianna in São Paulo – and socially and economically segregated inner city locations (Rolnik & Bonduki, 1979; Singer, 1979; Villação, 2001). While the former is definitely important, especially as the location of large proportions of the impoverished communities, the focus of this research is on the formation of these

⁴⁶ With the growth of cities at the turn to the twentieth century and the first impulses of local manufacturing, urban conditions worsened with the concentration of workers in small buildings without suitable infrastructures. In this context, the first interventions in the urban environment were based on hygienist ideals in face of several urban epidemics (Reis Filho, 1994 and 2001). These projects were also inspired by French forms of urbanism, especially the Haussmannian reforms of Paris, and included bulldozing of buildings, opening of streets, implementation of urban services and creation of open green areas. On the other hand, the poor population was displaced from central areas and moved to the peripheries, mostly in informal settlements (Rolnik, 1997). Therefore, while the first great interventions in urban space in Brazil are related to social questions, they would only further contribute to it, once that the structural housing problems were not solved.

⁴⁷ High property taxes, lack of options for funding, and low interest from private agents are other important factors in increasing informality in São Paulo.

differential rents in inner city locations, especially by the movement of capital (Harvey, 1985).

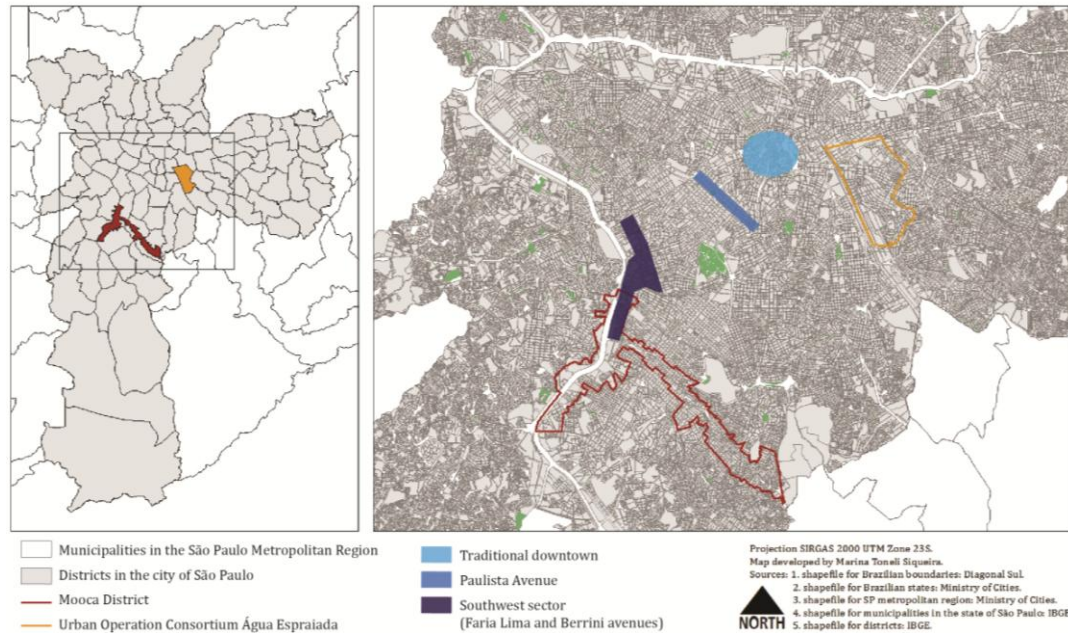
In São Paulo, this movement is associated with the concentration of investments in the Southwest sector of the city, which included both the elites' neighborhoods and business centralities (Rolnik, 1997; Villaça, 2001). It is important to notice that in São Paulo there is not a single business district since the city's centrality was unfolded along the Southwest sector with the formation of an expanded form of business location with three major areas: the historical-traditional downtown, Avenida Paulista, and Marginal Pinheiros region (Frúgoli Jr., 2000; Villaça, 2001).⁴⁸ This process signified the specialization of different urban spaces in response to new stages on the city's economy development and the interest of the local elites to bring business locations closer to their residential areas and open new areas for real estate development (Villaça, 1995). Once capital and high-income households moved within the city, followed also by public investments, its previous locations became identified as places of "decline" and "blight", i.e. some of those soft spots for urban restructuring (Marcuse & van Kempen, 2005)

There is, thus a double process of investment and disinvestment in inner city locations. On the one hand, locations in the Southwest sector have been suffering pressures for upward redevelopment coming from both residential and non-residential uses with the formation of the newest business centrality in the Marginal Pinheiros region, such as in the case of the Urban Operation Consortium Água Espraiada analyzed on this research. On the other hand, neighborhoods experiencing disinvestment, such as in the other case study of this research (Mooca District), became an option for low-income households in both formal and informal housing. Therefore, while a rich city is developed and planned, this does not mean this development is homogeneous. There are former industrial areas, historic districts, and impoverished pockets that might be spatially close to elite locations, even if suffering pressures of displacement from both public and private agents. Therefore, by advocating the integration of local meanings and processes in

⁴⁸ Besides the historical-traditional downtown and the new centrality in the Marginal Pinheiros regions, which are mentioned on this chapter, there is also the business centrality in the Paulista Avenue. It represents both the economic growth resulting from developmentalist policies and the emergence of the Brazilian modernist architecture. Whereas Brasília was constructed to be the political capital of a new and "developed Brazil" (Holston, 1993), the period also represented the large economic growth the country was experiencing, and São Paulo, as the main center of this process, should embrace it. Therefore, not only the Paulista Avenue region is a new form of centrality, spatially speaking, but also a new form of centrality ideologically promoted as the heart of the city and of modern Brazil (Frúgoli Jr., 2000)

gentrification studies, my research does not look for the reversal of suburbanization in São Paulo. Rather, the cases here under study look at this movement of capital and people in urban areas to understand the production of gentrifiable space, one fundamental dimension of the proposed analytical framework.

3.2. Centralities in São Paulo (approximate location).



The third challenge to understand gentrification cases in São Paulo is the built-environment upgrades it might entail in a city known by its density and verticalization⁴⁹. São Paulo's high density and verticalization were not solely the result of permissive local zoning policies justified by the fast population growth, national policies stimulating homeownership (especially the National Housing Bank, BNH), and the introduction of technologies and construction materials (such as elevators and reinforced concrete) (Somekh, 1997; Souza, 1994). In a scenario of scarce public resources, location and provision of urban infrastructure, including minimal aspects such as connection with water and sewage systems, have a major impact in property values (Villaça, 2001). By directing these investments to certain areas of the city, planning influenced real estate markets and the occupation of certain neighborhoods. These areas had

⁴⁹ This widespread verticalization, which conforms a landscape popularly denominated in Brazil as "toothpick", has been identified by local authors as the major aspect of Brazilian urbanization in contrast with the United States and Europe (Souza, 1994).

higher property values and higher acceptability for the small local middle class that was eager to become homeowners. The local tight land market with high property prices, conversely, led to the interest in multiplying the constructed area to accumulate more capital, i.e., more units would be equal to more profits. Similarly to growth machines (Logan and Molotch, 2007), thus, a coalition of public and private agents has been promoting the city as an “*enterprise devoted to the increase of the aggregate rent level through the intensification of land use*” (13). In contrast with the U.S. growth machines, though, verticalization, which started in the beginning of the twentieth century in office buildings in the traditional downtown (Reis Filho, 2004), was expanded throughout the city. The high status of some neighborhoods, location and/or the presence of urban infrastructure – its differential rent – lead to verticalization as a form of multiplying profits from a certain location (Souza, 1994). Finally, with high levels of urban criminality, the construction of residential tower as fortified enclaves supported the vision that houses were more vulnerable than apartments (Caldeira, 2000).

The most distinctive feature of this process is, thus, the association between verticalization and elite’s neighborhoods, which also reproduced patterns of spatial segregation with high-income vertical neighborhoods and low-income horizontal households. Therefore, reforms and renovations may not be the most common form of physical landscape transformation gentrification might entail in São Paulo. While the traditional downtown proves the lack of demand for higher-income housing in historic buildings (Frúgoli & Sklair, 2008; Silva, 2006), verticalization can be a sign of gentrification’s necessary dimensions of built-environment upgrades, with new buildings closing real estate gaps.

3.3.2. The global imaginary has local implications

The second reason for choosing São Paulo is the fact that it has been constantly mentioned as a city experiencing gentrification, following also its inclusion as an important node in the current economic system (Atkinson & Bridge, 2005; Smith, 2002; Sassen, 2001). Although common sense would make people think that the city would benefit from the economic crisis and the deindustrialization experienced by core

metropolises, São Paulo actually experienced a similar process given it is an old industrialized area with high levels of unionization, relatively higher salaries, and benefits (Negri, 1996). Additionally, given that it is a dense city with high property values, there were difficulties in both the location of plants as well as in the logistics of circulation of goods. Finally, while lower taxes and other incentives enticed the relocation to other municipalities – including federal policies of industrial decentralization –⁵⁰ zoning also motivated the process by restricting industrial uses (Carlos, 2004). Therefore, many examples expose the transference of plants from São Paulo to other cities, states and later on to other countries (Schiffer, 2002). In the process, São Paulo lost 215,000 manufacturing jobs in the 1980s. From 1990 to 2005, another 600,000 industrial jobs were lost, diminishing its participation in the country's total from 27% to 17% of the number of jobs in manufacturing and from 36% to 26% of the national income generated by this sector (Campolina Diniz & Campolina, 2007). However, this does not mean that manufacturing ceased to exist in São Paulo.

As seen in Table 3.1, local manufacturing contributed with approximately 20% of the local gross domestic product in 2010. This is possible because São Paulo experienced a partial deindustrialization (Carlos, 2004). In this sense, old industrialized areas based on large plants – such as the Mooca District – experienced deeper processes while smaller plants and technologically intense products continued in the city. From the table below, though, it is also noticeable the massive participation of services in the municipal economy, representing almost 80% of the local GDP. This was the result of the increasing importance of São Paulo as a major Latin America business center after the Brazilian economic reforms and the associated sharp growth of foreign direct investment (Schiffer, 2002) and increases in low-ranked service occupations, following structural patterns of social polarization seen in other metropolises in core countries (Sassen, 2001; Marcuse & van Kempen, 2005).

⁵⁰ This is especially the case of the Second National Plan of Development (II PND) from 1975. To minimize the effects of the oil crisis of 1973, the federal government reverted public resources to the extraction and exportation of raw materials as well as a new energetic base less dependent on importation of oil and focusing in the production of ethanol. The expansion of roads and other infrastructure works away from São Paulo also contributed to this industrial decentralization (Negri, 1996).

3.1. Gross Domestic Product for São Paulo in 2010.

	AGRICULTURE	MANUFACTURING	SERVICES		
			PUBLIC ADMINISTRATION	TOTAL	TOTAL
AMOUNT	R\$19.12	R\$74,048.44	R\$25,595.13	R\$289,948.74	R\$364,016.31
(MILLIONS)	US\$8.13	US\$31,469.77	US\$10,877.65	US\$123,225.03	US\$154,702.93
PERCENTAGE	0.01%	19.00%	6.57%	74.42%	100.00%

Source: Seade - Municipal GDPs. Available at <http://www.seade.gov.br/produtos/pibmun/>. Retrieved in January 13, 2014

In 2012, the city occupied the forth place among the 22 largest metropolis in the world in terms of foreign investments and it was second only to New York City in the number of offices of transnational companies.⁵¹ São Paulo houses 63% of the transnational headquarters in Brazil and while until recently the majority of offices to coordinate operations in Latin America were in Miami or Mexico City, several have already moved to São Paulo. This also has an impact in the number of expatriated professionals given that if Brazil occupies the 9th position among the number of international workers, São Paulo must concentrate a large share of those, putting a big stress on local housing markets.⁵² Additionally, the role played by BMF&BOVESPA, the city's main stock market and the world's 14th largest stock exchange in terms of market capitalization,⁵³ has raised even more the economic importance of the city, which also concentrates 124 of the 180 banks in operation in Brazil. If these numbers can be interpreted as local boosterism, well suited in a context of urban competition, the role of São Paulo as the major manufacturing center in Brazil has indeed diminished. However, its importance in the national economy has not decreased, concentrating 11.5% of the Brazilian GDP in 2011, which is more than double of the proportion of the second place Rio de Janeiro.⁵⁴ Therefore, there have been intense socio-spatial transformations in São Paulo since the 1980s and it is no surprise that the Global City ideal has been stirring local imaginations.

On the one hand, academics have been trying to analyze São Paulo through the lenses of the global city

⁵¹ Available at <http://www.kpmg.com/FR/fr/IssuesAndInsights/News/Documents/GPIA-KPMG-CIM-2012.pdf>. Retrieved in January 13, 2014.

⁵² The media publicizes data on the concentration of transnational companies in São Paulo constantly. For this research, I used one of the most important business magazines in the country (Exame). The information is available at <http://exame.abril.com.br/revista-exame/edicoes/1014/noticias/sao-paulo-a-capital-latino-americana-dos-investimentos-estrangeiros?page=1>. Retrieved in January 13, 2014.

⁵³ Available at <http://www.world-exchanges.org/statistics/monthly-reports>. Retrieved in January 7, 2014.

⁵⁴ Available at http://www.ibge.gov.br/home/estatistica/pesquisas/pesquisa_resultados.php?id_pesquisa=46. Retrieved in January 13, 2014.

status, some taking it as an assumption (Levy, 1997; Nobre, 2000; Schiffer, 2002) while others question its adequacy given the empirical reality of the city (Gilbert, 1998; Ferreira, 2003; Fix, 2007). On the other hand, it is important to point out that the concept of global city stopped being a status achieved by some cities – a diagnosis (Carvalho, 2000) – and turned into a project necessary for the neoliberal economy to work efficiently as well as a solution for urban problems, i.e., a reference to policy. In this sense, although the acknowledgement that cities serve as central nodes in the world economy is not recent (Friedmann, 1986 and 1995; Hall, 1998), the concept of global city is directly related to the intensification of globalization and the creation of a competition between cities to attract investments (e.g., Sassen, 2001 and 2006). In the translation of the concept of global city in the material space of the metropolises, the heterogeneous network of cities in the global economy would require a homogeneous distribution – a flat world (Friedman, 2005) – of infrastructure and constructed spaces in specific economic centers.⁵⁵ Therefore, in São Paulo, as in other global cities, this agenda includes the creation of attractive spaces that reproduce the apparently neutral and international architecture of corporations, financial institutions, and provide the support to the daily life of the classes connected to this global economy in terms of housing, consumption, leisure, and entertainment. That is why the insertion of São Paulo in the network of global cities can be understood through the multiplication of elite's neighborhoods, shopping centers, and leisure options alongside the promotion of a new business centrality in the Marginal Pinheiros region, as will be mentioned for the case of the Urban Operation Consortium Água Espraiada. In this process, finally, a new pattern of spatial production also emerged, connecting financial capital and real estate market.

Financial capital in São Paulo is realized in the production of space. Clearly, this is related to the construction of the new business centrality, in a new spatial fix for capital accumulation that reflects the transition from a manufacturing to a service economy as seen on other cases of urban restructuring of cities

⁵⁵ There are five functions that a global city should perform: (1) articulation of the national and global economies; (2) location of headquarters; (3) center of financial services and industries; (3) node of transportation and telecommunication; and (5) pole of international tourism, with entertainment, cultural industries, lodging and transportation. Projects for global systems in any or all of these functions are the focus of the urban agenda for global cities. However, as Sassen notices: *'meeting the technological requirements of our era is a necessary but not a sufficient condition for the development of the type of economic systems we have today'* (Sassen, 2002: 26). Urban marketing becomes a big business that includes the construction of symbolic capital.

in core countries (Harvey, 1985). However, in the case of São Paulo, the new pattern of spatial production in which space becomes a financial asset assumes local dimensions. On a first note, transnational companies looking to set a location overseas have stopped investing directly in buying buildings or office spaces (Carlos, 2004; Ferreira, 2003; Fix, 2007). Instead, these companies became renters. This means that companies could free capital from fixed building assets, leading to further investments either in the company itself or in the financial market, increasing the turnover rate of capital. Additionally, by not having to retain capital in the purchase of buildings, if they want to leave the country it would be easier, i.e., an extremely footloose capital and unstable spatial configuration. With the increasing demand for office space in the city due to the neoliberal globalization of the national and local economies, new agents also start to invest in this niche of the local real estate market. This is the case of both pension funds and real estate funds,⁵⁶ further connecting São Paulo with global financial markets and neoliberalism.⁵⁷

While investments were happening in the Marginal Pinheiros region since the end of the 1970s (Fix, 2007; Frúgoli Jr., 2000), in the 1990s the resources of pension funds skyrocketed with the privatization of public companies, transformation of public companies into private-public ventures, and increasing aggressive business practices of public companies. If their investments usually include shares in the financial market, the real estate market became an important strategy of these funds in developing or buying office buildings to be rented for transnational companies. This means another feature of local neoliberalism in which the connection between spatial production and financial markets is done mostly after state reforms given that the largest investors are the public pension funds. With similar investment strategies, real estate funds were created in the same decade (1993) as pools of investors in real estate developments, whereas they are new constructions or acquisitions. While pension funds can be part of a

⁵⁶ Pension funds, or retirement funds, were created in the 1960s, but were only regulated in 1977. They are private entities even if the largest ones are related to public companies, such as PREVI (for the workers of the largest Brazilian bank Banco do Brasil), Petros (for the workers of Petrobrás, the Brazilian energy and oil corporation) and Valia (for the workers of the mining company Vale do Rio Doce). Real estate funds, on the other hand, were created by the Federal Legislation 8.668 in 1993 and formalized by the Securities Commission of Brazil in 1994 to be commercialized on the stock market exchange and private negotiations.

⁵⁷ The pension funds in Brazil represent 14% of the country's GDP or approximately US\$340 billion. While this is still a small proportion in comparison to other countries (in the United States pension assets represent 108% of the GDP or US\$16.851 trillion), their growth rate has been high over the past 10 years (20.4% in comparison to 6.5% in the United States) (Towers Watson, 2013).

real estate fund, this last one includes shares for small and medium investors. Therefore, both pension funds and real estate funds became new agents in the real estate market, investing especially on corporate towers (Ferreira, 2003; Fix, 2007; Nobre, 2000).⁵⁸

Additionally, with the identification of the limits of the Brazilian policies financing housing – with diminishing resources and increasing defaults in the Federal Housing System (*Sistema Financeiro de Habitação*, SFH) culminating in the extinction of the National Housing Bank (*Banco Nacional da Habitação*, BNH) – a new system connecting housing with the financial market was created in 1997 (Federal Law n. 9,514). The Real Estate Finance System (*Sistema de Financiamento Imobiliário*, SFI) was inspired by the U.S. experiences with securitization and similar policies being adopted during the same period in other countries in Latin America (Botelho, 2006). By integrating real estate operations with the financial market, the system created both securitization and secondary markets, setting also the regulations for these activities and their agents, including securitization companies and property liens for diverse real estate products.⁵⁹ It is, thus, no surprise that local companies have been defining the basic principles of the SFI as “*the implementation of a market economy, deregulation, and exemption of public resources*”.⁶⁰ Therefore, the creation of this system is integrated within neoliberal reforms that have national and local effects.

By the end of the 1990s, thus, there was the conjunction of interests in an almost perfect storm. There were international companies willing to globalize and explore foreign markets. The national government was experiencing political re-democratization and economic reforms. At the local level, public and private agents had intentions of developing the new business centrality in the Marginal Pinheiros and transforming São Paulo into a global city, an aspiration that was further stimulated by the visits of scholars such as Saskia Sassen, Jordi Borja, and Manuel Castells. Additionally, there were resources to finance these developments from the new securitization system, pension funds and real estate funds, besides traditional investors.

⁵⁸ Even if on smaller number, residential developments also started to be developed using real estate funds, such as the Panamby neighborhood that is located near the Marginal Pinheiros regions. For more information, refer to Botelho (2007).

⁵⁹ It also created guarantees for consumers against developers and construction companies, which were especially important after the scandals of bankruptcies in the 1980s and 1990s without any compensation for those who had bought units in developments that never were constructed (Botelho, 2006).

⁶⁰ Information available at <http://www.cibrasec.com.br/duvidas.html>. Retrieved in January 20, 2014.

Therefore, on the one hand, there are clear similarities in the production of this centrality with other landscapes of power (Zukin, 1993) with the increase participation of transnational companies in renting these spaces and international consultancy agencies, such as CBRE and Jones Lang La Salle. On the other hand, there are patterns that are local, such as the investment from public pension fund, while developments are usually produced by local design offices, developers, constructors. Finally, at the beginning of the 20th century there were concerns about the level of vacancy of these office spaces and the withdrawal from both pension and real estate funds from these markets, leading to conclusions about the myth of São Paulo as a global city (Ferreira, 2003; Fix, 2007). However, in the 2000s, with the stable rates of growth and the increase in foreign investments, the business centrality in the Marginal Pinheiros was booming with the rest of the local real estate market, leading again to the promotion of São Paulo for international markets. Therefore, even if this pattern of spatial production is based on a volatile economic system, during the fieldwork for this research, the increasing profits from this niche on the real estate market confirmed the “vocation” of São Paulo as a global city for my informants.

If this new phase only demonstrates the dependency of this real estate market on international capital, though, this heated cycle of the São Paulo’s real estate market (2007-2012) was not only related to office spaces, but also to a large increase in new residential developments in the city and in the country in general (Embraesp, 2012; Secovi 2012 and 2013).⁶¹ Besides the above-mentioned aspects, this cycle had the stimulus of lower inflation rates and creation of new lines for funding with longer amortization periods from both public and private financial institutions, even if the former continues to be the major source of housing locals for the final consumer (Secovi, 2012; DIEESE, 2013a). Therefore, from 2004 to 2013, the number of housing units being financed more than doubled (Secovi, 2013). Additionally, there were important factors from the restructuring of companies in the real estate market as well as the expansion of

⁶¹ There have been speculations about the creation of a real estate bubble in a similar way as experienced in the United States and Spain. However, studies demonstrate that the Brazilian real estate market is more conservative than this other scenarios with the majority of the cases of mortgages for the ownership of the first house, financing in medium 65% of the units, and compromising less than 30% of the household income. Additionally the participation of real estate credit in the Brazilian GDP is still small (7.9%) in comparison to other countries (in 2011, the first three countries were United Kingdom – 83.7%; Unites States – 76.1%; and Portugal – 66.6%), even if steadily and growing since 2007 when it was 1.8% (Secovi, 2013).

demand (Secovi, 2012). On the latter, the economic growth that was translated into lower unemployment rates resulted in higher income and the formation of a larger middle-class that increased the demand for housing units in a system that continues to prioritize homeownership. This means that the level of property ownership in the city is increasing, reaching 70.41% of the formal residences in 2010.⁶² On the former, in 2007 several Brazilian developers and construction companies started to commercialize stocks in the financial market (Initial Public Offering, IPO), another feature that integrates spatial production and the neoliberal economy or capital's movement from the primary to the secondary circuit (Harvey, 1985). While these IPOs meant more resources to invest, they also meant the need of showing positive results to investors, with more aggressive strategies in competitive markets such as São Paulo.

Therefore, while the peak of growth was in 2010, constructions (including real estate market and infrastructure works) counted for 5.7% of the national GDP in 2012 (DIEESE, 2013a) and the number of new developments in São Paulo has been steadily higher than at the national level (Secovi, 2012). It is also important to mention that the price of the square meter has increased at a higher rate than both inflation and incomes, representing not only the growth of the real estate market, but also that housing has become less affordable in general. In this sense, while incomes have increased by 3% above the inflation rate in 2013, the price of a square meter in São Paulo increased by 13.9% on the same year.⁶³ Therefore, it is clear that economic growth, political stabilization and globalization had intense local impacts. However, urban planning also contributed to this process as discussed next.

3.3.3. Planning gridlock and new instruments of redevelopment

The final reason for choosing São Paulo at the second level of case selection is the hypothesis that the state is a major mediating structure in gentrification processes. In São Paulo, though, urban planning is a

⁶² Available at http://infocidade.prefeitura.sp.gov.br/htmls/9_domicilios_segundo_condicao_de_proprieda_2010_462.html. Retrieve in January 15, 2014.

⁶³ It is also important to remember that this increase in 2013 is smaller than from 2009 to 2011 when the price of the square meter had a growth rate of more than 20% per year in São Paulo. Available at <http://economia.estadao.com.br/noticias/economia-geral,precos-de-imoveis-subiram-137-em-media-em-2013,174553,0.htm>. Retrieved in January 19, 2014.

difficult task. Besides the large population, density and informality, high values of land and scarce resources led to a gridlock in São Paulo's urban planning. Traditionally, public policies in Brazil have to be approved by local legislators and become laws. In this sense, they are developed by technical departments in the executive branch and must be sent to the city council for approval, leading to heated debates involving elected officials and private agents. The situation was well explained by one of the informants for this research, an architect-urbanist who used to be the president of EMURB (the Municipal Urbanization Company): *"any proposal you make for São Paulo generates controversy (...).It messes everybody's pocket. In fact, when you mess with land, you're messing with very large real estate values and do not forget that in an underdeveloped country, the main savings option is the land"*.⁶⁴ Therefore, there are high political costs for approving legislation that would curtail the rights of property owners. The problem led to two main situations. First, because of the endless debates within the city council, urban plans and legislation were automatically approved without vote, based on a legal instrument from the period of the military regime that was still in place in the 1980s.⁶⁵ Second, legislation was simply outdated. For instance, the zoning legislation valid throughout the 1990s had been enacted in 1972. Even taking into consideration that there were piecemeal changes, the delay-ridden process was still dependent on the approval of the city council. It is, thus, no surprise that instruments to flexibilize and counteract the immobility of the urban legislation were experimented in the city. It is within this context that urban operations first emerged.

Until the 1980s, the term "urban operation" was not mentioned in a single planning instrument in São

⁶⁴ With the municipal law n. 15,056 of 2009, EMURB was subdivided into SP Urbanismo, in the Department of Urban Development (Secretaria Municipal de Desenvolvimento Urbano - SMDU), and SP Obras in the Department of Urban Infrastructure and Works (Secretaria Municipal de Infraestrutura Urbana e Obras - Siurb). This has an impact on the two cases studies of this dissertation given the focus on formal planning. Whenever necessary, thus, the proper name of the department involved will be mentioned.

⁶⁵ In the 1967 Constitution, from the military dictatorship, article 51 established that after a project of law from the executive is sent to the legislative, there is a deadline of 40 days for voting it. After this period, it would be put in the agenda of discussions for the next 10 subsequent sections. If it still was not voted, it would be automatically approved. Following the federal government, several cities enacted similar legislation, including São Paulo. Information available at <http://www.jusbrasil.com.br/topicos/10626865/artigo-51-da-constituicao-federal-de-1967>. Retrieved January 19, 2014.

Paulo and, for that matter, in the country.⁶⁶ The first reference comes from a 1976's article by a planner from the metropolitan department of planning (EMPLASA) that idealized it as an innovative tool to promote sustainable regional development. Within this perspective:

"urban operations were designed, primarily, as a real estate venture in which the public sector would be responsible for taking the initiative in the process of space production and participate in the corresponding real estate valorization, achieving social objectives and the increase of opportunities for private enterprises" (Costa, 1976: 73, translation by the author).

This original definition of the instrument would be first transformed into policy in the studies for the 1985 São Paulo Master Plan, developed during the Mário Covas' administration (1983-1986), even if they were never approved. In this document, urban operations are *"the set of interventions in a specific area of the city, with the coordination of the public sector, targeting relevant goals of the master plan"* (PMSP, 1985b: 196, translation by the author). The plan identified 35 operations throughout the city, including the case study of this dissertation (Urban Operation Água Espraiada).⁶⁷ The plan was not approved by the city council and no urban operation was implemented during that administration. However, it set the basic trust of the instrument: selling construction benefits in order to gather resources to fund public works.⁶⁸

There are, thus, two important aspects to be considered from these initial developments of the policy. First, that the policy was justified within a context of major financial distress of the public sector. Because the 1980s were considered a lost decade in Brazil, as already mentioned, it became clear that it would not be possible to solve São Paulo's urban problems relying solely on public resources. Drawing from experiences in the United States and Europe, local agents promoted the idea of target planning financed through public-private partnerships. Accordingly, in the studies for the 1985 Master Plan, urban operations

⁶⁶ It is important to mention, though, that the city's 1968 Basic Urban Plan and the 1971 Metropolitan Plan of Integrated Development both mention planning actions that could be interpreted as embryonic urban operations. The former argued for the creation of an insulated agency, mixing public and private agents, to promote urban development in priority areas while the later defines the scope of these actions as *"programs of urban renovation through especially created 'parastatal' entities that would manage the expropriated property, do the appropriated works, and the final alienation"* (São Paulo [State of], 1971: 69).

⁶⁷ Original from São Paulo, the first name of the instrument was "urban operation". It is only after the enactment of the City's Statute that the name was transformed to "urban operation consortium", giving greater emphasis to the public-private partnership involved in the redevelopment process. Therefore, the first studies for this project are named solely Urban Operation Água Espraiada while the approved legislation is Urban Operation Consortium Água Espraiada.

⁶⁸ In contrast with current urban operation in which the resources from each project have to be used only for that project, those 35 proposed projects would compose a system, with all its resources concentrated in a single Fund for Urbanization (or, *Fundo de Urbanização*), from which they could be used in any of the projects (PMSP, 1985b).

are explicitly justified within the international experience of urban planning:

“the urban planning studies developed in the last ten years in light of the international experience indicate that for the achievement of these goals [urban transformation/redevelopment] it will be of fundamental importance the implementation of a category of public development designated as ‘urban operation’” (PMSP, 1985a, translation by the author).

It is, thus, no surprise that, during the interview for this research, the planner who first defined the instrument stated: *“on that occasion, I wanted to underline that it was not a personal idea, of a professional that had concerns about the future of the city, but an instrument that already had some history in other countries”*.⁶⁹ Planners as well as politicians used international cases in both Europe (especially Paris and Barcelona) and the United States (especially New York City) as references to the local instrument. It is important to mention that this process of learning with other experiences is not something new in urban planning. Rather, networks of policy transfer are known from the start of the field with the dissemination of cities’ models (Evans, 2004; Healey and Upton, 2010). In Brazil, the formation of the local planning practice is also related to these networks given the training of professionals in other countries and the constant dialogue with them (Reis Filho, 2004 and 2001; Villação, 2004). In the urban operations, though, the socio-economic period served as justification while the international experience gave its “quality assurance”, with greater legitimacy than local products. Therefore, there is a double process: a new approach to urban planning was being developed internationally while local elites (political and intellectual) became the apprentices and leaders of these models of competitive urban projects.

The second important aspect is that the policy has been associated with social objectives, including housing for the poor. In this sense, urban operations are also connected with the development of another local instrument: interconnected operations (*operações interligadas*).⁷⁰ Introduced in what would become popularly known as the “Ending the slums” Act (*Lei da Desfavelização*, Law 10.209 from 1986),

⁶⁹ According to him, though, not a single experience with urban operations in São Paulo was planned and operationalized in the correct way, becoming solely real estate operations and without achieving the original goal of a more sustainable urbanization.

⁷⁰ The 1988 Master Plan (Law 10,676 of 1988 – enacted again by “automatic” approval and without city council vote – included both interconnected operations and urban operations. Even if the last would only be used by the next municipal administration, it is important to mention that in this document urban operations are defined as *“the joint action of public and private sectors, aimed at improving urbanization patterns”* (PMSP, 1988).

interconnected operations⁷¹ relied on research done by the local planning department and institutions on how to stimulate the construction of social housing by the private sector (Castro, 2006). This research would draw on the experience of other countries in Latin America, Europe, and even the urban renewal period in the United States, to define the instrument as an exchange between the public and the private sector: the former would give construction benefits, especially building rights, while the latter would construct social housing units. Enacted under the legal instrument from the military regime of automatic approval, the instrument was polemic. It ended up promoting the displacement of informal communities while the process of removal was violent and the housing units were constructed in distant locations (peripheries) and with poor materials. By using the social problem (the housing gap) as a justification, it attended to the interests, coming from both public and private agents, of removing the impoverished population from central locations. Nevertheless, it did counteract the gridlock situation of São Paulo's urban planning with flexible zoning and individual negotiations that would go against the purpose of modernist planning in general.⁷² In this sense, *"the brilliant Machiavellianism of Jânio Quadros [the mayor pushing for interconnected operations] was to interlace the 'appetite' to speculate with urban land with the need of popular governments to afford social spending"* (apud Fix, 2001: 75).

It is within this perspective that the first urban operation was developed within a progressive municipal administration, under Mayor Luiza Erundina (1989-1993), affiliated to Trotskyist sectors of the Brazilian Workers' Party (PT). This administration indeed had major accomplishments in housing programs (Bonduki, 2000) and that was the major goal for using urban operations in this period. The Urban Operation Anhangabaú (Law n. 11,090 from 1991),⁷³ thus, focused on the redevelopment of the

⁷¹ Interconnected operations are defined by legislation as *"the concession of benefits in terms of alterations of construction rights, use, and occupation of land will only be allowed in interconnected operations that provide, in parallel, solutions for the total population of the slum or area of the plan"*. Available at http://www.camara.sp.gov.br/index.php?option=com_wrapper&view=wrapper&Itemid=46. Retrieved in April 6, 2011.

⁷² Actually, in 1998 the State Court of Appeals gave a preliminary injunction ruling them unconstitutional with the final decision issued in 2000. According to this decision, the main problem is that they changed zoning parameters while zoning as well as its changes must be approved as legislation by the city council as defined by municipal, state and federal legislation.

⁷³ This urban operation was transformed into the Urban Operation Downtown in 1997 (law n. 12,346). Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/centro/index.php?p=19620. Retrieved in November 1, 2010.

historic-traditional downtown, experiencing problems with both disinvestment and poor housing conditions with the movement of capital and people towards the Southwest sector of São Paulo. However, there was not enough interest from the real estate market in this area and without selling the construction benefits, there was no resources to reinvest in the project. Therefore, both informants and the literature (Castro, 2006; Fix, 2001) considered this first experience with urban operations a failure.⁷⁴ It was only with the following conservative governments and changes in the policy's inclination (Maricato & Ferreira, 2002) that the instrument had its most successful and polemic case.

The following two municipal administrations (Paulo Maluf [1993-1997] and Celso Pitta [1997-2000]) transformed both interconnected operations and urban operations. On the one hand, legislation was enacted deeming the construction of social housing as a responsibility solely of the public sector (Municipal Decree n. 33,471 from 1993).⁷⁵ On the other hand, the legislation for interconnected operations was changed (Law n. 11,773 from 1995)⁷⁶ and directed these resources into a new housing program, PROVER/Cingapura.⁷⁷ If the poor quality of these buildings, lack of public participation and violent process of removal took place in several phases of the program (Amaral, 2002), interconnected operations concentrated benefits on private developers especially in the Southwest sector of the city, the prime real estate market with elite neighborhoods and the emerging business centrality in the Marginal Pinheiros region. Additionally, this concentration of public and private investments was reinforced by designating some of these areas as urban operations once they made mandatory the reinvestment of the land value captured in the perimeter designated for the project. That was the case of the most famous and controversial experience on urban operations until the present, the Urban Operation Faria Lima.

⁷⁴ Still, this municipal administration continued to explore the possibilities of the instrument in areas of informal settlements (such as in the studies for the Urban Operation Paraisópolis, one of the largest informal occupations in the city [Sempla, 1985b]), continuing to focus on the provision of public infrastructure and social housing.

⁷⁵ Available at http://www.camara.sp.gov.br/index.php?option=com_wrapper&view=wrapper&Itemid=46. Retrieved in April 6, 2011.

⁷⁶ Available at http://www.camara.sp.gov.br/index.php?option=com_wrapper&view=wrapper&Itemid=46. Retrieved in April 6, 2011.

⁷⁷ The name of the program was a reference to the inspiration on the initiatives of the Asian city with the same name (Singapore) to deal with informal communities. The program consisted of projects to urbanize informal communities and construct vertical public housing buildings in the same location (especially on the section PROVER – Program of Slum Verticalization).

The Law 11.732 from 1995 created the Urban Operation Faria Lima along the avenue with the same name in the Southwest sector of the city.⁷⁸ After many proposals for the redevelopment of the avenue, which intended to transform it on the 5th Avenue of São Paulo (Fix, 2001), this operation was designed mainly to attend the real estate interests in this area, constructing infrastructure and allowing for higher densities. It was also a polemic case because it was the object of different judicial actions and in 2002, a Parliamentary Committee of Investigation of the city council found irregularities in constructions and use of funds while its final report recommended the transformation of the legislation in order to guarantee that the goal of provision of social infrastructure is accomplished.⁷⁹ Additionally, Urban Operation Faria Lima was also the first one to propose the conversion of construction benefits into financial bonds to be commercialized by São Paulo's stock market. If this was only possible after the formalization of the instrument by the City's Statute in 2001, the Certificates of Additional Construction Potential (*Certificado de Potencial Adicional de Construção*, CEPACS) started to be sold for this urban operation in December 2004.⁸⁰ With the original price of R\$1,000.00 (US\$417,95), in the last auction realized (May 2010) the bond reached R\$4,000.00 (US\$1,671,82). Another important feature is that, after bought in the public auctions, CEPACs can be commercialized in secondary markets. According to information from the São Paulo's stock market, in February 2012 the bond reached its peak at R\$6,030.00 (US\$2,520.27)⁸¹ while in 2013 informants stated that it would cost more than R\$8,000.00 (US\$3,343.64). It is no surprise, thus, that informants from the real estate market consider it the most successful case of urban operations in São Paulo, especially because of the intense process of reinvestment that resulted in the most socially praised

⁷⁸ This legislation was complemented in 2004 by the Law 13.871 and in 2011 by Law 15.519. Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/faria_lima/index.php?p=19607. Retrieved in November 1, 2010.

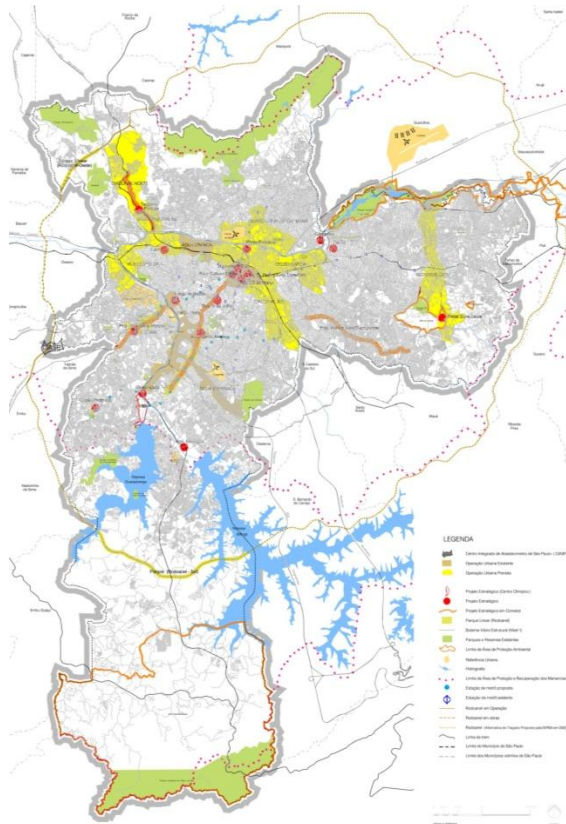
⁷⁹ Besides the many accusations of corruption against both mayors Paulo Maluf and Celso Pitta, in 2010, the city council was still demanding investigations on this urban operation for both politicians and their appointed officials. Information available at São Paulo City Council's website - http://www.camara.sp.gov.br/index.php?option=com_content&view=article&id=2995:parlamentar-entra-com-acao-contra-a-administracao-publica-&catid=33:cidadania&Itemid=90. Retrieved on March 25th, 2011.

⁸⁰ This was the result, according to informants, of both the need to establish formal parameters to regulate the bonds and the lack of confidence on the part of the private investor in buying public bonds. Given the economic instability in the 1980s and 1990s, with several economic plans and changes of currencies, it seems that public officials, elected politicians, real estate agents as well as residents did not even know how such financial instrument would work.

⁸¹ Available at <http://www.cvm.gov.br/port/descol/respdecis.asp?File=8299-0.HTM>. Retrieved in November 28, 2013.

business location and most expensive square meter in the city.

3.3. Urban operations in São Paulo: in light brown, enacted urban operations, and in yellow, proposed urban operation.



Source: http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/. Retrieved on November 28th, 2010.

It is important to mention that the currently effective four urban operations in São Paulo were enacted between 1991 and 2001, even if there were more recent updates on them. During this period, as already mentioned, urban legislations in São Paulo were outdated. Therefore, there was not a common strategy of urbanization that the projects could follow neither major goals to be achieved for the city as a whole. As one informant puts it: “[they] are planning instruments looking for a plan”. Using urban operations, though, does not reflect the last planning impulse in the city. In 2002, the first Strategic Plan for São Paulo was enacted. Decades since the last voted comprehensive plan, it was developed with the purpose of giving general guides to the city while specific plans (regional plans) focused on each administrative division of the city, defined as Sub-City Halls (*subprefeituras*) that aggregates districts, such as the Mooca District, one of the

case studies of this research.⁸² While one may refer to the inspiration of the plan coming from the strategic processes in Barcelona or to the decentralization impulses following the Brazilian re-democratization, one of the major references to this planning impulse was the French legal density ceiling (“*Plafond Légal de*

⁸² The administrative division of the city into the current 96 districts was established in 1991 (Municipal Law n. 10,932 of 1991 and 11,220 of 1992). Until 2002, these districts were grouped into the larger Regional Administration, responsible for local services, control of land uses, and small public works. However, in 2002, Sub-City Halls were created with the purpose of decentralizing the municipal government, giving more financial and decision-making independence to these administrative divisions (Municipal Law n. 13,399). This also fits the context of a leftist municipal government (Marta Suplicy – 2001-2005) that had to answer to its political basis, especially in the peripheries, that demanded a public sector closer to their needs. However, the following, more conservative mayor (Gilberto Kassab – 2006-2012) designated all Sub-Mayors from military or police groups, increasing the concerns about the authoritarian character of that administration. Additionally, the administration was re-centralized, removing the independence of the Sub-City Halls, and returning them to the “janitorial” functions of the previous Regional Administrations.

Densité”) concept, being used in that country since 1975. While interconnected operations and urban operations were already experimenting with the selling of construction rights, São Paulo’s planning departments have been flirting with the idea of setting similar strategies for the city as a whole since the studies for master plans in the 1980s. However, it is only after the 2001 City’s Statute, that delinking property rights from construction rights was formalized (Rolnik, 2002). This instrument, known as the “acquired private grant to build” (*outorga onerosa do direito de construir*), means that developers can construct more than the land use legislation allows if they pay for this extra area to the public sector.⁸³ Similarly to buying building rights in the United States, in Brazil this is called “land creation dispositive” (*solo criado*), which in a literal translation means that it pretends that the parcel has more area to create extra building rights.

The São Paulo Strategic Plan,⁸⁴ thus, defined a minimum, basic and maximum floor-area ratio for each zone. In order to build more than the basic value, the developer has to buy the construction rights. Additionally, for each district in the city, it defined a stock of additional construction potential (square meters), considering the areas in which densification would be stimulated. After reaching that limit, as many districts had in 2012, no new construction would be approved. Knowing that developments would become more expensive and that some stocks would end quickly, there was a “race” to get projects approved before the enactment of the plan, leading to a phase of real estate growth in the following years that was confirmed by both the literature review (Sandroni, 2011) and informants from public departments and development companies. Additionally, the payment for the construction rights also had an impact on the price of the square meter of the final units (not the parcel), especially in those districts with smaller stocks of building rights. Therefore, the previously mentioned boom of new developments and increase in property prices in the past decade in São Paulo was also stimulated by planning instruments.

⁸³ In contrast with urban operations, in which the resources gathered from selling construction rights must be used within the perimeter of the project, the resources gathered from the common selling of construction rights can be used by the Municipal Urbanization Fund (Fundo Municipal de Urbanização - FUNDURB) in the entire city.

⁸⁴ Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/legislacao/plano_diretor/index.php. Retrieved in January 14, 2012.

With the strong critical reactions from real estate agents, though, the mandatory revision of the plan in 2007 returned the planning situation to a gridlock. While the mayor (Gilberto Kassab – 2006 - 2012) tried to propose a more “business-friendly” plan, this was the time of strong reactions from left-wing political parties, academics and social movements, resulting in a judicial action filed against the municipal administration due to the lack and/or problems with public participation, a mandatory feature of urban planning processes according to the federal City’s Statute.⁸⁵ Therefore, one of the major points of the political campaign in 2012 was the revision of the plan and after the inauguration of a new mayor (Fernando Haddad, affiliated to PT) there is a commitment to strength these discussions.⁸⁶ In effect, these transitions between governments are extremely important to understand urban policies in São Paulo. There is intense political alternation in the city, as seen on Appendix II, which does not prevent that both left and right-wing mayors adopt the general discourse of competitive promotion of São Paulo while neither one of them were able to transform the structural patterns of inequality and exclusion. However, they do bring different focus to policies, such as illustrated in the transformations experienced by the urban operations mentioned before. Therefore, there is a lack of continuity between programs and plans that was also identified and stressed by all informants of this research. These problems with political continuity and political costs of enacting urban policies as legislations also fueled a final important aspect of the planning process in São Paulo: its potential for judicialization (its constant trailing).

Transformation of urban policies into legislation, as in the Brazilian system, also opens space for its legal contestation, especially since the enactment of the City’s Statute. It is no surprise, thus, that in a city with such intense urban problems as São Paulo, public institutions in the system of justice have been focusing on urban issues. This is the case of the formation in 1993 of a specific division within the Public Prosecution Office of the State of São Paulo focused on housing and urbanism (*Promotoria de Justiça de Habitação e Urbanismo*). It is important to mention that the Brazilian prosecution offices have more

⁸⁵ Available at <http://www.estadao.com.br/noticias/impresso,sp-limita-texto-de-plano-diretor,56829,0.htm>. Retrieved in January 13, 2013.

⁸⁶ Available at <http://www.estadao.com.br/noticias/impresso,sp-limita-texto-de-plano-diretor,56829,0.htm>. Retrieved in January 13, 2013.

functions than in other countries. After several changes in the legislation, in the 1990s they acquired the function of defending “collective and diffuse” rights, such as children, elderly and consumer rights. In the process, they also got the tutelage over environmental and urban law, having a direct impact on planning as defenders of “society’s interests”.⁸⁷ For instance, this institution can file public civil actions against the municipal government, for instance, for not following a specific urban legislation. Additionally, public defenders in Brazil work not only on criminal cases. Rather, they focus on providing free services for those who cannot afford private attorneys in all fields of law. In São Paulo, for instance, there is a specialized office on urban rights (*Núcleo de Habitação e Urbanismo*) that has been actively defending low-income and informal residents since its creation in 2006. The force of these two legal institutions on urban issues led to a judicialization of urban rights that is not only related to the approval of policies in the form of legislation. It has also been a way of challenging displacement processes and even urban operations altogether, once again making the case for understanding the state on its multiple and conflictive roles. It is no surprise, thus, that these legal institutions had impacts on the redevelopment processes experienced by the two cases studied in this research. Now, it is important to introduce them before moving to the proper analysis.

3.4. MOOCA DISTRICT AND URBAN OPERATION CONSORTIUM ÁGUA ESPRAIADA: REACHING FOR DIVERSITY

The two cases analyzed in this research are the Mooca District and the Urban Operation Consortium Água Espraiada (*Operação Urbana Consorciada Água Espraiada*, OUCAE). The cases were selected following two major criteria. First, scholars, media, public officials and/or popular discourse have recognized them as gentrification cases in São Paulo. In this sense, both reveal the use of the concept to explain recent processes of urban redevelopment in the city and explore the local meanings the term has been assuming. Second, the two cases speak about the analytical framework for the study of gentrification advanced in

⁸⁷ The Public Prosecution Office got this new powers and attributions especially after the constitutional and legislative changes of the 1980s and 1990s. Therefore, while before 1988 its main role was representing the executive branch in courts, the new constitution removed that attribution to focus on the “defense of society’s interests” transforming it into an autonomous agency. For more on the topic, see Arantes (2002).

Chapter 2 that the state and in specific formal urban planning is a major mediating structure of gentrification processes. Therefore, they were selected on the independent variable given the presence of redevelopment policies and the impact of local planning institutions. In Mooca District, in which the state was not the major leading agent, the focus is on the dynamics of the real estate market that has been promoting redevelopment in a traditional district of São Paulo. Conversely, in the OUCAE, shifts in the local planning culture are in the forefront by analyzing the impact of the major Brazilian redevelopment policy.

It is important to notice, though, that these cases are currently in the process of redevelopment. While this means that there is not a final outcome for them, the case selection was also based on the conceptualization of gentrification as a process and not a product. For instance, these two cases do not represent consolidated elite neighborhoods or locations with the highest square meter prices in São Paulo (Embraesp, 2012). Whereas in 2012 the price of the square meter for São Paulo was R\$7,174.00 (US\$2,998.41), the prices for the two real estate zones in the Mooca District (Mooca Park and Mooca), are below the city's average (respectively, R\$6,849.00 [US\$2,862.57] and R\$5,960.00 [US\$2,491.01] per square meter). In contrast, in the perimeter of the OUCAE prices of R\$8,367.00 [US\$3,500.79] per square meter in Brooklin and R\$8,343.00 [US\$3,487.00] in Campo Belo put them above the medium price for the city while in Jabaquara, the price is below it (R\$6,984.00 [US\$2,919.00]). This difference is important considering that the first two real estate zones in the OUCAE are located closer to the areas with the highest price per square meter in the entire city (Vila Nova Conceição - R\$13,803.00 [US\$5,769.03] and Itaim - R\$13,808.00 [US\$5,771.12]). Therefore, Mooca and the OUCAE are currently experiencing redevelopment and the process is not homogeneous given these differential rents in both cases. This means that specific areas within them are suffering deeper impacts while others continue to experience disinvestment.

In overall, though, similar elements of traditional analysis of gentrification suggest an intense process of upward socio-economic transformations. The first one is the increase in medium income. As seen in Table 3.2, while from 2000 to 2010 the city of São Paulo experienced an increase on income of household heads of 53.05%, in the Mooca District the increase was 87.47% and 104.19% in the OUCAE. This means that the

overall increase in income coming from economic growth in Sao Paulo and in Brazil more generally in the last decades does not completely explain the process underway in these two cases.

3.2. Increase on income in the two case studies and São Paulo.⁸⁸

	2000	2010	INCREASE
MOOCA	R\$1,980.4 / US\$831.77	R\$3,712.67 / US\$1,559.32	87.47%
OUCAE*	R\$1,920.01 / US\$806.40	R\$3,920.41 / US\$1,646.57	104.19%
SÃO PAULO**	R\$1,474.06 / US\$733.77	R\$2,255.99 / US\$947.52	53.05%

Source: IBGE – 2000 and 2010 Brazilian census.

* Census data for the OUCAE refer to the census tracts that have their centroids within the perimeter of the urban operation. It is also important to mention that for the 2010 Census, 3 out of the 239 tracts that fell in this selection did not have data on income.

** For the 2000 Census, the city of São Paulo had 13,185 census tracts, 93 without data on income. For the 2010 Census, the city of São Paulo had 18,363 census tracts, 177 without data on income.

Also following the dynamics of gentrification in North America and Europe, there has been a large increase in the number of property owners (see Table 3.3). It is important to mention that in the city of São Paulo, the proportion of units occupied by homeowners (70.41%) is higher than in the traditional cities of gentrification, such as New York City (69% of homeownership) and Chicago (55.1% of homeownership).⁸⁹ However, a similar pattern of transformation in housing tenure is also found in the cases under study given the increase in the number of units occupied by homeowners since 1991.

3.3. Housing tenure in the two case studies.

	Mooca District			Urban Operation Consortium Água Espraiada*		
	1991	2000	2010	1991	2000	2010
Owner occupied	12,748 (58.64%)	13,955 (67.65%)	19,650 (74.27%)	25,437 (69.48%)	24,590 (70.36%)	27,849 (70.07%)
Rented	7,747 (35.63%)	5,571 (27.01%)	5,780 (21.85%)	8,897 (24.30%)	7,655 (21.90%)	9,151 (23.03%)
Borrowed	1,134 (5.22%)	935 (4.53%)	900 (3.40%)	1,543 (4.21%)	1,953 (5.59%)	2076 (5.22%)
Other	112 (0.52%)	168 (0.81%)	126 (0.48%)	734 (2.00%)	752 (2.15%)	666 (1.68%)
Total	21,741	20,629	26,456	36,611	34,950	39,742

Source: IBGE – 1991, 2000 and 2010 Brazilian census.

* Census data for the OUCAE refer to the census tracts that have their centroids within the perimeter of the urban operation. It is also important to mention that for the 1991 Census, 1 out of 152 census tracts did not have data and for the 2010 Census, 3 out of the 239 tracts that fell on this selection did not have data.

Additionally, there has been a decrease in the number of people per household (Table 3.4). It is possible

⁸⁸ Data for medium income in the areas in 1991 was not used because of problems with updating the currency at that moment (Cruzeiro) to the current Brazilian currency (Real).

⁸⁹ Available at <https://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf>. Retrieved in January 15, 2014.

to assume that this aspect follows similar assumptions about demographic transformations in North America and Europe, such as delaying marriage and children, as well as the prevalence of a smaller number of people residing in housing units in gentrifying cases in North America and England. However, in the Mooca District and the OUCAE there has been a relative increase in the total number of households seen in Tables 3.3 and 3.4 that contrasts with the usually decreasing density in those cases. One of the previously mentioned challenges of using a straightforward classical definition to understand gentrification in São Paulo can explain this higher density – verticalization as an economic and socially valuable housing type – and this aspect will be further explored for each case.

3.4. Number of residents per households in the two case studies.

	Mooca District			Urban Operation Consortium Água Espreiada*		
	1991	2000	2010	1991	2000	2010
1 resident	3,323 (14.61%)	2,928 (14.19%)	4,517 (17.07%)	4,833 (12.55%)	4,031 (11.53%)	6,096 (15.34%)
2 residents	5,439 (23.91%)	5,459 (26.46%)	7,883 (29.80%)	6,535 (16.97%)	7,723 (22.10%)	10,519 (26.47%)
3 residents	5,024 (22.08%)	4,858 (23.55%)	6,606 (24.97%)	7,572 (19.66%)	7,982 (22.84%)	9,831 (24.74%)
4 or 5 residents	7,420 (32.62%)	6,389 (30.97%)	6,633 (25.07%)	14,275 (37.06%)	12,058 (34.50%)	10,824 (27.24%)
6 or more residents	1,544 (6.79%)	995 (4.82%)	817 (3.09%)	5,304 (13.77%)	3,156 (9.03%)	2,472 (6.22%)
Total	22,750	20,629	26,456	38,519	34,950	39,742

Source: IBGE – 1991, 2000 and 2010 Brazilian census.

* Census data for the OUCAE refer to the census tracts that have their centroids within the perimeter of the urban operation. It is also important to mention that for the 1991 Census, 1 out of 152 census tracts did not have data and for the 2010 Census, 3 out of the 239 tracts that fell on this selection did not have data.

Therefore, similarly to classical processes in North America and England, gentrification in the two cases can be characterized by the general increase in medium income, property prices, and number of units occupied by homeowners, alongside with a decrease in number of persons per household. However, the case studies further contribute to the richness of this analysis by bringing into question different agents, locations and conditions of the built-environment that contextualize each of necessary dimensions of gentrification from the theoretical framework, as will be mentioned next. If one of the premises of the theoretical framework advanced by this research is the contextual character of gentrification, the analysis once again benefits from the case selection process because even though the two cases are located within

the same city, the necessary dimensions of the process do not materialize in the same way. Therefore, although the analysis does not intend to be exhaustive in all these elements, they were important considerations in the case selection given that the two distinct narratives also speak about the basic differences between classical and contemporary definitions of the process and the impossibility of using the former to understand them.

3.4.1. Mooca District: a not-so classical narrative of gentrification

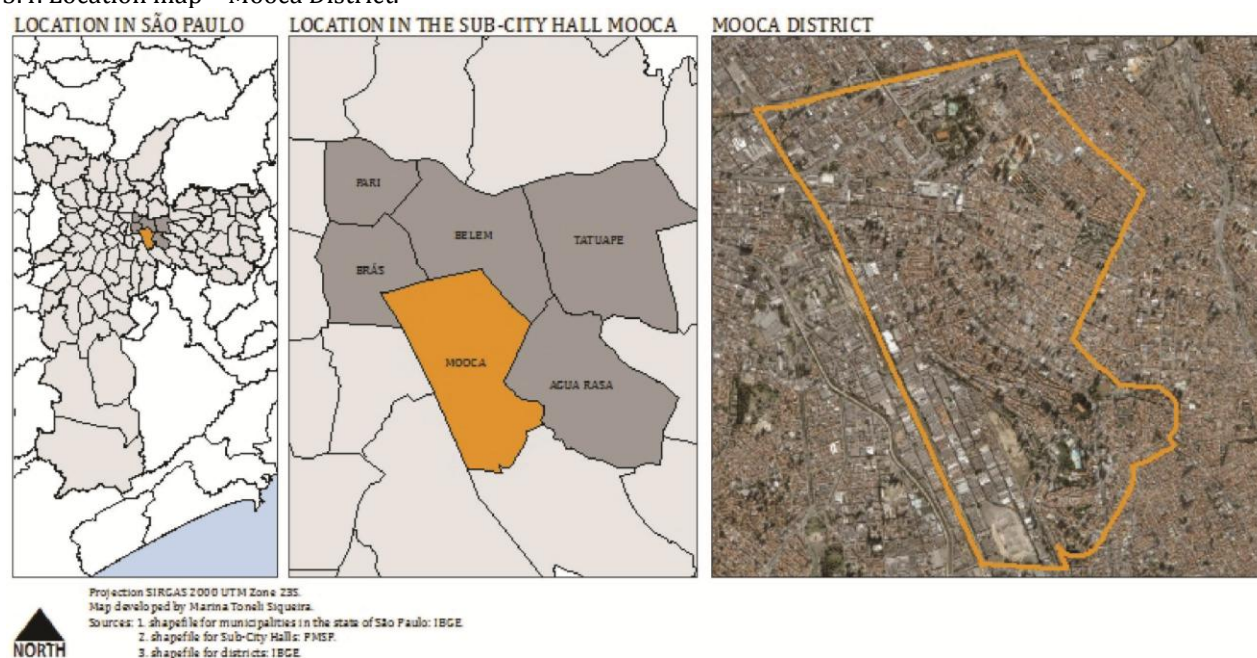
When selecting my case studies in São Paulo, one of the inspiring ideas was to contrast a local process with one classical case of gentrification while using the three dimensions of the proposed analytical framework to demonstrate the importance of mediating structures. As I explored further, though, the Mooca District became an even more interesting case because it demonstrates a not-so classical narrative of gentrification. Mooca, seen in Figure 3.4, is a district in the east part of São Paulo and close to the historical downtown (4 kilometers or 2.48 miles).⁹⁰ As an administrative division, it has formal limits and designations. However, its identity is much more important than its institutional character.

In São Paulo, it is common to hear that Mooca is “*the face of the city*.” The image that comes to the mind of most local residents is the traditional Italian working-class neighborhood including manufacturing plants near houses and catholic parties followed by major food indulgency. In fact, Mooca is one of the first industrialized areas of São Paulo and, for that matter, of the country. By the location of railroad tracks and the Immigrants Hostel (a local version of Ellis Island), the district could count on great connections with other production sites, ports, and a large workforce of immigrants (Andrade, 1991; Bruno, 1984; Laurentino, 2002; Rufinoni, 2004). On the one hand, the urbanization pattern shows a close relationship between work and home as well as public and private space (Petrone, 1955). On the other hand, the construction of houses near the manufacturing plants and the presence of first-generation Italian

⁹⁰ Distance calculated between two landmarks of the two areas: Sé Plaza in the historical downtown and the corner of Mooca Street and Paes de Barros Avenue in the Mooca District. However, it is important to mention that the presence of a river, railroads, and expressways make this distance longer in relative terms.

immigrants contributed to the close social relationships among local residents (Barbulho, 2006; Florido, 2006; Roque, 2006). However, the partial deindustrialization of the city since the middle of the twentieth century had a major impact on the district (Carlos, 2010; Fernandes, 1986; Laurentino, 2002; Rolnik & Frúgoli Jr., 2001; Sales, 1999). The changes in zoning policies and the problems with logistics, expensive land prices, highly unionized workers, and tax benefits provided by other municipalities, echo Zukin's (1989) and Curran's (2004 and 2007) accounts of gentrification displacing manufacturing in New York City and Giloth and Betancur's (1988) account of the same process in Chicago.

3.4. Location map – Mooca District.



While jobs were lost in the closure of plants, Mooca also started losing residents. According to Caldeira, *“residents of Mooca who could afford moved to areas of the city more closely identified with the middle classes rather than stay in a place seen as industrial, ethnic (mostly Italian), and in economic decay”* (2000: 30). Additionally, the expansion of the business district and high-income housing to the Southwest of São Paulo relocated investments from both the public and private sector away from the district. Finally, public investments in the development of social housing in the Eastern neighborhoods of the city as well as the construction of a large avenue in the 1950s (Alcântara Machado, popularly known as *Radial Leste*) connecting downtown with those neighborhoods and crossing the district further contributed to the image

of Mooca as a decaying location. In this sense, property and rent prices decreased, manufacturing plants were abandoned or transformed into warehouses, and buildings were subdivided into cheap collective housing units for impoverished residents (Piccini, 2004; Roque, 2006). Given that traditional gentrification theory does not account for these other types of housing tenure, informal collective arrangements are one of the contextual meanings that make this case specific.

Popularly called *cortiços*, these housing arrangements are common in central locations of Brazilian cities and maintain several similarities with the U.S. tenements housing structures of the turn of the nineteenth to the twentieth century as well as the landlordism and illegal housing subdivisions seen in cities in the United States in the 1950's and 1960's (Hall, 2002). On the one hand, *cortiços* are usually created by subdividing an old building that used to serve a single household into multiple and smaller rental units for impoverished households that share collective kitchens and bathrooms. This means that where there was once a single household, there were 4, 6, 8, and even more than a dozen of families living on the same built-structure. While some subdivisions were done legally, in most cases they are informal arrangements and became the source of profit for landlords by "milking" old buildings in those areas considered unattractive to formal households. There are, thus, clear parallels with the overcrowded and shared accommodations of the disinvested inner cities where gentrification first emerged, even if the informal character is a local product.

The beginning of gentrification, though, is traced as far back as the early 1980s. While Meyer, Grostein and Biederman (2004) talk about a tendency of displacement of low-income residents during that decade, the use of the concept is explicit in Caldeira's (2000) analysis of crime and the emergence of fortified enclaves in São Paulo. However, what the latter is describing is a moment of neighborhood transformation motivated by the construction of the first high-rise developments catering to a local middle-class afraid of the growing number of crimes in the area. These residents would associate the growth of criminality with the multiplication of *cortiços* and while part of the local middle-class would refuse to move out of Mooca, they moved into the new high-security apartment buildings. Therefore, the process did not entail an

attraction of in-movers with higher-income. On the contrary, it still fits a pattern of disinvestment, but with a higher social heterogeneity bringing tensions among residents.

There has been, though, an intense process of reinvestment since the turn to the twenty-first century that has been causing also transformations in the local socio-spatial dynamics. According to local newspapers, Mooca became a goldmine for the real estate market. From 2003 to 2007, Mooca had the largest increase in the price of the square meter in the city.⁹¹ In 2011, this was the area of the city that received the largest amount of new investments, for a total of almost US\$650 million dollars in new developments, which in relative terms of both the city and the Brazilian economy represent an intense process of reinvestment.⁹² It is estimated that in two years (2009-2011), housing prices spiked in Mooca, reaching 175% of valorization.⁹³ On another article on the large number of new developments, the increase in the price of the square meter from 2007 to 2012 is smaller (140%).⁹⁴ However, it is still higher than the city rate (114%). Therefore, despite the growing economy of the city and the nation during this period as well as the increase in funding sources from both public and private institutions having an impact locally, they do not explain why the reinvestment process in Mooca has been so intense.

According to the interviews and the literature review, major attractions in the area stimulate these new investments. The proximity to the downtown area and the availability of urban infrastructure, including metro stations and expressways make a difference in a city that has limited offers of urban services and a traffic congestion verging on chaos. Additionally, in contrast with Caldeira's analysis of the 1970s, the ethnical enclave became an attractive feature of the neighborhood in the last decades given the strong social networks and general feeling of Mooca being a "friendly neighborhood". For instance, while doing a profile of the district considering the large number of new developments, one of the major newspapers in

⁹¹ Available at <http://revistaepocasp.globo.com/Revista/Epoca/SP/0,,EMI9098-15916-3,00-A+MOOCA+NAO+E+MAIS+A+MESMA.html> . Retrieved in February 2nd, 2012

⁹² Available at <http://vejasp.abril.com.br/revista/edicao-2220a/mooca-valorizacao-imobiliario>. Retrieved in February 2nd, 2012.

⁹³ Available at <http://economia.estadao.com.br/noticias/economia,imoveis-usados-sobem-ate-175-em-2-anos-em-sp,98250,0.htm#noticia>. Retrieved in February 2nd, 2012.

⁹⁴ Available at <http://classificados.folha.uol.com.br/imoveis/1197812-mooca-tem-imoveis-com-preco-competitivo.shtml>. Retrieved in February 2nd, 2012.

São Paulo stated that Mooca fits those who “*search tradition, tranquility and a district with the felling of a countryside town*”.⁹⁵ In parallel, the real estate market has been using local symbols in marketing strategies, such as pizza places, while several of the new developments have names in Italian, such as Ideale Mooca (with the towers Sogno and Emozione) and Citta Della Mooca.

On the other hand, the promotion of the local identity is done not only by the real estate market. Longtime residents, descendents of those first Italian immigrants, have mobilized themselves around local initiatives trying to preserve the characteristics of the neighborhood. For instance, several residents have published books about its history (such as Barbulho [2006]; Florido [2006]; Roque, [2006]); others created blogs (such as portaldamooca.com.br); and the local association I Love Mooca (Amo a Mooca) states as its major purpose “*the preservation, valorization, and promotion of the history, culture, art, sports and architecture of the neighborhood Mooca*”.⁹⁶ Additionally, residents have been active in trying to preserve the historical buildings of the neighborhood, for instance by filing formal requests to departments in the municipal and estate government to designate local structures as historically relevant and, thus, protected by public policies. The effort has also been matched by the concern from academics and activists on the loss of the local built-heritage considering that the impulses of redevelopment have been translated in the demolition of buildings, verticalization of the neighborhood, and construction of high-income enclaves (Fortunato, 2012; Rufinoni, 2004 and 2008; Meneguello et al., 2007; Vasquez, 2012).

This cultural and economic valorization, thus, materializes spatially in contradictory bursts of redevelopments and local promotion. In this sense, Mooca speaks back to other gentrification cases in which the cultural heritage has served as a double-edged sword. As a stimulus to redevelopment, for instance, the local identity may attract back the descendents of those first Italian immigrants that left in a period of disinvestment, a process felt in Mooca, Harlem (Taylor, 2010), and El Barrio (Davila, 2004), these last two in New York City. In a context of rejection of homogeneity and new neighborhoods, the case also

⁹⁵ Available at <http://classificados.folha.uol.com.br/imoveis/1197812-mooca-tem-imoveis-com-preco-competitivo.shtml>. Retrieved in February 5, 2012.

⁹⁶ Available at http://www.amoamooca.org.br/index.php?option=com_content&view=article&id=27:a-amoa-mooca--associacao-dos-moradores-e-amigos-da-mooca&catid=9:quem-somos&Itemid=9. Retrieved in February 2, 2012.

relates to postmodern valorization of historic sites, “authentic” cultures, and dense, mixed-uses neighborhoods that has also stimulated gentrification in other cities (Japonica, 2010; Lees et al, 2008; Lloyd, 2006; Zukin, 2010). The built-heritage has also been one of the major points of classical gentrification processes in narratives that speak about the cultural capital of gentrifiers in recognizing the importance of those structures – for instance, Brownstones or Victorians in the United States (Jager, 2010; Lees, 1994b). However, in contrast to these cases, houses have not been the major focus point in Mooca. Rather, the local verticalization is directly related to its valorization, with new uses and more expensive developments contributing to the socio-economic transformation being experienced. Therefore, built-environment upgrades in the Mooca District – one of the necessary dimensions of the gentrification analytical framework – establish another contrast with classical gentrification theory. As seen on Table 3.5, there has been a complete inversion of the proportion of houses and apartments since 1991.

3.5. Households per type of housing in the Mooca District.

	1991		2000		2010	
House	12,968	54.64%	10,562	51.20%	10,535	39.82%
Apartment	8,040	33.88%	9,812	47.56%	15,776	59.63%
Room	733	3.09%	255	1.24%	145	0.55%
Total	23,732	100.00%	20,629	100.00%	26,456	100.00%

Source: IBGE – 1991, 2000 and 2010 Brazilian census.

Mooca is, in conclusion, a manufacturing and working class district that is being adapted to the service economy, with new uses and users of its space. The media make the same type of relation by stating, for instance, that their *“Locked gates, empty warehouses, smokeless brick chimneys resemble an industrial graveyard. There, the idea that manufacturing plants are not the basis of the city's economy gets real colors”*.⁹⁷ In this sense, Mooca continues to be the *“face of São Paulo”* as a representation of the socio-spatial transformations the city has been going through with the promotion of a new spatial fix for capital accumulation (Harvey, 1989b). The case, thus, can illuminate traditional cases of gentrification in the narrative of disinvestment and reinvestment that working class neighborhoods have been experiencing since Glass first used the concept (Glass, 2010; Lees et al, 2008). However, the presence of informal housing

⁹⁷ Available at http://www.istoedinheiro.com.br/noticias/5840_O+FUTURO+DE+SAO+PAULO. Retrieved in February 2nd, 2012.

and the new buildings establish a stark contrast with those classical cases, resulting in the limited explanatory power of the simple importation of this theory to the Mooca District. Finally, without a specific redevelopment policy, the case has been associated with the “voracity” of the local real estate market and the lack and/or inefficiency of planning policies. However, as will be further mentioned in Chapter 4, public policies have multiple and conflictive roles. On the one hand, they have been enabling redevelopment by changes in zoning policies that support the already existing interests of corporate developers. On the other hand, public housing developments and the protection of the local built-heritage are examples that support the perspective of the role of the state as not being monolithic. Even if these social initiatives are well below the expectation of the housing and preservationist movement, they go against the interests of the real estate market in new investments as well as residents that want to cultivate an exclusivist character for the district. It is within this perspective that the case study illuminates the importance of formal planning institutions as a mediating dimension of the gentrification processes and a contrast with the process resulting from the enactment of the OUCAE.

3.4.2. Urban Operation Consortium Água Espraiada: speaking to global gentrification cases

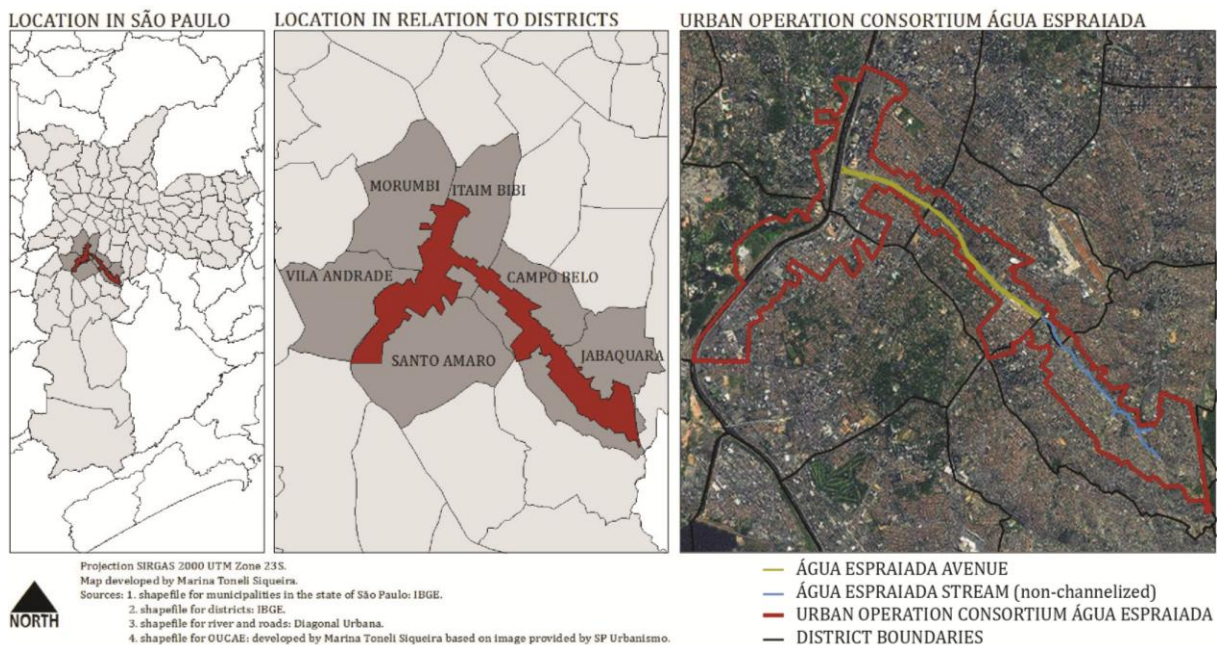
In contrast with the private-led process in Mooca, the Urban Operation Consortium Água Espraiada (OUCAE) speaks about pro-growth policy approaches that may promote global gentrification. It was first enacted by the Municipal Law n. 13,260 of 2001 and partially transformed by the Municipal Law n. 15,416 of 2011.⁹⁸ These changes refer mainly to one of the major aspects of the project: the extension of the Água Espraiada Avenue (currently Roberto Marinho Avenue)⁹⁹ and its connection with a state road (Immigrants Road) that leads to the coast. While this infrastructural work is related to the city’s increasing traffic problems, this connection gave this urban operation the nickname “Morumbi-Guarujá Connection”, referring to the nearby high-income neighborhood and the coastal city to which local elites’ migrate during

⁹⁸ Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19590. Retrieved in January 14, 2012.

⁹⁹ Because all informants still refer to it as Água Espraiada and the stream with the same name is one of the major references to the project, the avenue is referred throughout this dissertation by its original name, Água Espraiada.

weekends, holidays, and vacations.

3.5. Location map – OUCAE.



It is important to mention that the area, with its perimeter seen in Figure 3.5, was already receiving direct investments in office developments since the end of the 1970s given its associations with the formation of the global business centrality in the Marginal Pinheiros region (Ferreira, 2002; Fix, 2007; Fix, 2001; Frúgoli Jr., 2000; Nobre, 2000). However, OUCAE's perimeter includes traditional middle-income neighborhoods and several informal communities that have been suffering the direct impacts of the policy. On the latter, the poor housing conditions are actually one of the main justifications for the OUCAE, which is intended to provide housing assistance for more than 10,000 households. On the former, the high interest of the real estate market resulted in an increase in the number of new residential developments in the perimeter of the project, affecting both property values and local quality of life.

With major infrastructural works, social housing demands, and the promotion of the business centrality in the Marginal Pinheiros region, OUCAE became one of the most polemic urban projects in the city. It has been discussed in the local and national media; it became a platform for political campaigns; it has been one of the major focuses of the social housing movement as well as of the efforts of middle-income

associations; and it has been continuously associated by local academics with competitive urban policies and their resulting displacement processes, i.e., global gentrification. However, this was not the only reason for choosing this case of urban operation. While São Paulo had previous experiences with the instrument, OUCAE is considered an evolution of the policy. In this sense, it represents the institutional learning process of São Paulo's planning departments, integrating new features and correcting previous problems. Additionally, because it was enacted after the federal City's Statute, it includes some of the innovations and mandatory aspects of the federal urban legislation. OUCAE is, thus, the most updated version of the instrument in São Paulo as of 2013 and represents the state of the art of the policy.

The OUCAE project is based on four main pillars. The first is the perimeter that defines its area of impact. It is within this perimeter that construction benefits are provided to private investors in the form of either building rights (additional construction potential) or changes in uses and other parameters. It is also within this perimeter that the resources gathered from the selling of these construction benefits must be reinvested in a list of public works. Therefore, the perimeter identifies an urban redevelopment area considered in need of public and private investments, i.e. the gentrifiable space. As I will detail in Chapter 5, the formal perimeter of the urban operation encompasses 1,400 hectares (or 5.4 square miles) in a horizontal T-shape. This extensive area is divided into six sectors: Brooklin, Berrini, Marginal Pinheiros, Chucuri Zaidan, Jabaquara, and Americanópolis. The first encompasses the current extension of the Água Espraiada Avenue and parts of traditional middle-income neighborhoods, including single-family zoned areas. The Berrini, Marginal Pinheiros, and Chucuri Zaidan sectors, on the other hand, make the connection of this urban operation with the Faria Lima Avenue and the expansion of the new business centrality in the Southwest sector of São Paulo. Therefore, they concentrate private investments in office developments and iconic public projects to promote the image of Global São Paulo. Finally, the Jabaquara and Americanópolis sectors encompass some of the most basic aspects that characterize this urban operation. They include the largest number of informal communities, the future expansion of the Água Espraiada Avenue and its connection with the Immigrants Road. Therefore, these two sectors also include some of the most

important elements of the list of public works, the second pillar of the OUCAE.

The list of works represents the public benefits resulting from the urban operation and essentially justifies the existence of the urban operation. Therefore, it is by identifying the need of public investment in a defined perimeter that an urban operation might be enacted. Conversely, the accomplishments of this list of work are related to the goal of the policy itself. In the case of the OUCAE, the 2001 legislation defined as its objectives: *“completion of the road and transport system, prioritizing public transport, drainage, provision of open space for public use with landscaping and the provision of social housing for the population of slum dwellers affected by the interventions needed”*.¹⁰⁰ In order to accomplish this goal, the 2001 legislation defines an extensive list of works for each sector of the urban operation, which can be summarized in (1) the conclusion of the Água Espraiada Avenue and its connection with the Immigrants Road with a 400-meter tunnel; (2) extension of the road system; (3) implementation of a system of green areas and public spaces; (4) implementation of programs of economic and social assistance as well as the construction of social housing units, improvements and re-urbanization, securing the relocation of the families affected by the works and other interventions within the perimeter of the urban operation;¹⁰¹ (5) and the expropriations necessary for the implementation of the works. In its final item, it includes the possibility of implementing other strategies to achieve the objectives of the project, opening up spaces for changes in the list of works. Indeed, the complementary legislation enacted in 2011 changed the original list of works. This was especially important given that, among others, the connection with the Immigrants Road was transformed into a 2.7-kilometer tunnel and the extension of the Água Espraiada Avenue added a linear park of 600 square meters. These changes had a drastic impact on the functioning of the instrument and generated several polemics, including putting the list of works over the budget from the resources gathered by selling construction benefits, which is another fundamental aspect of urban operations.

¹⁰⁰ Law 13.260 from 2001. Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19602. Retrieved in January 12, 2012.

¹⁰¹ It also includes the possibility of using private companies to construct the units by using housing programs of subsidy to social developments, such as the federal residential leasing program (Programa de Arrendamento Residencial - PAR).

The third pillar of the OUCAE is, thus, the construction benefits granted to development companies. This is actually one of the major justifications for using urban operations: to be a self-sustainable project with no costs to the state. By selling construction benefits, it would finance the list of works while all the resources gathered by the OUCAE must be invested on the list of works approved with the legislation. Therefore, the functioning of the project and the accomplishment of the objectives formalized in the list of works depend on the interest of the real estate market in buying such construction benefits in this specific urban operation, given that they cannot be used in another project. Additionally, the construction benefits in this urban operation set an overlapping zoning for its perimeter while for the investors who do not want to acquire the construction benefits, the current zoning would remain effective. The overlapped zoning for the OUCAE establishes those five sectors as its major zones, with the exception of the Americanópolis sector that does not have construction benefits. As seen in Table 3.6, the policy does not establish a height limit in most of the perimeter while floor area ratios can be up to 4 (with the exception of parcels closer to the single-family zoning in Brooklin). It is, thus, no surprise that one of the major aspects of the policy is the promotion of densification. Additionally, the minimum parcel size (1,000 to 2,000 square meters) imposes a new pattern of occupation. Another feature of the urban operation also stimulates the larger developments in larger parcels: the stimulus to land assemblage for private investors.

3.6. Overlapped zoning for OUCAE (Municipal Law 13,260 of 2001).

SECTOR	MINIMUM PARCEL (m2)	FLOOR AREA RATIO	MAXIMUM HEIGHT (m)
Brooklin	2,000	4; 2 nearby single-family zoning	no limit; 25 near single-family zones at Brooklin Velho; 75 near the single-family zones at Vila Cordeiro
Berrini	1,000	4	no limit
Marginal Pinheiros	1,000	4	no limit
Chucri Zaidan	1,000	4	no limit
Jabaquara	1,000	4	no limit

It is important to mention that land assemblage is not done by the public sector. The policy only opens the possibility for private investors while these last ones are responsible for all of its steps. Investments by the state are done only in the list of works and by using the resources gathered by selling the construction

benefits. Therefore, there is a clear distinction between urban operations and urban renewal projects in the United States and Europe, where the state would be responsible for these other aspects of redevelopment beside the infrastructure works (Hall, 2002). In the case of São Paulo, while local legislation has forbidden parcel assemblage in most of the city, urban operations can stimulate it. At OUCAE, for the assemblage of parcels smaller than 2,000 square meters to reach a total area larger than 2,500 square meters, the 2001 legislation provides for a free extra 10% of the area of the parcel in construction potential (building rights. For total areas larger than 5,000 square meters, the free additional construction potential reaches 20% of the parcel size (2001 Legislation, Section IV, Article 16). Therefore, by stimulating larger parcels and constructions, OUCAE promotes a new pattern of spatial production focused on bigger developments. In turn, this new physical occupation requires larger developers given that it involves more investments in assembling the land, constructing larger developments, and buying CEPACs, this last one being another result from the institutional learning process formalized in the OUCAE.

One of the major changes vis-a-vis previous urban operations, especially the Urban Operation Faria Lima, is the way in which the private resources are gathered by the public sector. On the previous experiences, the public sector would start investing in the list of works, such as opening avenues in the Urban Operation Faria Lima, while it was selling the construction benefits. However, if the private developers do not have interest in the area and do not buy the construction benefits, there will be no recovery of the initial public investments, which is seen as the cause of the lack of success of the Urban Operation Downtown as already mentioned. Additionally, these resources would only be gathered in the middle or long-term range given that they come from individual transactions that would happen in different moments according to the schedule of each developer. Considering that one of the major justifications for the instrument is that it would promote urban change without costing public resources, i.e., a self-sustainable project, this was a major point of criticism to the policy (Castro, 2006; Fix, 2001; Maricato & Ferreira, 2002). In this sense, the policy would use public resources upfront and concentrate investments in areas of real estate interest at the expenses of other “not-so-attractive” urban spaces. It is

from the experience of other urban operations that the OUCAE would benefit from the use of Certificates of Additional Construction Potential (CEPACs).

The first experience with selling the bonds would be in 2004, i.e., nine years after the enactment of the Urban Operation Faria Lima and after their formalization in 2001 with the City's Statute. In contrast, the OUCAE was already enacted with the selling of CEPACs. The learning process identified in the case of the OUCAE is related to CEPACs in two different ways. The first one is the conversion of bonds into construction benefits. One of the major points of criticism to the Urban Operation Faria Lima, coming also from informants in the public departments, is the arbitrary process of calculating the construction benefits before and after the issues of CEPACs. In this sense, the conversion of the bonds or the determination of the amount to be paid for the construction benefits was done for each individual case by a technician at SP Urbanismo (former EMURB), going against the function of a master plan or zoning legislation themselves. On the OUCAE, in contrast, the construction benefits as well as the conversion of CEPACs were defined up front on the original legislation of 2001. As seen in Table 3.7, the policy defines 3,750,000.00 square meters in the perimeter of the urban operation to be sold using the CEPAC bonds. According to the public official responsible for the project at SP Urbanismo, this calculation was based on both the capacity of the local infrastructure and the budget needed to accomplish the list of works.

3.7. Additional construction potential (Municipal Law 13,260 of 2001).

SECTOR	MAXIMUM AREA (m2)	AREA BY USE (m2)	
		RESIDENTIAL (minimum 30%)	NON-RESIDENTIAL (maximum 70%)
Brooklin	1,500,000.00	450,000.00	1,050,000.00
Berrini	250,000.00	75,000.00	175,000.00
Marginal Pinheiros	600,000.00	180,000.00	420,000.00
Chucri Zaidan	2,000,000.00	600,000.00	1,400,000.00
SUBTOTAL	3,250,000.00	975,000.00	2,275,000.00
		3,250,000.00	
Jabaquara	500,000.00	150,000.00	350,000.00
TOTAL	3,750,000.00	1,125,000.00	2,625,000.00
		3,750,000.00	

It is important to mention that the benefits did not include the Americanópolis sector, which continued

to follow only the regular zoning legislation. For the other sectors, the extra square meters were divided into 500,000.00 for the Jabaquara sector and 3,250,000.00 for the other four sectors. In these other sectors, the area to be sold represents the maximum for each sector. Once the total of the four sectors reaches the 3,250,000.00 limit, the construction benefits would end for all, independently of whether one specific sector has not reached its maximum area. Additionally, also because of the learning process from other urban operations, the additional construction potential has to allow for mixed uses, setting a proportion of at least 30% of residential uses for all sectors selling construction benefits. This was especially important considering the results of the Urban Operation Faria Lima in which, until 2013, the residential stocks were still available while the non-residential, especially for office uses, ended quickly, creating a disproportional use of spaces. In the case of the OUCAE, its continuity from the Faria Lima Avenue and the interests of the real estate market in the promotion of the new business centrality represented a similar menace.

For the conversion of the CEPAC bonds, the legislation of 2001 also established a table of conversion for all sectors selling construction benefits, seen in Table 3.8. The greatest benefits would come from the transformation of uses and urban parameters, with one bond representing two square meters for almost all sectors, with the exception of Brooklin. However, as will be further mentioned in Chapter 5, CEPACs have been mostly converted into additional construction potential, i.e., extra building rights, leading to an intense process of verticalization in the perimeter of the OUCAE.

3.8. Equivalence of CEPACs (Municipal Law 13,260 of 2001).

SECTOR	One (1) CEPAC is equal to	
	area of additional construction potential	area of the parcel for changes in uses and parameters
Brooklin	1 m ²	1 m ²
Berrini	1 m ²	2 m ²
Marginal Pinheiros	2 m ²	2 m ²
Chucrí Zaidan	1 m ²	2 m ²
Jabaquara	3 m ²	2 m ²

The other aspect of the learning process with selling CEPACs in the OUCAE is scheduling given that the public works only started after the first biddings of the bonds in contrast with the other experiences with

the instrument, as mentioned.¹⁰² According to one of the planner responsible for the project at SP Urbanismo, this means gathering resources upfront to finance the list of works in the perimeter, guaranteeing the self-sustainability of the project. Indeed, CEPACs for OUCAE generated a large financial return. Until 2013, there were five public distributions at BM&FBOVESPA and nine private distributions (OTC markets).¹⁰³ As seen in Table 3.9, CEPACs for OUCAE can be considered a success considering that they are almost over, reaching the limit of resources to be gathered by selling the bonds and confirming the interest of private developers in the area. Additionally, the total gathered from these distributions is almost R\$3 billion (almost US\$1.23 billion) which means that the instrument accomplished the goal of providing new resource for public works. The discussions about the use of these resources, meanwhile, speak directly about the fourth and final pillar of the OUCAE: the management council.

3.9. CEPACs' balance (June 30, 2013).

	CEPACS OFFERED	CEPACS BOUGHT	REMAINING CEPACS (total: 3,750,000)	AMOUNT (R\$)
1 st Public Distribution (2004 - 2006 - 4 auctions)	660,468	299,368 (45.33%)	3,450,632	R\$102,808,720.00 US\$42,969,418.57
2 nd Public Distribution (2007 - 3 auctions)	317,781	317,781 (100%)	3,132,851	R\$130,609,991.00 US\$54,589,098.79
3 rd Public Distribution (2008 - 1 auction)	186,740	186,740 (100%)	2,946,111	R\$207,281,400.00 US\$86,634,297.54
4 th Public Distribution (2008 - 2010 - 7 auctions)	1,201,841	1,099,680 (91.50%)	1,846,431	R\$722,923,890.00 US\$302,149,654.44
5 th Public Distribution (2012 - 2 auctions*)	1,719,339	1,360,338 (79.12%)	486,093	R\$1,731,353,316.00 US\$723,627,775.19
Private Distributions (2006 - 2008 - 9 occasions)	127,092	127,092 (100%)	-----	R\$51,328,532.00 US\$21,453,016.59
Total	4,213,261	3,390,999 (80.48%)	359,001	R\$2,946,305,849.00 US\$1,231,423,261.12

Source: CAIXA, 2013; PMSP, 2013.

* The 5th distribution was not closed on August 2013.

¹⁰² The process entails, first, that the public department responsible for the project (SP Urbanismo at SMDU) defines the number of square meters and its equivalence to CEPACs to reach the budget estimated for the list of works. After the approval of the urban operation as municipal legislation, as well as its reports on environmental and social impact, the Securities Commission of Brazil (*Comissão de Valores Mobiliários or CVM*) analyzes and approves the emission and commercialization of CEPACs. The largest Brazilian bank (Banco do Brasil) notarizes the bonds and coordinates their selling on the stock exchange market of São Paulo. Finally, another major public financial institution (Caixa Econômica do Brasil) monitors the use of resources.

¹⁰³ CEPACs can be sold in public distributions during auctions at BMF&BOVESPA or in private distributions to be used directly in the payment of works and expropriations. They can also serve as guarantees for financial institutions providing loans to the municipal government for the interventions in the urban operation.

Consisting of public officials from the municipal government and representatives of the organized civil society, the management council, as defined by the 2001 legislation, is responsible for “*formulating and following the urban plans and projects included in the Intervention Program, the general control of the present OUCAE as well as proposing revisions on the present legislation*”.¹⁰⁴ The establishment of an arena for public participation is an innovation in the urban operations in São Paulo and is considered by public officials as another aspect of the learning process with previous experiences. On the one hand, it must be assumed that given that the OUCAE was enacted after the City’s Statute, it was only reflecting the mandatory feature of including public participation established by the federal legislation. On the other hand, given that the origin of the instrument was in São Paulo and that it was included in the City’s Statute mirroring local experiences, public officials state that this was an innovative feature developed by the city itself and copied by the federal legislation. Additionally, the management council has a major role in approving the list and schedule of works as well as the destination of investments. Confirming the self-sustaining goal of the policy, while the management council was pressuring to start the public investments since the first meetings, public officials explained that they would happen only after the first CEPAC auctions.¹⁰⁵ Therefore, the legislation does indeed create the space for public input and to guarantee the accomplishment of the project’s goals. The problem has been the composition and functioning of the council, which has generated allegations that it would only serve to legitimize the policy without any effective participation in the decision-making process, as will be mentioned on Chapter 5.

With tokenistic levels of public participation, densification and verticalization resulting in real estate valorization, possible high-levels of displacement of both formal and informal residents, besides the promotion of a new business centrality, it is no surprise that the OUCAE has been the topic of heated polemics. In this case study, the public sector potentializes the socio-spatial transformation by using the

¹⁰⁴ Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19602. Retrieved in August 16, 2011.

¹⁰⁵ The transcription of the meetings from the Management Council are available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19600. Retrieved in May 5, 2013 and November 24, 2013.

major redevelopment instrument available in the local and national legislations to establish a gap between current and possible uses of this space. Therefore, the analysis of this case explores the use of the gentrification theory to understand a case that speaks directly to the global gentrification framework (Atkinson, Rowland and Bridge, 2005; Hackworth & Smith, 2001; Smith, 2002). Additionally, the case also serves as a parallel for the analysis of a new generation of planning instruments that combine public and private agents, physical and financial strategies, such as BIDs and TIFs in the United States. Because of its characteristics of a large urban project, that promotes mixed-uses and competitive strategies (Harvey, 1989a), it is also included in a new form of public intervention that has been disseminated throughout the world, from the Docklands in London to the Planes Parciales in Colombia. Finally, the tension between economic growth and social development that characterizes the objectives of the OUCAE refers back to the already mentioned cases of developing countries that have been using gentrification theory to understand upward redevelopment projects in places as diverse as India (Harris, 2008) and China (He, 2007). In this case, though, the mandatory relocation of informal residents within the perimeter of the project cannot be understood solely by the economic interests of real estate developers and the state. The construction of the public housing units, even if on a smaller number than the actual demand of the local communities, conflicts with entrepreneurial policies as will be further mentioned on Chapter 5. In conclusion, even if generalization to other cases is not expected from this analysis, it does condense several aspects of the current urbanization issues in São Paulo and Brazil while it can also illuminate these other experiences of state-led upward redevelopment.

3.5. FINAL CONSIDERATIONS

This chapter starts dealing with the second motivation for this research: understanding the diversity of “actually existing gentrification”. For that, the three levels of case selection explored in here demonstrate some of the benefits and challenges of using the gentrification framework to understand contemporary processes of upward redevelopment. First, global gentrification as the result of neoliberal reforms has to be

understood in the national and local contextualization given that competitive and pro-capital reforms are matched with public policies that intend to deal with historic patterns of socio-economic inequality. Second, the straightforward use of classical gentrification theory may have limited explanatory power to understand the cases within an urban context of a rich center and impoverished peripheries, informal residents as well as intense process of verticalization that has a correlation with middle and high-income neighborhoods. Finally, by pushing for the recognition of mediating processes, the case studies were selected to include these challenges to a straightforward importation of the theory and contextualize our understanding of gentrification. Nevertheless, several parallels can be traced between the two case studies and gentrification processes in the cities where gentrification theory first emerged, speaking back to both the classical and global definitions of the processes. By using the targeted, but flexible analytical framework advanced on Chapter 2, I intend to demonstrate in the following chapters that the necessary dimensions of gentrification are present in the two study cases. To sum up, these are indeed gentrification cases. However, they expose the dynamics of “actually existing gentrification” by taking into consideration the local meanings gentrification might assume.

CHAPTER 4. THE COMPLEX DYNAMICS OF SOCIO-SPATIAL CHANGE IN MOOCA: THE (not so) SUBTLE RELATIONSHIPS BETWEEN PUBLIC AND PRIVATE AGENTS

4.1. INTRODUCTION

In November 29, 2011, the first shopping mall opened in the Mooca District. While it would not be extraordinary in São Paulo to see the opening of a shopping mall, something common in any Brazilian city, Mooca Plaza Shopping is not any investment just constructed in any location. In a 72,000 square meters parcel in the outskirts of the district, where once stood a Ford plant that produced trucks and remained in the list of contaminated sites until 2009, now there is a consumption center. While national and international brands seen in any shopping mall also have a store on this one, Di Cunto, the most traditional Italian bakery in Mooca, located on the emblematic Mooca Street, opened its second store there. It seems that the owners, one of the largest conglomerates of shopping malls in Brazil, had a guarantee of their investment given the estimates that around 1.2 million people would use the space, 64% of them belonging to the consumer classes A and B, i.e., the ones with higher-income and purchasing power.¹⁰⁶ It is, thus, no surprise that Mooca Plaza Shopping represents the redevelopment process under discussion in this chapter: one of the older industrialized areas of the country is being adapted to a new system of capital accumulation that entails a new arrangement between production, consumption, and reproduction. In the promotion of this new spatial fix, older uses (such as the truck plant) are replaced by the temple of consumption that caters to the new high-income residential developments. In the process, Mooca stopped being identified as a declining location to become the new “darling” of São Paulo’s real estate market, with one of the city’s highest increases in the price of the square meter in the last decade.¹⁰⁷

Mooca District is a case locally recognized as experiencing gentrification, given the new investments from private developers that have been transforming the social character of this formerly industrial, working class neighborhood. The local history, the importance of Mooca for São Paulo, the strong Italian

¹⁰⁶ Available at http://brmall.s.riweb.com.br/brmall.s/Show.aspx?id_materia=36426. Retrieved in November 18, 2013.

¹⁰⁷ Available at <http://vejasp.abril.com.br/revista/edicao-2220a/mooca-valorizacao-imobiliario>. Retrieved in February 2nd, 2012.

heritage, the location close to employment areas, the (assumed) existence of urban infrastructure, the local mix of uses and close social relationships, all have been used on its current promotion and set a contrast with the previous disinvestment period, confirming the *production of gentrifiable space*, the first necessary dimensions of the gentrification analytical framework. In this process of *upward socio-economic change with displacement*, property values have gone up and longtime residents are finding it difficult to both remain in place and maintain local traditions. In this context, it is easy to draw parallels between the Mooca District and classical cases of gentrification in North America and Europe. However, the disinvestment process that made of Mooca an option for low-income housing, materialized especially as informal collective arrangements (*cortiços*), which are one of the mediating structures that make this case specific. A second important mediating structure has been the conflictive approach to the local built-heritage. Although the local history and identity are important pieces in the valorization process, gentrification's necessary dimension of *built-environment upgrades* assumed mainly the form of new buildings. The verticalization of Mooca is, thus, an evidence of the contextualized process of upward redevelopment that represents the valorization of the district by the multiplication of built space. It is, thus, no surprise that verticalization was interpreted by several informants as: "*Mooca is finally developing*".

This chapter analyzes this contextual experience of gentrification to understand the dynamics between public and private agents that produced upward redevelopment. To this end, instead of breaking down the analysis of the case into the three dimensions of gentrification – which are seen in Table 4.1 – I focus on the historical narrative, giving priority to local voices. The following sections, thus, focus on the movements against displacement of collective housing arrangements (*cortiços*), the disputes over space with the construction of essentialized social groups, the use of the local history and the politics of preservation and, finally, the new developments and faces of Mooca. Public policies are explored to demonstrate subtle and conflictive relationships between formal planning institutions and the local redevelopment process taking into consideration zoning regulations, housing programs, and historic preservation policies. In the final section, the Mooca District speaks back to the analytical framework and its three necessary dimensions.

4.1. Fundamental dimensions of gentrification in the Mooca District.

NECESSARY DIMENSIONS	MOOCA DISTRICT
PRODUCTION OF GENTRIFIABLE SPACE	Former mixed-used, working class district Close to historic downtown Infrastructure and historic identity
UPWARD SOCIO-ECONOMIC CHANGE WITH DISPLACEMENT	Medium to higher-income Informal housing (transformation of uses, renovations, demolitions)
BUILT ENVIRONMENT UPGRADES	Renovations: non-residential uses Verticalization of residential uses

4.2. A NARRATIVE OF DISINVESTMENT: INDUSTRIES, RESIDENTIAL TOWERS AND CORTIÇOS

Mooca is a district in the East part of São Paulo and relatively close to the historical downtown. The reasons for its first urbanization are related to its location that made Mooca a node in a railroad system that connected the productive areas in the countryside with the major Brazilian port, in the coastal city of Santos (Andrade, 1991; Bruno, 1984).¹⁰⁸ Additionally, the European immigrants arriving to the same port to work in agriculture production would have a stop at the Immigrants Hostel (Memorial do Imigrante), a sort of Ellis Island of Brazil. This Immigrants Hostel – today a cultural center –, is located in the outskirts of Mooca District and contributed to the significant role of immigrants in the formation of the local identity. While these immigrants came from different parts of Europe, it is especially the Italian immigration that is associated with Mooca – and São Paulo in general – because of its large numbers.¹⁰⁹

The location of Mooca also had a fundamental importance to the history of São Paulo and Brazil, making it one of the first industrialized areas of the country, alongside the nearby Brás and Belém districts. The valley with low land prices, close to the railroad lines (for distribution) and the Immigrants Hostel (for gathering the work force) contributed to the lack of attractiveness to elites residences and stimulated the local industrialization process (Andrade, 1991; Langenbuch, 1971; Rufinoni, 2004). While agricultural produce would be moving in those railroad lines, thus, local industries developed, beginning with textiles and the food sector. Initially consisting of many small companies and artisans, major plants were

¹⁰⁸ São Paulo Railway was opened in 1867 while two other railroads (Sorocabana and Norte – currently Brasil Central) started to operate in the following decade. The three lines have stations in Mooca and in the nearby Brás District.

¹⁰⁹ In this sense, between 1890 and 1909, 604,877 Italians arrived in the state of São Paulo in comparison to 175,518 Spanish, 116,108 Portuguese and 815 Japanese (Silva, 1980).

established in the beginning of the 1890s, such as the plants of the local captains of industry Matarazzo and Crespi (Bruno, 1984; Carta, 1982). With improvements in infrastructure and public services, the area was quickly developed into an industrial cluster, with grain mills, coffee and sugar industries, textile factories, food and beverages plants, as well as small appliances and domestic goods (Andrade, 1991).

With its industrialization, there was a great process of spatial change in Mooca, with former agricultural lands sold for the construction of plants and housing. Urbanization also brought other types of investments, with important public services and utilities implemented during the same period, for instance water and sewage systems as well as the first trolleys connecting Mooca to the downtown area. Additionally, commerce and entertainment facilities catered to the local population, with many grocery stores, bars and movie theaters. Mooca became a live-work working-class district and a strong Italian ethnic enclave (Barbulho, 2004; Carta, 1982; Roque, 2004). Additionally, it also hosted a small group of industrialists and businessmen interested in staying close to their investments. They built mansions, locally known as “small palaces” (palacetes) concentrated in specific addresses of the district, such as the Paes de Barros Avenue. Therefore, while authors would characterize Mooca as a predominantly rural and insignificant settlement in 1870, it had become a modern urban location by the turn of the century.

If Mooca’s process of urban development was quick, it started facing problems already in the middle of the twentieth century. The closing of factories, which started in a piecemeal way in the 1950s, accelerated in the 1970s. Restrictions to industrial uses in urban areas, coupled with environmental legislation, high levels of unionization, high tax costs, demands for more space and technological developments, were important local causes for dismantling large manufacturing companies in São Paulo and their de-concentration to other areas (Carlos, 2010; Fernandes, 1986; Laurentino, 2002; Rolnik & Frúgoli Jr., 2001). Moreover, the once important railroad tracks were no longer a priority in the new politics of development, which had been favoring the transportation of goods by trucks since the 1950s in Brazil (Langenbuch, 1971). Overall, the railroad system of the country declined and the new logistic needs of manufacturing, including larger trucks, stumbled upon traffic problems of central locations. Finally, the high costs of

already urbanized land prevented the expansion of plants. These factors resulted in the early bankruptcy of many local companies, such as Crespi Cotton Industry and Clark Footwear, while others would start moving out of the city of São Paulo to the metropolitan region and countryside, looking for more space, better production flow, and friendlier policies (Vasquez, 2012). This process, however, did not mean the complete deindustrialization of the district. Rather, there was a restructuring of production with a great decrease in the number of larger plants while smaller companies remained, with a similarly lower number of workers and occupying smaller parcels in a disperse pattern throughout the district (Fernandes, 1986; Rolnik & Frúgoli Jr., 2001). In 2004, thus, there were still 543 manufacturing companies with 13,566 jobs, corresponding to 31.08% of all the jobs in the district (EMPLASA, 2009).¹¹⁰ Nevertheless, while jobs were being lost with the closure of industries, a new social dynamic was developing in the district.

On the one hand, blue-collar workers moved out of Mooca following the industrial jobs. On the other, Mooca did not have a high social status considering the manufacturing uses, the ethnic association, and general sense of decline (Caldeira, 2000). In this sense, informants explain that property and rent prices decreased and the large manufacturing buildings were abandoned or transformed into warehouses. In parallel, the expansion of the business district and high-income housing towards the Southwest sector of São Paulo also took both public and private sector investments away from Mooca. Therefore, most of those who could afford it, moved out of the district. However, many of the descendents of the first Italians to immigrate to Mooca decided to stay. This decision was based on two factors. First, these descendents were not manufacturing workers as their parents. During the interviews, they were clear and unanimous on the importance that formal education had for their families, especially in terms of providing “a better future”, i.e., a better socio-economic condition. With the common remark that “the Italian made his son a Doctor”,¹¹¹ local informants state that the higher levels of formal education brought the possibility of working in office

¹¹⁰ The 31.07% of manufacturing jobs in Mooca in 2004 contrasts with the city's 13.48% of total jobs in manufacturing in 2006. Information available at <http://infocidade.prefeitura.sp.gov.br/index.php?cat=18&titulo=Trabalho>. Retrieved in January 28, 2014.

¹¹¹ The original sentence is “*o italiano fez o filho doutor*”. The direct translation of “doutor” to English is doctor. However, in Portuguese it is more of an expression related to positions of high socio-economic status. For instance, not only a physician, but also a lawyer or an engineer could be considered a “doutor”. It is, thus, a symbolic category that constructs social hierarchy. For informants, it demonstrates the social mobility of the Italian families in Brazil and a reason of pride.

functions, conforming middle-income households. Second, this group was interested in maintaining traditions associated with the district itself. These longtime residents, thus, usually associate their identity with the location, mixing spatial and social categories and ultimately refusing to leave Mooca.

While some of these longtime residents still live in houses, most of them decided to move to the first high-rise and high-security buildings constructed near the local social and sports club, Clube Atlético Juventus. This area became known as Parque da Mooca or Mooca Park.¹¹² The name is a reference to the presence of green areas in a neighborhood that usually lacks them while also designating a higher symbolic and monetary value for these properties. Therefore, in the 1980s, the Italian enclave continued strong, even if smaller, with a new socio-economic profile, and concentrated in a specific sector of the district. Additionally, one of these longtime residents stated that one of the reasons to move to Mooca Park was that the area was relatively inaccessible to outsiders and, thus, “*people would not bother them*”. This concern about being isolated from other people is related to the socio-spatial transformation happening during this period, with decline bringing a great number of low-income households to Mooca.

4.1. Juventus social and sports club at Mooca Park.



4.2. Residential towers at Mooca Park.



4.3. Old and new residential towers at Mooca Park.



Source: author's archive

In the process of disinvestment of Mooca, a large number of vacant buildings and older structures was converted into collective housing structures for low-income residents, i.e., the already mentioned *cortiços*. In a *cortiço*, there are many forms of exploiting the residents, from the poor housing conditions to the overcrowding situation. However, most of them are related to the presence of a specific type of landlord,

¹¹² It is this verticalization of parcels and concentration of higher-income households that Caldeira (2000) first identified as gentrification. However, it seems that this process was catering only to the local population, without bringing higher-income groups from other areas of the city and without displacing lower-income residents. On the contrary, as will be mentioned, impoverished immigrants started moving into the new collective housing units in Mooca while some of the higher-income residents moved out motivated by fear of these incomers.

the *intermediary*. The intermediary is the person renting the building from the original owner or occupying it for the first time. He/she is the one responsible for organizing the cortiço, collecting rents and utility fees, and paying the owner and/or the utility companies. However, many problems arise from this relationship between intermediaries and residents. One common issue is that, because of the lack of formal controls, the intermediary could price the rent for any value. Actually, researches have been demonstrating that instead of an affordable option, cortiços are one of the most expensive housing types in Brazil (Piccini, 2004; São Paulo [State], 2012). Kohara (1999) found, for instance, that for the most central locations in São Paulo, residents of cortiços pay more in rent than any formal households. In comparison to renters of formal units who pay approximately 1.0% of the price of the unit in rent, cortiço residents were paying 2.11%. Finally, the price of the square meter in a cortiço was 78% higher than houses and 41% higher than apartments.

According to informants, these high costs are the result of the temporary and informal character of a cortiço. It is possible that the renter is not sure if he/she is staying in the city and does not want to commit to a long-term contract. It is also possible that the resident believes that this is just a phase of his/her life and as soon as possible, he/she will move to a better place. Either reasons are coherent with the overall socio-economic aspirations of low-income immigrants in São Paulo that expect rapid monetary gains or returning to their hometown.¹¹³ In terms of its informal character, residents of cortiços usually do not have the means to get a formal rent agreement, which requires a fiduciary and/or advanced payment in Brazil. This means that cortiço residents are in an extremely vulnerable condition, having to pay high rents without any formal protection that could control the relationship between intermediaries and renters.

If the intermediary is paying, for example, R\$1,500.00 (US\$623.96) in rent for the overall house and he/she can subdivide it into 5 units, he/she can charge R\$500 (US\$208.98) to each resident for a total of R\$2,500.00 (US\$1,084.49) and receive the surplus. The same calculation is also possible with water and electricity bills that are not shown to residents while usually there are no individual meters. On the other

¹¹³ For instance, a survey made by the state government found that almost 40% of cortiço residents did not want to acquire a property (São Paulo [State], 2012). The relevant point for public policy, though, is that new forms of housing programs, including rental units, should be stimulated.

hand, the intermediary may choose not to pay the owner (the original rent) and the utilities. There is, thus, a double jeopardy of eviction for residents of cortiços: by the intermediary and the owner of the building. The most common case, nonetheless, is the latter, getting water and electricity shut off by lack of payment. This could happen because the intermediary simply got the money for his/her own use. However, it could also be a strategy to pressure the residents, reinforcing the intermediary's control. In this sense, residents could be paying all obligations and still be evicted or suffer penalties from the intermediary. Informants remember many cases in which this happened in cortiços in Mooca while they recall even more vividly incidents of violence. Evidently, some of these cases are related to the presence of illegal activities in a context of informality. Most of them, though, were actually perpetrated by the intermediary.

One interesting example is the Mooca Cinema (*Cinema da Mooca*). Movie theaters were very famous in Mooca and an important part of the working class district during the first decades of the twentieth century. During that period, there were approximately 11 movie theaters, a number that demonstrates also the modern character of Mooca.¹¹⁴ With the loss of population, though, most of these movie theaters were closed. It is in one of these buildings that one of the most famous cortiços in São Paulo was established. Known as Mooca Cinema, the cortiço was adapted by using the viewing area and other rooms for each housing unit while the screen and its stage became a patio. The cortiço was famous for both the high number of residents and its poor conditions. According to one informant from Mooca's housing movement, there were 300 residents and more than 100 children living in what was one of the most decaying buildings in the district. For instance, there were few bathrooms and long line to use them. After a long workday, these lines would cause many disturbances and "*there were even cases of people beating each other because of those lines*". The first intermediary of Mooca Cinema was a woman, who had a husband in jail and sons involved with illegal activities. In a dispute with gangs, she was shot and killed. The second intermediary, a man, was known for sexually abusing women of the cortiço and financially exploiting residents with high rents. Evictions were common, as well as cases of physical violence. After him, some residents took the

¹¹⁴ Available at <http://www.arquiamigos.org.br/bases/cine.htm>. Retrieved in June 6, 2013.

role of intermediary until the moment that rent was terminated. While all types of abuses were happening, though, Mooca Cinema and other cortiços were simply not getting enough attention from public departments, which did not even know how many people were living in these conditions in the 1980s.

4.4. Cortiços in the Mooca District in 2012.¹¹⁵



Actually, the lack of information about cortiços is one of the main problems when dealing with this housing condition – the question is how it could be framed as an issue if no one knew about it. Because of the lack of a comprehensive survey, cortiços’ organizations used inferential data from a survey provided by the planning department that estimated that around 4 million people lived in cortiços in São Paulo in the 1980s. However, in 1993, a survey using samples from the central districts estimated that “only” 595,110 people lived in 23,688 cortiços in the entire city (PMSP, 1994). In 2012, according to official data, the number had fallen to 1,169 cortiços.¹¹⁶ For the

Mooca District in specific, there were 111 cortiços in 2001. Ten years later, though, there were only 69 cortiços (São Paulo [State], 2012). Finally, the official data from the Housing Department (SEHAB) in 2013 identified 57 cortiços in Mooca, with 48 families and 759 residents.¹¹⁷ Even if the number is still high,

¹¹⁵ For the map, I used the data from SMDU that identified 65 cortiços in the Mooca District in 2012. However, the data mentioned throughout the text is the updated database from Sehab from 2013 that identified 57 cortiços. Data for São Paulo is available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/. Retrieved in February 11, 2014.

¹¹⁶ Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/dados_estatisticos/index.php?p=160798. Retrieved in February 6, 2014.

¹¹⁷ Out of the total 210 buildings inspected by SEHAB in June 2013, 57 were cortiços adapted to the Moura’s Laws; 132 were demolished, changed their use or were not cortiços anymore (including other forms of collective housing units); 6 were closed by SEHAB because of the precarious conditions; and 15 were occupations. The data for cortiços in the Mooca District in 2013 was obtained using a formal request during the interviews with public officials from SEHAB.

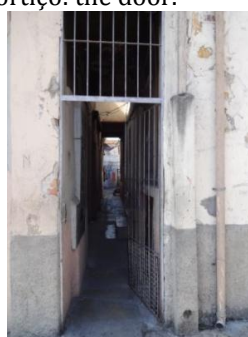
cortiços have been decreasing in the city and in Mooca.¹¹⁸ This has been happening as the result of three major aspects. First, Mooca is the birthplace of the cortiços' social movement and counts with one of the most important organizations dealing with this housing type. Even with all the hardships, this organization has had accomplishments that have not solved the social problem with cortiços, but have decreased its occurrence in Mooca. Second, the enactment of a cortiços' legislation in 1991 enforcing housing parameters and protections for residents had the unintended effect of increasing rent prices and contributed to the closing of units. Finally, given the reinvestment in Mooca, some cortiços were sold, mainly to be demolished for the construction of new residential towers. The next section explores these aspects.

4.3. THE STRUGGLE FOR LOW-INCOME HOUSING: NORDESTINOS AND ITALIANS

4.5. The invisibility of a cortiço: outside.



4.6. The invisibility of a cortiço: the door.



4.7. The invisibility of a cortiço: the distant inside.



Source: author's archive.

The social movements on cortiços emerged later than the organization of favelas and occupations in the periphery of São Paulo (Caricari and Kohara, 2006). This delay in the constitution of the movement is directly related to the conditions of this type of housing. The first issue to consider is that cortiços are far less visible than favelas. This is due to their scattered condition, their location usually in formal neighborhoods, and the fact that they are in buildings that look like any other in the city. In contrast to the agglomeration of favelas and peripheries, which are difficult to deny visually, cortiços are in single houses in central locations that have access to major urban infrastructure. Nevertheless, the high rents,

¹¹⁸ From 1994 to 1997, a 8,31% decrease was estimated; from 1997 to 2001, the number of people in cortiços decreased by 74.9% and from 2001 to 2005, it decreased by another 29.21% (São Paulo [State], 2012).

exploitative intermediaries, and lack of visibility make cortiços an extremely vulnerable housing condition. Additionally, the “temporary” character of the housing condition makes it difficult to create a common identity among residents. Finally, because residents live in scattered houses with different intermediaries and housing problems, informants state that it was difficult to organize the individual issues of each cortiço as collective causes. Therefore, while they counted on the support of a few politicians and public officials, other institutions helped by framing the housing condition as a social problem.

On the one hand, it is possible to conclude that the cortiços’ social movement learned from the Urban Reform Movement, mentioned on Chapter 3 in its role for the enactment of the Brazilian urban legislation, and had the same institutions supporting them. This is especially true given the importance of activist scholars and the Catholic Church in Brazil, especially its Liberation Theology school of thought that practices political activism.¹¹⁹ On the other hand, all informants from these groups gave to Mooca’s Workers Union a great importance in the enactment of the movement, establishing the first connection between working and housing conditions in the district and defining them as class problems, thus, the focus of collective demands.¹²⁰ Out of this convergence of forces, the first and one of the most successful organizations in cortiços was established in Mooca in the 1980s: the Mooca Group of Quintais and Cortiços (*Grupo de Quintas e Cortiços da Mooca*).¹²¹ During that period, there was no other organization working in cortiços in the entire city. One of its founders remembers the difficulties of this initiative when even gathering people and having a space to meet was a major challenge. For the first meetings, for instance, she offered her house and made popcorn for the few tired and hungry who attended it after a long day of work.

One of the main strategies of the housing movement in the 1980s was to promote occupations in vacant

¹¹⁹ This is the case, for instance, of the Gaspar Garcia Human Right’s Center, an originally catholic association, now a non-governmental organization, which focuses on human rights and social needs of impoverished populations in São Paulo and has been directly working in the two cases analyzed on this research.

¹²⁰ It is important to remember that Mooca was one of the first industrial areas in the country and, because of the origin of most residents, local workers learned from socialist and anarchist movements in Europe. As such, local workers’ organizations had a major importance in the two first general strikes in Brazil (1917 and 1919). For instance, some of the first plants to be closed in the 1917 strike were in Mooca. Additionally, the 1919 general strike started after the administration of the Crespi Cotton Industry decided to extend the night shift of its more than 2,000 workers. After many cases of violence, the strike ended with some gains for workers, but also with the deportation of many Italian and Spanish immigrants, deemed anarchists by the Brazilian government.

¹²¹ According to informants, *cortiço* is a subdivided building in which the families have to share bathrooms, kitchens and laundries, among others. On the other hand, *quintal* is a subdivided building in which each family has these services on its unit.

buildings. These occupations had the objective of calling attention for the high number of vacant buildings in central districts in São Paulo while a large number of people were living in informal and poor conditions. Following the same strategy, the Mooca Group of Quintais and Cortiços did its first occupation in 1983, supported by public officials from City Hall, who provided information on vacant properties and small supplies, including mattresses. The target of that first occupation supported by public officials could not be more emblematic: an abandoned building at Avenida Paes de Barros, the former most expensive address in Mooca that was now decaying. After this first occupation, the organization ended up with a list of demands, including buildings and parcels to be transformed into social housing. Additionally, the first public housing programs and projects targeting central districts started to take effect in the 1980s, even if the number of units was well below the demand. However, informants, as well as authors (Caricari and Kohara, 2006), are assertive that these programs would not be possible without the pressure from social movements that, starting in the 1980s, became more active and changed tactics to expose the housing issues in central neighborhoods. Therefore, the state interpreted as an arena that mediates class conflicts demonstrates that low-income residents were also able to tap into policy-making. In this sense, they were able to expose social issues and pressure public agents for reforms, programs and policies.

According to public officials, though, one of the issues with constructing public housing in Mooca was the physical condition of most of the parcels with small sizes. That is why the first public housing development – a direct result from the pressures of the organization – was constructed in the outskirts of the city,¹²² following the usual separation in São Paulo of impoverished peripheries and a rich center, as mentioned on Chapter 3. The approach was justified by the high land values in the central area that would prevent the construction of the large number of units that was required considering the housing gap in the city. However, if the actually constructed public housing developments were still far from answering the

¹²² This public housing development, Jardim Dona Ivone, was done as part of the self-build program initiated during the administration of Mayor Luisa Erundina. The municipal government bought the land and the construction materials, which were paid in installments by the residents who worked in the construction during weekends. For this specific development, the organization asked for 200 units, but it was only possible to build 96. Only residents of cortiços in Mooca affiliated to the local organization got a unit. They had incomes between 1 and 3 minimum wages (US\$283.37 to US\$850.12) and paid the units in contracts that ranged from 2.5 to 3.5 years. More about the program will be explained later in this chapter.

housing demand in São Paulo, on the other hand, they would lead to the concentration of the poor in locations far from central locations of jobs, commerce and services. Living in the peripheries entails high-costs in transportation and long commutes, taking away quality of life, time and money. Considering that leisure and entertainment, such as parks and cultural activities, are also concentrated in central locations, these groups would use them less frequently too. Finally, the financial justification is polemic given the costs involved in extending infrastructure to these distant locations. It is possible to conclude, thus, that these programs for public housing ended up reinforcing or even creating new forms of socio-spatial segregation (Bonduki, 2000; Maricato, 1979; Meyer et al, 2004).

The main problem in constructing public housing in Mooca, though, is the prejudice against residents of cortiços. In the 1980's, the Department of Housing at the municipal level (SEHAB) worked with Mooca Group of Quintais and Cortiços in three housing projects in the periphery of São Paulo.¹²³ The organization was not satisfied with the displacement of the population and demanded units located in Mooca. One of its leaders remembers that: *"we went to negotiate with the City Hall and a public official said that it would be difficult to get it [public housing] here 'because Mooca is the filet mignon'. (...) Then I said 'do you mean that poor people don't have the right to filet mignon?' [to which he answered] 'It is the reality' (...). It was a public official. [she replied that] 'Then we are going to taste this filet mignon'".* Therefore, if there were public officials that empathized with the demands of the organization and helped during the occupations, there were others who did not, making the position of the public institutions conflictive. Additionally, the association of Mooca with a piece of meat is suggestive not only of the high prices of the good, but also the high social status associated with it. In Brazil, it is considered that eating a fillet mignon is not for all. On the contrary, only the socio-economic elites would enjoy it. Finally, if public officials were not going to surrender easily the "filet mignon" to the poor, the longtime residents were even less inclined to do so.

As explained earlier, the traditional residents of Mooca were working class immigrants. They were mostly Italians and workers on the manufacturing plants or on the supporting commerce and services of

¹²³ They are: Jardim Ivone (96 housing units); Jardim Santa Etelvina (40 housing units) and Jardim Chabilandia (63 housing units, including 8 units that were allocated to the workers of the construction company).

the district. This is Mooca's foundational myth and this is how most people recall its history in narratives about those first-generation Italians and their courage to fight for a better life. What is usually not told in these stories, though, is that those immigrants also went through many housing hardships. They came from Italy mainly lacking resources or formal education and they would end up working in the plants for 12 or more hours a day, 6 days a week plus extra hours on Sundays. Even considering that the district had a mix of productive sites and residential units, there were not many housing options for the regular workers. On the one hand, manufacturing companies constructed rental units for their employees, especially high-ranked ones (Blay, 1985; Reis Filhos, 1994). The units would be used to get additional advantages to employers, for instance negotiating lower wages for reductions in rent prices while keeping the worker in place given that losing his/her job (including in negotiations for better contracts) would also mean losing his/her housing, in a double exploitative process (Bonduki, 2011). Even if there were other investors in rental units,¹²⁴ most low-ranked workers ended up living in collective houses, in similar arrangements as the cortiços. For instance, there are stories about cortiços in Mooca where 32 families shared the same bathroom while another building got the suggestive name of S*** Villa (Roque, 2006).

4.8. Historic image of a cortiço in Mooca (s. d.).



Source: Reis Filho, 1994: 38.

4.9. Cortiço in Mooca in 2013.



Source: author's archive.

When the topic is brought to the attention of longtime residents, they assert that these housing units were not actually cortiços, for instance stating "*Mooca was constructed with rental housing units*". Insisting on the topic, when I pointed out the similarities in the housing conditions, one of the informants answered that "*if there were people living like that, they were people, let's say, more educated... Today, those that are*

¹²⁴ Cortiços in the beginning of the twentieth century were combated by the enactment of legislation that enforced parameters for rental units, stimulating the construction of working class villas. This legislation was justified mainly by hygienic causes, considering that the fast growing population living in poor housing conditions assumedly would cause deceases (Bonduki, 2011).

coming here are people from the Northeast. Mostly from the Northeast, which means from the countryside. The guy does not have any study [formal education], he does not have anything". Another second-generation Italian admits that: *"great part [of the Italian immigrants] lived in cortiços during that time. But, they were different from today's cortiços because of the traditions of the European. He had better habits. The ones of today are influenced by the Northeast. The Northeasterner already comes with a different way of life. So, the Italians, fighting against all the difficulties, they helped each other more, they were closer to each other".* It is important to explain that *Nordestinos*, or those born in the Northeastern region of the country, came to São Paulo in great numbers between the 1950s and 1980s.¹²⁵ This immigration is a result of many factors that included policies that privileged industrialization and directed investment to São Paulo while the Northeast was a rural and historically poor region of the country experiencing record-breaking draughts. Because of the restricted housing options and the proximity to areas that already housed many Northeast immigrants (Brás), many of these *Nordestinos* ended up in Mooca as well (Caldeira, 2000; Roque, 2006).

Although materially there were not many differences between the hardships faced by *Nordestinos* and Italians – both poor immigrants organizing themselves in a different city/country –, my informants are defining important social categories. They are drawing a line between different types of immigrants marked by origin and type of housing. While Italians are referred as a “good type” of immigrants – entrepreneurs and hard-working people associated with Mooca’s development who just “happened” to live in rental units – immigrants from the Brazilian’s Northeast are associated with poverty, low levels of education, increasing criminality, multiplication of cortiços and the overall decay of the district.¹²⁶ Therefore, this research proves Caldeira’s (2000) finding that the *Nordestino* is not only a geographical category, but it is also a symbolic one that socially stratifies immigrants in São Paulo. That is why for the descendents of the Italian immigrants, the decline of the neighborhood is associated with this second wave of immigration, with the presence of impoverished *Nordestinos* living in cortiços in the 1980s.

¹²⁵ In the 1990s, this immigration pattern was already slowing and more recently even reversed (Oliveira & Oliveira, 2011).

¹²⁶ These categories can be expanded to São Paulo that got an institutionalized narrative of development through the effort of European immigrants, mostly Italians, and dismisses the fundamental work done by immigrants from the Northeast of the country.

In this unfriendly environment, Mooca Group of Quintais and Cortiços would prepare an informative pamphlet for each demonstration for better housing conditions and go from door to door in the nearby households to explain the purpose of the movement and its demands, trying to gather the support of the formal residents. If some would contribute with food and blankets, most were against public housing in the neighborhood. Even more recently, during the discussions for Mooca's Regional Plan of 2004, when public housing was proposed in the participatory meeting, longtime residents would oppose it. According to a public official: *"one of the audiences there in Mooca, I was horrified, horrified, horrified with the demonstration of some social groups from Mooca. People very well dressed, ladies and gentlemen, with signs on their hands saying 'out social housing'".* Nevertheless, social housing was constructed in Mooca as a direct result of the pressures from the cortiços housing movement.

4.4. THE GAINS OF THE CORTIÇOS' MOVEMENT IN MOOCA AND ITS INTERNAL DISPUTES

Following the growing housing problem in the city of São Paulo, cortiços' organizations were multiplying and in 1991, a new organization was created, uniting the social movement around a single entity in order to have more lobbying power. The Union for the Cortiços' Struggle (*União de Luta de Cortiços*, ULC) included the Mooca Group of Quintais and Cortiços, which from that moment on became a branch of the more comprehensive organization, changing its name to ULC/Mooca. In this sense, ULC integrated the demands of the group and continued pushing for a social housing project in Mooca, specifically in the Mooca Cinema, which had already gotten its fame as the worst cortiço in São Paulo by that time. However, it is with Madre de Deus that Mooca had its first public housing development.

Madre de Deus was constructed on the same parcels that used to have two cortiços. The intermediary worked in many cortiços in Mooca, having a sub-intermediary for each one of them. The sub-intermediary would organize the daily life in the cortiço, collect rent, and fees. After separating his/her amount, he would pay the major intermediary. Only then, the actual rent to the owner would be paid. This means that there was a third layer of people getting some type of financial surplus from the rents, making the monthly

amount paid by the residents even higher. This intermediary was also famous in the neighborhood because of his violence against the residents. He used to break lamps, cut water and electricity, take out doors, and evict residents without notice while he was also sexually abusing women for rent.¹²⁷ After many struggles, Madre de Deus was finally constructed under the self-build public program of the administration of Mayor Luisa Erundina (1989-1992). This program developed housing units with the work of future residents in the construction, resulting in a reduction of almost 60% of the units cost.¹²⁸ Of the 105 self-build developments, most were still constructed in the periphery. However, Madre de Deus was in a central neighborhood and in one that never had a public housing development before: Mooca, “the filet mignon”. Therefore, this was a great accomplishment for the organization.

Madre Deus was completed in 1995, with 45 housing units, a common space in the roof and a party space at the ground level. From the 45 families that worked in the construction and moved in 18 years ago, most of them still reside in the building. This is the case of one of the residents that I had the chance to meet during a visit. This resident came from Brazil’s Northeastern region and used to live in one of the former cortiços located in the parcels where Madre de Deus was constructed. In a tour in the building, she says that in the beginning it was really difficult because the residents had to get organized by themselves. The public spaces were poorly maintained because no one wanted to take responsibility for them. With time, they were able to hire one of the residents to be in the front door during the day and clean the building while for the night period, they hired an outside worker. The gathering space in the ground floor was enclosed and residents established a user’s fee that goes towards the overall maintenance of the building. In meetings, they decide on what to use the money, identify issues and how to deal with them. In her unit,

¹²⁷ The intermediary menaced the ULC/Mooca members and local residents with guns. One day the intermediary was found in the street with multiple cuts and beaten almost to death. There was no implication with the organization. However, one cortiço resident argued that “[he] is a demon, because he didn’t die”, demonstrating the complex relationship between residents and intermediaries. Because of the power they have over residents and the extreme vulnerability of the last ones, intermediaries were seen as both gods and devils. This is another reasons why ending the role of intermediates was important to the movement.

¹²⁸ On the one hand, SEHAB negotiated the land parcels with the original owner and provided construction materials. On the other hand, the residents worked in the construction while they also paid monthly installments relative to the land and the materials. Advised by a construction company, construction was done during weekends and residents worked from carrying materials to doing electric installations. During the construction, SEHAB also provided temporary lodging. In this case, lodging was located in Mooca and, according to the residents, this was a very positive aspect since they could continue with their usual daily activities.

kitchen and living room are integrated while now she has her own separate bathroom, an important gain considering the previous cortiços' conditions. She shows the building with great pride: "*the self-build [housing development] is my little piece of heaven*". This is the same impression that I got from residents living in another public housing development in Mooca resulting from the work of ULC/Mooca, the famous and already mentioned Mooca Cinema.

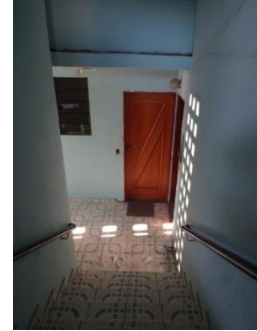
4.10. Madre de Deus.



4.11. The lobby at Madre de Deus.



4.12. Interior of Madre de Deus.



Source: author's archive.

The housing development in the Mooca Cinema, as already mentioned, was one of the first demands of ULC/Mooca given its fame as the worst cortiço in São Paulo. However, there were disputes over the ownership of the land parcels that prevented the construction of the development during the City Hall's self-build program, which was the preferred scenario for the organization. With the change of ideology in the municipal administration due to the election of a more conservative mayor, the leaders of ULC/Mooca feared losing the battle. One of the public officials of SEHAB, though, advised them to send the project to the Company of Housing and Urban Development (CDHU)¹²⁹ the housing department at the state level, which was developing a new housing program with funds from the Inter-American Development Bank (IADB).

The Cortiços Action Program (*Programa de Ação em Cortiços*, PAC) was the first program from both CDHU and IADB focused on housing in São Paulo's central neighborhoods, mainly cortiços. As such, there were technical and financial challenges, especially given that both institutions usually prioritize a high number of units and the central locations would have to be highly subsidized given the high costs of land

¹²⁹ Company of Housing and Urban Development (CDHU) is a state level department. A part of the state taxes on circulation of goods and services (ICMS) is destined to public housing developments. CDHU has constructed 90,000 units in the city of São Paulo and 600,000 units statewide. Information available at <http://www.cdhu.sp.gov.br/>. Retrieved in September 21, 2013.

and the type of demand, with households incomes usually of less than 2 minimum wages (in 2013, R\$1,356.00 or US\$566.75).¹³⁰ The final contract, signed in 2002, provided three different types of support for 2,740 families (not all from Mooca): 1. a unit constructed or renewed by CDHU; 2. letter of credit for the acquisition of a market-rate unit; 3. lodging allowance to support families that did not have the financial means or did not want to acquire a unit (CDHU 2012). Despite the small number of families served,¹³¹ well below demand, among these options, the only one that guaranteed the permanence of the households in central locations was the construction of new developments. Therefore, the traditional approach of displacing low-income residents to the peripheries was kept in the program. Finally, these initiatives would have to deal with the opposition from local residents and the heated real estate market.

The head of the program at CDHU recalls that there was a great rejection to the housing developments in Mooca, especially from the local chamber of commerce. Additionally, she admits that there has been a great process of displacement of cortiços in Mooca especially caused by the real estate market. According to her, from 2001 – when the survey identified the areas in the perimeter of the program – to 2004 – when they were contracting the architecture offices to design the building – there were almost 40% less people living in cortiços in Mooca. This is confirmed in PAC’s final report that states that in 2001, there were 111 cortiços in the neighborhood and in 2004, there were only 69 (CDHU, 2012). At that moment, considering the necessity of starting the program as soon as possible, there was an agreement between CDHU and ULC/Mooca to visit cortiços and identify parcels for the developments. Both of them also remark that after

¹³⁰ The head of the program at CDHU remembers that the relationship with IADB was distant and challenging, especially about the type and level of support that would be provided. Additionally, political problems were also a challenge. On the one hand, there were seven different presidents of CDHU in seven years, each trying to change or stop the program. On the other hand, political problems were also found in establishing the partnership with the City Hall in 2005 to enforce legislation on cortiços while surveying the demand for new units. This was especially true given that the governor and the mayor during that period were from the major rival parties in the Brazilian political spectrum. These are PT – of former president Luiz Inácio Lula da Silva and that elected Marta Suplicy as the mayor of São Paulo from 2001 to 2005 – and PSDB – of former president Fernando Henrique Cardoso and that elected the governor of the state of São Paulo, Mario Covas (1995 - 2001) and Geraldo Alckmin (2001 - 2006).

¹³¹ There were also currency problems given that the initial contract had to be revised in light of the valorization of the Brazilian Real in comparison to the U.S. dollar, resulting in a downsized number of households to be supported. The initial cost of PAC was estimated in US\$ 70 million, from which US\$ 34 million were to be provided by the IADB loan and US\$ 36 million would be from CDHU direct funds. With the revisions in 2008 and 2009, the program was enacted with funds of US\$ 59 millions, corresponding to the same amount to be provided by CDHU and US\$ 23 million by the IADB loan. With this financial revision, from the total of 5,000 households to get support from PAC, the goal was downsized to 2,740 families. However, according to the head of PAC at CDHU, the final costs were actually US\$ 23 million, 60% provided by CDHU, 30% by IADB and 10% provided by the federal government.

making a list of potential areas, such as vacant factories and warehouses, during the visit to start the process of acquisition, some were already sold and exhibited billboards marketing a new development. Therefore, the public program started late in comparison to the investments by developers.

For the development at the Mooca Cinema, the area was delimited as a Special Zone of Social Interest 3 (ZEIS 3) by the Mooca Regional Plan of 2004, which means that this is one of those areas mentioned in Chapter 3 that could prevent gentrification by keeping the low-income population in central locations. CDHU assembled four parcels: the cortiço in the old movie theater, two smaller cortiços, and a former bar. The final development has two high-rise towers and an open patio at the ground level with a sports court. Opened in 2009, the development has 238 units, 160 with one bedroom (35m²) and 79 with two bedrooms (44m²). During my site visit, besides the many children playing outside, I was able to participate in an important moment for the residents that were gathered in front of the recently arrived sign with the new name for the building. While middle-class neighbors complained about the CDHU logo of public housing development – given its usual association with crime and poverty – the residents took the initiative to change the name given by CDHU (Mooca A) to a new name decided by them (Condomínio Residencial Pires de Campos). According to them, this was a strategy to convey an “*image of residential building*” less associated with public housing and to be more independent from the CDHU.

4.13. Condomínio Residencial Pires de Campos.



4.14. CDHU development near residential towers.



Source: author's archive.

On the other hand, while the development constructed by CDHU has 247 apartments, they were not exclusively for people affiliated to ULC/Mooca. According to the leaders of the organization, during the negotiation with CDHU, only 30% of the apartments were designated for its members. Although this was

far below demand, the leadership concluded that it was a positive process because it demonstrates the strength of the organization given that out of the residents that came from the ULC/Mooca's list,¹³² nobody has moved out while 65 apartments from other organizations have sold their units or are late in paying the monthly parcels. In this sense, during the interviews it was possible to notice that disputes among different organizations in the housing movement seem to be common. There is indeed the formation of categories in this discourse that put Mooca as a stronger, more politically committed and honest organization.¹³³ This discourse results in the characterization of the entire group of cortiços' residents in Mooca in a different social category, as demonstrated in the explanation by a local leader that *"people from Mooca are different; they speak differently; they dress differently"*.

As already mentioned, ULC was enacted in 1991, uniting smaller organizations focusing on housing issues of cortiços in central neighborhoods. Although initially ULC had only 6 groups, it grew fast to more than 20 organizations. Mooca was the first and still the strongest one with programs of education and political formation, making it the main ideological base for ULC. This was one of the reasons, thus, to locate the general ULC head office in the district. Internal disputes, though, led to the separation of ULC into smaller organizations, resulting in the relocation of the head office to another neighborhood.¹³⁴ Currently, ULC, other cortiços' organizations and housing movements in general, are united in the Union of Housing Movements (União dos Movimentos de Moradia, from now on UMM). Informants, nonetheless, explain that disputes continue to exist once the leaderships gathers more strength and support from other agents, such

¹³² Once ULC is successful in the bargaining process of a new development, it regulates the distribution of units through a list of people affiliated with the movement. The list follows an order of enrollment in the organization, frequency of attendance of meetings and events, as well as urgency, as in cases in which a cortiço is demolished. If a development is built in the periphery and units are offered to ULC, they open the possibility to members of the list. However, the focus is on developments in the central neighborhoods, trying to keep the population in the same location. Therefore, if a person refuses the unit in the periphery, he/she can stay on the list and in the same ranking position waiting for another development.

¹³³ Two examples were used to talk about corruption in other organizations. The first one is the control of the list for housing units. Informants state that other organizations include people who were not on the list and when CDHU or SEHAB make the registration of residents, they would put mattresses on the floor and call people who did not even live in that cortiço. The second example is bribes to get into a new housing development or leaders selling units. UMM confirms that they caught another ULC leader selling units in a housing development. There were receipts for 118 apartments and it is assumed that this person had some type of arrangement with CDHU because she was showing videos of the units that no one had access beside them.

¹³⁴ For instance, two organizations born from a direct division at ULC are the Forum for Cortiços and Homeless People (Forum de Cortiços e Sem-Teto), founded in 1993 and the Movement for Housing in Downtown São Paulo (Movimento de Moradia do Centro MMC-SP), founded in 1997. Both are associated to the structuring organization UMM.

as political parties. In this sense, each organization wants to secure their space and highlight the needs of their own base, which is territorial by definition. They put pressure to have their demands or their own lists moving quicker given that *“the movement only survives with results, with housing assistance”*, as defined by the leader of UMM and agreed by the leaders of ULC/Mooca. Additionally, the territorial disputes speak back to the own designation of the central area in São Paulo. In this sense, while UMM characterizes central locations as formally defined by City Hall itself – i.e., the expanded central area that encompasses 11 districts – parts of the movement focus only on the traditional city center, or the historic downtown, that encompasses only two districts and does not include Mooca. This would mean that Mooca would be left out of movements and programs targeting central neighborhoods in São Paulo.

Although there were internal disputes to ULC, Mooca’s group had accomplishments on its demand for public housing developments. Even more importantly, ULC/Mooca had a great importance in informing cortiço residents about their rights with political training and lectures that inform organizations and residents. The leader from UMM stated that *“in the past they thought that the movement was black, toothless and dumb, right? Not today. You see the people in the movement, they are studying. They have a new understanding.”* In direct opposition to the government’s assumption, ULC/Mooca’s leader got an undergraduate degree in social work and the leader from UMM is studying architecture and urbanism. They also mention other cases of cortiços’ residents studying engineering and law, among others. This professional training of the members of the movement brings a new perspective to their demands while also helping technically with legislations, rental contracts, programs, and criteria for housing assistance. Additionally, during meetings, ULC would bring lawyers and public defenders. This was especially important given the usual evictions without notice, in which the movement had to mobilize judicial actors. Finally, members of the judicial system had a great importance in clarifying contracts for public housing, explaining rights and duties as well as the importance of not selling the unit. Actually, this is a great concern of public institutions, social movements and research centers.

It is already expected that some people will move out of the public housing development for many

reasons. However, the concern is that, first, the units fit the profile of the demand without adding an extra burden to the household and, second, that these families can enjoy all the benefits of living in central locations without being displaced by other agents in the future. On the one hand, during the fieldwork, all the informants confirmed that the parcels in a public housing development are cheaper than paying rent in a cortiço. For instance, at the Condomínio Residencial Pires de Campos, as of 2013 residents were paying monthly installments of approximately R\$159.00 (US\$66.45) for a one bedroom unit and R\$210.00 (US\$87.77) for a two bedroom unit. In contrast, informants stated that it is not possible to find a unit in a cortiço for less than R\$400.00 (US\$167.18). On the other hand, without many housing developments in Mooca and units below demand, many are still living in cortiços with rents going up quickly. Besides a general notion that prices have been increasing given the recent country's economic growth, the increase in cortiços' rent is also related to the transformation of Mooca with new developments displacing cortiços and the enforcement of the municipal legislation obligating reforms to improve housing conditions.

4.5. THE DISPLACEMENT OF CORTIÇOS: PUBLIC AND PRIVATE INITIATIVES

4.15. Residential towers constructed at the former location of a cortiço, according to ULC/Mooca.



Source: author's archive.

Many cortiços were closed, abandoned, or demolished in Mooca. The decreasing number of cortiços, a consensus among all my informants, further stimulates assumptions that they do not even exist in Mooca anymore, which is truly false in light of public data or a simple visit to the district. What is happening is an effect of both public and private actions. On the latter, the new investments stimulated some owners to sell their buildings. However, instead of reforms and renovations in classical gentrification cases, cortiços in Mooca are usually demolished to construct other structures, which include residential developments (as seen in Figure 4.15), commerce and services. According to SEHAB, out of

the 210 cortiços surveyed since 2006, 132 no longer exist as such.¹³⁵ When asked about reforms to rent those buildings to a single family, it is also a consensus among informants that owners get more profit by making it a cortiço or selling the land for a new development. Reforms are only made when the building is transformed into commerce and this is not the majority of the cases.

Meanwhile, cortiços are also decreasing because of public initiative. In 1991, the first legislation regulating cortiços in São Paulo was enacted. The Moura Law (Lei Moura – Municipal Law n. 10,928) was the result of the long struggle of housing movements to guarantee minimum housing conditions and social fares for utilities – i.e., discounts in energy and water, among others – and, most importantly, combat the intermediaries' exploitation of residents. The legislation entails surveying and monitoring the units to apply fines in cases of misconduct. Yet, because this role was delegated to Sub-City Halls, the lack of technicians to do fieldwork has been a problem to enforce the legislation. There is a large number of evictions and cortiços that do not abide by the legislation and have not been noticed by public officials, calling for residents to continue mobilizing public defenders and the judicial system to ask for their rights. Additionally, even if SEHAB has been publishing the results of the legislation along with beautiful pictures of cortiços that went through the adaptations to the Moura Law, results are below the expectation of the social movement. In my site visits with the local organization, I was able to see the problems that persist.

For instance, reforms in one cortiço with six units were approved by the technicians in Mooca's Sub-City Hall in 2013. The intermediary has been living there for 33 years and recalls that the bedrooms of the older house were transformed into housing units sharing all other housing functions including external access. She explains that during the reforms she kept all the receipts because the owner did not invest in the works. In this sense, if in the future the owner reclaims the property, she expects to get some type of refund. The works included opening the units to the patio with independent doors, improving bathrooms

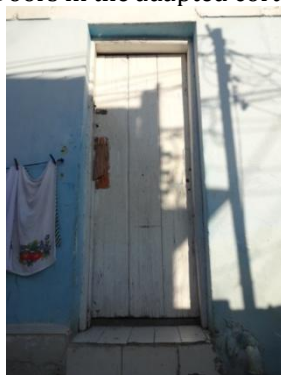
¹³⁵ These 132 cortiços refer to two categories of evaluation by SEHAB: non-cortiço (não cortiço) and change of use. These two categories aggregate data for cortiços that were demolished or changed use, rental units that are not cortiços (casas completas) as well as buildings where the visit could not confirm if it was a cortiço or not. Even if we consider that this number is not very precise – given that the dataset is not very systematic – it is also important to point out that because of their invisibility, many cortiços were not surveyed, functioning without any enforcement of the housing legislation.

and other utilities, changing the floor in the house, and a new floor in the patio that used to be on dirt. Nevertheless, the reforms seem precarious and poorly constructed, as seen in the figures below.

4.16. Floors in the adapted cortiço.



4.17. Doors in the adapted cortiço.



4.18. Features in the adapted cortiço.



Source: author's archive.

During this visit, the largest unit in the cortiço was vacant. It has one room, kitchen and bathroom and the rent was R\$600 (US\$250.77). The intermediary explained¹³⁶ that the rent was high because she “selects” who lives in “her place”. On the day of my visit, a couple was also there to see that unit. However, the intermediary told me that she would not rent to them because they had a child and she did not want any “confusion” on “her house”. In another demonstration of the vulnerability of residents, the member of ULC that is accompanying the visit recalled that a friend used to live in that same cortiço and that the former intermediary used to take out the doors to evict residents. The current intermediary explains that she does the same thing, demonstrating that truculent forms of pressure upon residents still exist. In this sense, not only the results of the adaptations to Moura Law are dubious, but also the vulnerability of the residents to the intermediary's will is not over while the exploitative relationship continues to exist.

Even with the intermediary's rate of profit, expensive rents are also the result of enforcement of Moura Law. It is a consensus among informants that the legislation had a direct impact on rent prices. With the works to adapt the cortiços, it is possible to assume that the housing conditions are relatively better, even if not in the pristine examples in the publications from SEHAB. However, the costs of adaptation and construction were passed onto rent prices while there was no guarantee that the families that used to live

¹³⁶ On the case of this adapted cortiço, the intermediary is very reluctant to answer questions, talking in a harsh tone. When asked if SEHAB approved the reforms, she is defensive and aggressive, asking if we wanted to check the documents.

in those units before the improvements will be able to pay the costlier rents after them.¹³⁷ Finally, once buildings are adapted to the Moura Law, they are not considered cortiços anymore by SEHAB and CDHU. Therefore, they get out of the list of cortiços in the city and current residents cannot get in a housing unit constructed in a public development for cortiços' residents. Therefore, the number of cortiços and residents in need of housing assistance decrease, giving a false image that they do not exist anymore.

Adapted or not, the rents are going up, cortiços are being sold or demolished, and residents are being displaced. When asked where these people are moving to, the answers are not very precise, usually assuming some variation of "*anywhere they find a place*". However, the examples provided are either moving to a favela in the periphery or staying in another central neighborhood by renting a unit in a different cortiço. Some members of the social movement admit that cortiços are a very dynamic reality given that while one cortiço closes in one location, another one might be opening up a few blocks away and without any control from public institutions. It seems that occupying a building is also an option chosen by many. This is the case of some residents from the old Mooca Cinema that did not get into the CDHU housing development and occupied a vacant house. Some of the people living there state that CDHU, before the housing development, was offering R\$1,800.00 (US\$752.32) as "housing assistance" to leave the cortiço. This practice, known as displacement-check (*cheque despejo*), have been commonly used by SEHAB and CDHU in different times and places as a strategy to end informality (cortiços, favelas and occupations) without actually solving the housing demand in São Paulo, as will be detailed in the next chapter on the OUCAE. Members of the housing movement state that the amount is usually used to buy an informal settlement unit in the periphery, i.e., displacing the population from central locations. Occupation was also the solution found by residents of a cortiço with a great number of units at Mooca Street that were displaced by lack of payments from the intermediary. The residents, who are not connected to ULC,

¹³⁷ One of the initiatives at the municipal level to support the adaptation of cortiços to the Moura Law is to settle the families in one of the public programs of social rent. Mayor Marta Suplicy enacted two programs with this focus: the first provided direct cash transfers to help pay rents for 30 months, with a possible extension of an additional 30 months (*Bolsa Aluguel*), and the second intended to construct public housing units for rent, which is a direct contrast with the usual public programs of home ownership. Nevertheless, the program had a very small impact with only two buildings being constructed. Additionally, families can only stay for 5 months and renewing a contract is difficult. Finally, later mayors discontinued the program.

occupied in 2011 the former Crespi childcare building, a historic construction that was dedicated by the wife of an important local entrepreneur for his workers. The building is now the subject of a study from the Mooca's resident association (Amo a Mooca, or Love Mooca) to ask for the protection of the building by the municipal registry of historic buildings, which can end with the removal of the current occupiers.¹³⁸

It seems, thus, that the housing problem is mostly changing locations within the district and the city, but not actually being solved. However, even if the number of cortiços is decreasing in Mooca, it does not mean that they ceased to exist. They are as invisible as they have always been and the reforms made for the Moura Law may not have an impact on improving the quality of life of residents or decreasing their vulnerabilities to intermediaries. A final important aspect to take into account is that Mooca's boundaries are fluid and what is considered as Mooca by these informants may not reflect its official definition by the City Hall. For instance, while most residents did not consider parts of the official perimeter of Mooca, they usually include an area of the Brás District as "Lower Mooca" and it is a consensus that in there cortiços are not decreasing. On the contrary, they are multiplying and offering even worst housing conditions.

4.6. FLUID AND MOVING CATEGORIES: SOCIAL GROUPS AND THE DISPUTE FOR MOOCA

From the findings of the fieldwork, it is possible to conclude that the geography of Mooca is not exactly what has been formally institutionalized. Clearly, administrative areas may be as arbitrary as any other case of boundary definition, such as states, neighborhoods and, for that matter, research cases. They become vessels or containers for communities (Smith, J., 1998). However, they may not represent the community itself or the many socio-spatial changes happening on that place. While the institutional definition was used to locate Mooca for this research as the Mooca District, when talking with local residents it is possible to realize that they may not agree with these boundaries. This is true, for instance, with the easternmost part of the district, where two CDHU developments were constructed and included in

¹³⁸ Available at <http://www1.folha.uol.com.br/fsp/cotidian/ff1908201027.htm>. Retrieved in July 17, 2013. It is important to notice that this is the same neighborhood association that was against constructing public housing in the neighborhood during the discussions for the regional plan in 2004.

the list of public housing in Mooca. However, ULC/Mooca considers that these developments are located in the Belém District.¹³⁹ This is even more impressive in the northernmost part of the district, seen below.

4.19. Avenue Alcântara Machado (Radial Leste).



4.20. Immigrants Hostel (closed for renovations).



4.21. Arsenal da Esperança (adult shelter).



Source: author's archive.

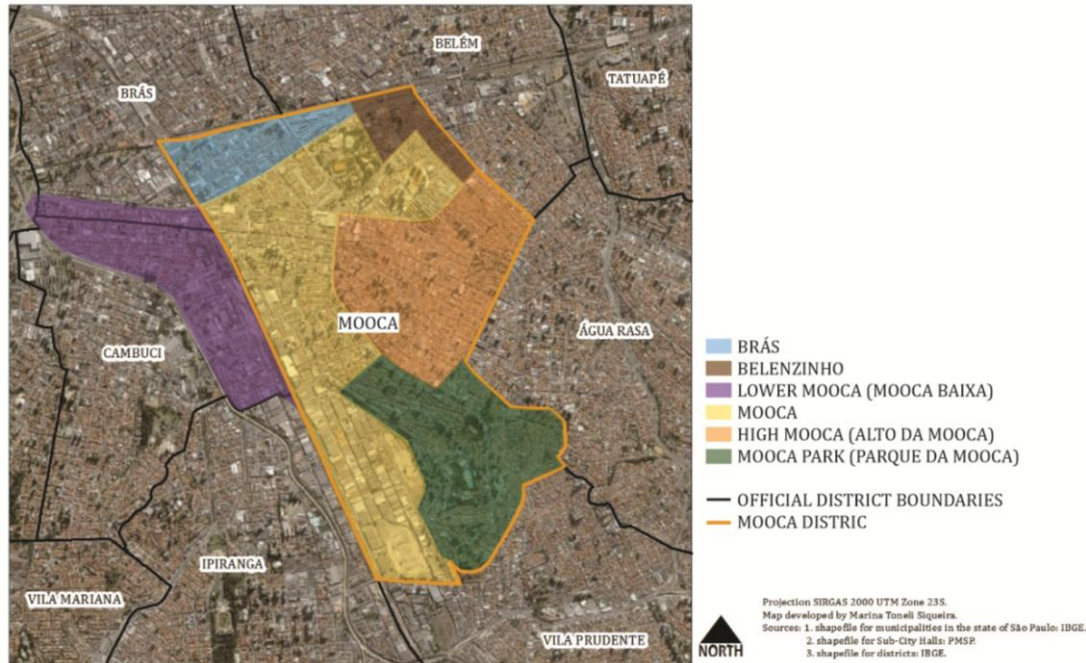
All the residents from all groups interviewed for this research considered the Avenue Alcântara Machado (*Radial Leste*) as one of the limits of the neighborhood. The parcels beyond that great avenue were considered the Brás District. This part of the neighborhood was considered as Brás also by agencies that monitor the local real estate market, aggregating data for Mooca without the new developments on that part of the neighborhood. This is especially relevant considering that this area, which locates the historic Immigrants Hostel, has lower property values than the rest of the district while it is home to public services that support homeless people, such as a shelter. Therefore, this area has not been experiencing the same level of redevelopment as other parts of the neighborhood and it is not considered an important real estate value area for those agencies.

Meanwhile, there is ambiguity with the westernmost part of the district. What is usually called Lower Mooca is actually where Mooca is considered to have been born. As such, it has great relevance for the local history. This is the case of the Church of San Gennaro where, besides masses and religious activities, a traditional popular party takes place every year. However, with the physical marks of train lines and the construction of a viaduct connecting the Alcântara Machado Avenue with the downtown, this area is isolated from the rest of the district, almost as an island. Finally, the official definition of institutional

¹³⁹ In 2005, there were two other public housing developments from PAC at Mooca, both at Dr. Fromm Street. They were not included in the scope of ULC/Mooca demands and the units were distributed by CDHU. It is also interesting to notice that members of ULC do not consider that these developments are in Mooca, rather in a different district (Belém), even if the area is formally defined by the City and CDHU as Mooca. This issue with boundaries will be further discussed below. The important aspect, though, is that the physical boundaries of Mooca are fluid and subjective.

boundaries establishes it as part of the Brás District, as seen in the map below. This does not prevent, though, that residents include it as a part of Mooca. This is especially true in the narratives about cortiços.

4.22. Mooca's popular map.



The term Lower Mooca is always used with a certain care by informants. They agree that it has a pejorative connotation to it. Nevertheless, this part of the neighborhood is only mentioned in the interviews in one situation: as an afterthought to remember that there are still cortiços in Mooca. The circumstances in which Lower Mooca is mentioned bring to one's attention a few interesting factors. First, there is the aforementioned ambiguity about this area in terms of whether it belongs or not to Mooca. On the one hand, most of the interviewees mentioned without being asked that, technically speaking, it is not Mooca. However, considering that it is the original site of the neighborhood, most also get to the conclusion that these divisions are not very accurate. It is a "*stupid bureaucracy*", as a longtime resident explained. On the other hand, by not officially belonging to Mooca, the discourse about the changing social conditions, for better or worse, does not include this area. It is within this context that all informants, including the ULC/Mooca members, stated that currently there are not many cortiços in Mooca. However, in the middle of the interview or motivated by another question, they "remembered" that in Lower Mooca there are many cortiços and with very precarious housing conditions.

When the informants mention these cortiços, especially in Lower Mooca, they also bring another social group into the conversation: Bolivians. According to them, current cortiços' residents are the most recent immigrants coming from Bolivia in search for jobs and a better quality of life. This new immigration is not something that went unnoticed to Brazilian academics, the population or even the news, which have been portraying with more frequency the cases of violence against them, including thefts, physical and sexual assaults.¹⁴⁰ This is especially true given that most of them are undocumented immigrants, who by fear, lack of knowledge about the Brazilian institutions, or even difficulties in speaking Portuguese do not see after their rights. In this context, they come to the country to work in the sweatshops in the nearby Cambuci, Brás and Pari districts, sewing clothes that will end up in both popular and expensive stores throughout the country. These sweatshops are usually located in the housing units they reside in or close to cortiços. Another interesting aspect is that most informants mentioned that the Bolivians work for Chinese and Korean immigrants that own stores or sell their products to other companies. Additionally, it is also known that many times the employer is also the owner of the materials and buildings. Therefore, this globalized relationship happening in the cortiços in Lower Mooca ends up reestablishing the original character of the workers' villa: the exploitation of both the home and work environment. The owners of factories, commerce and services first did this with the Italian immigrants at the turn of the nineteenth to the twentieth century and now the owners of sweatshops repeat it with Bolivian immigrants. Finally, social categories are also reestablished with the emergence of this new group in Mooca.

The process of socio-spatial change in Mooca is, thus, also a process of social stratification that constructs essentialized categories: the Italian, the Nordestino, the Bolivian. While they have similarities, using the general category of "immigrants" would not mark their differences in my informants' eyes. First, longtime residents, descendants of Italian immigrants stated that their parents and relatives were different from the Nordestinos, as already mentioned. Second, the Nordestinos from Mooca also tried to differentiate

¹⁴⁰ A few examples are available from <http://www1.folha.uol.com.br/saopaulo/2013/06/1295108-bolivianos-se-tornam-a-segunda-maior-colonia-de-estrangeiros-em-sp.shtml> and http://www.bbc.co.uk/portuguese/noticias/2011/08/110818_bolivianos_pc_pai.shtml. Retrieved in February 5, 2013.

themselves from other parts of the city in the disputes within the housing movement. Currently, they are also putting a social difference between themselves and the Bolivians as demonstrated in the remark that *"Brazilians do not want to live in cortiços anymore (...). Nordestinos fight, stay in favelas and cortiços, but get out; [they] want to improve, to grow. That is why there are Bolivians in the cortiços today."* Therefore, each group of immigrants takes distance from the more recent ones, establishing a social hierarchy. Even if this differentiation is not calculated or conscious, there is indeed the construction of social categories that establish a hierarchy. These categories, in turn, lead to territorial disputes: to whom Mooca belong?

In this sense, longtime residents complain about the bad conditions of the historical buildings in Lower Mooca, the rising criminality, consumption of drugs and prostitution, concluding that it is an "abandoned" area. Considering the historic Italian party at the Church of San Gennaro, these residents fear the end of this tradition. *"They ruined the parties. The people who invaded; who carry garbage; [they] don't have education; keep begging for money or stealing. The families don't go there [Lower Mooca] anymore. Unfortunately, this is the big difference that is happening to Mooca after they invaded there"*. It is important to notice that when making these remarks the informant used variations of the word *invasion* many times to refer to the residents of cortiços. Besides the brutality of the act of invasion, it seems that he is using the term to make a clear assertion about these residents, blaming them for the condition of the area. The emergence of these cortiços, thus, marks a distinction between a time when everything was better and families could go to the parties. Today, with the *invasion* of the area by residents of cortiços, the area is declining. The informant tones down his opinion afterwards, stating that not all of the people living in Lower Mooca are criminals. *"There are good people there that just don't have the means"*. However, his concern about Mooca's traditions are again reflected when he recalls the discussions about the location of public housing developments during the already mentioned meetings for the 2004 regional plan. When asked if he was against it, he answers *"no, I am not against. But, I think that you cannot mix things too much. You will end up losing the culture of today"*. His concern about "losing the culture" explains the initiatives taken by longtime residents to register the local history and keep the original traditions from the Italian immigrants.

It is important to mention that second-generation Italians head these initiatives. Therefore, they are the sons and daughters of the Italian immigrants that became “doctors”. However, by identifying themselves as “moquenses” (or the ones from Mooca) they are constructing another social category that entitles them as the real residents of Mooca. Even more importantly, they are interested in maintaining what is seen as the authentic identity of the district: the Italian enclave and the buildings from that period, even if they have an ambiguous position on what is happening in the district. On the one hand, they considered that Mooca is finally “developing”, with many informants mentioning that there was “nothing” in Mooca and now they have good stores. On the other hand, the new development and residents bring a menace to their entitlement to the local identity. Therefore, these moquenses have written books and created websites that publicize the history of Mooca. Additionally, this second-generation of Italians refused to move away in the years of decline and sustained the social relationships that still characterize Mooca as a place where people say good morning when passing by in the streets. The reason is explained by a longtime resident, son of Italian immigrants and promoter of the local identity, recalling an occasion in which a friend challenged him about why he did not move out of Mooca when he was promoted to a better-paid job position. He answered that a real moquense never leaves Mooca. To which another moquense added, *“people here identify themselves more with Mooca than with São Paulo. [They] are proud to say they are from Mooca”*.

The pressure from new developments, additionally, stimulated the creation of the residents’ association in 2001.¹⁴¹ The association started with four longtime residents (moquenses), meeting at the house of one of them and trying to think about strategies to preserve the traditions of Mooca. Today, they have a room within a former manufacturing building (Crespi Cotton Industry). The case of the renovation and participation of Amo a Mooca in it will be further mentioned. However, it is interesting to notice that with this space, the association was able to expand its activities and promote courses, including Italian. Actually, the language is a very important cultural trait of the moquense. They use words in Italian and

¹⁴¹ Although there were other two residents’ associations, they ceased to exist and only Amo a Mooca has the legal statute of a formal organization, counting with the strength of many of those longtime residents to push its agenda.

have a specific accent that was the subject of a local initiative to designate it as historical heritage.¹⁴² An informant explained *“today it is prejudice to talk about color, name. But, I am proud. I get emotional. Until I was 5 years old, I only spoke Italian (...). I understand Italian better than Portuguese”*. However, the cultural identity that these moquenses are trying to maintain is a double-edged sword. It also became a marketing strategy used by developers and it is one of the reasons why people are attracted to Mooca. It is, thus, no surprise that most of the buildings in Mooca have names in Italian, among them La Dolce Vita Nuova Mooca (with the towers Diversita, Felicita, Citta, Belta); Eleganza Mooca; Piazza Suprema; and Stuppendo.¹⁴³

Finally, the physical transformation of Mooca, is a concern: *“It is going to be like any other neighborhood. Like Moema [a verticalized, high-income neighborhood in São Paulo], a tidy place, but without identity”*, as one informant sums it. They state that with the new developments and residents, social relations changed. While it would be possible to recognize a moquense by the way he/she talks and walks, Mooca is losing its character. The in-movers, according to the moquenses, have a different socio-economic profile, meaning that they realize that besides the traditions, the new residents also have different jobs and wages than them. Additionally, in the past, people knew each other or at least knew their family names. Now, living in apartments, they state that if they know 5 or 6 other people of the same building is already an exaggeration.

Images 4.23. to 4.31. Examples of the residential typologies in Mooca: traditional working class and medium income houses and the high-income residential towers.



¹⁴² The local media (<http://www1.folha.uol.com.br/cotidiano/925287-sotaque-da-mooca-pode-virar-patrimonio-imaterial-de-sp.shtml>) and even the City Hall (<http://www.prefeitura.sp.gov.br/cidade/secretarias/subprefeituras/mooca/noticias/?p=22558>) paid attention to the request of a city council member. However, the initiative was not approved.

¹⁴³ It is interesting to notice that, like in any other locations in São Paulo, many buildings have names in English, such as Emotion; Central Park; and Beverly Hills. However, in Mooca, the Italian names are more frequently used.



Source: author's archive.

Nevertheless, the moquenses are also living in apartment buildings that contributed to the changes in the social character of the neighborhood. Therefore, if the moquense will never leave Mooca, as already mentioned, they may sell their houses and move into these buildings. This is actually the case of the leaders of resident organizations and moquenses interviewed for this research: they all have moved to apartments. If this had already happened in the 1980s with the construction of the first residential towers, more recently the process has become more intense as demonstrated by one of the longtime residents *"My family has lived in this building for a long time. We looked around and we could count 16 buildings, 20 years ago. Then, it stopped and recently, 7 or 8 years ago it turned into madness"*. Another moquense shows the view of his apartment and states that all the existent warehouses and small houses are going to be condominiums. His own building is on parcels that used to be houses and he believes that the process is inevitable. In conclusion, by mentioning the future of Mooca as any other neighborhood, especially Moema and Tatuapé, they are making reference not only to the dismantling of social identities, but also to the extreme process of verticalization that these areas went through. In this sense, it may be because of the dismantling of social identity or transformations in the physical environment, the moquenses are trying to preserve something that they see as already destined to end. Considering that the identity of Mooca is both product and producer of its built-environment, it is important to analyze what is happening with its built heritage.

4.7. THE LEGACY OF THE BUILT HERITAGE AND THE POLITICS OF PRESERVATION

Mooca always has been a mixed-use district. Besides the manufacturing plants and warehouses, the residential buildings catered to a diverse population that worked and lived in the area. This means that there were cortiços, small-detached homes and luxurious houses, the last ones mostly located in the Paes de Barros Avenue. However, one of the signs of the transformation mentioned by the moquenses and clearly identifiable visually is the transformation of that avenue. At a first moment, high-income residents either moved out of the avenue or moved into the first apartment buildings at Mooca Park. Afterwards, the transformation of the avenue into a bus corridor also stimulated the transformation of *palacetes* into commercial establishments and services while some buildings were constructed there too, as seen in the figures in the next page. According to informants, these transformations in the avenue took place especially in the 1980s while other larger houses in the neighborhood (although not the ones in the Paes de Barros Avenue) were transformed into cortiços. However, since the turn to the twentieth, the transformation in the built-environment has been more drastic, especially in terms of its verticalization.

4.32. Paes de Barros Avenue: bus corridor and new buildings.



4.33. Historic house converted into a bank at Avenida Paes de Barros.



Source: author's archive.

On the one hand, real estate companies have been buying the houses to construct high-rise developments. From 1991 to 2012, the number of parcels occupied by houses (horizontal -residential uses) has decreased by 9.37% while parcels with residential towers (vertical – residential uses) have increased by 148.96% (see Table 4.4).¹⁴⁴ If the 2002 Strategic Plan of São Paulo restricts the assemblage of parcels in the city, informants state that previously real estate agents were taking especial advantage of the aging

¹⁴⁴ Calculated from data available at <http://infocidade.prefeitura.sp.gov.br/index.php?cat=17&titulo=Uso%20do%20Solo%20Urbano>. Retrieved in January 12, 2014.

population of the neighborhood. This aspect is important because the elderly eventually pass away and leave the properties to younger generations, who may not have the same ties to Mooca, and end up selling them. Additionally, informants state that the elderly do not have an accurate sense of how much their property is worth. These owners usually consider only the use value of a small and old house while the real estate companies see the future profits in assembling multiple parcels. However, with the amount paid to these owners, it is difficult to find another unit in Mooca.¹⁴⁵ One moquense remembers that when she moved to a 20-store building, her house was one of the last ones in the block since developers were already knocking on other doors making offers. In her case, she and her husband thought it was a substantial amount for what was seen as a decaying house. However, when they started looking for apartments to buy, it was very difficult to find a similar place in Mooca because prices had risen sharply in the past years, ending up in a smaller unit. All these longtime residents state that real estate prices, both for purchase and renting, have more than doubled. Those who can will not move out and change locations within the district. On the other hand, they also realize that many were not able to stay, moving to a nearby and cheaper neighborhood, such as Vila Prudent, or more distant ones in the Eastern periphery of São Paulo. It is possible to conclude, thus, that the process of reinvestment is having an impact on property owners of the area while it certainly can be assumed that renters have been facing similar problems.

On the other hand, all informants, including real estate agents, agree that transformation in the neighborhood first started with the large manufacturing buildings and warehouses. As already mentioned, the process of closing down these companies started in Mooca around the 1950's, got an impulse with the 1972 zoning legislation, and had its final chapter with the opening of the country to free trade in the 1990s and the enactment of the 2004 zoning legislation. For instance, in terms of the partial deindustrialization process, policies at the municipal, state, and national level had an impact in Mooca.¹⁴⁶ While some of these have already been mentioned, it is important to focus on local zoning legislations that clearly have been

¹⁴⁵ Another strategy used by the real estate companies is to offer one unit in the apartment building in exchange for the current property. However, informants say that this is not the most common case.

¹⁴⁶ It is important to notice that, although not having gentrification as the major theoretical referential, Zukin also identifies a similar process of constraining industrial uses followed by socio-economic upgrading in SoHo, New York.

constraining manufacturing companies in the district. In this sense, the area designated for industrial uses in Mooca has decreased abruptly in the local legislation, from four industrial zones in 1972 to only one in 2004, as seen in the maps in Appendix III. On the first legislation, the justification was to protect residential areas from the nuisances of manufacturing, including pollution, contamination, and noises. However, with the increasing process of deindustrialization of Mooca and the city of São Paulo, public officials stated during the interviews that there was no need for large industrial areas in these geographies. Therefore, there is a narrative in place with a problem of causality: while “deindustrialization” caused transformations in zoning, the zoning legislation also caused “deindustrialization”. From 1991 to 2012, moreover, parcels occupied by manufacturing and warehouses have decreased by 10.55% to 619 parcels or 1.91% of the land use distribution (see Table 4.4).¹⁴⁷ Therefore, if there are still productive uses in Mooca that can be seen just by walking in the district, it seems that these areas are rapidly being transformed.

In some cases, these structures were adapted to new uses that took advantage of their large dimension. This is the case of the Anhembi-Morumbi University that, while looking for a location for its new campus on the east part of São Paulo, ended up in the building of a manufacturing plant in Mooca. São Paulo Alpargatas was established in Mooca in 1907 and the first building of the company was designed by the Italian architect Julio Michele, who was the author of important projects in the city, such as the Santa Ifigênia Viaduct in the downtown area (Andrade, 1991). In the 1990s, the company moved out of São Paulo and sold the complex to the university. However, the process of adapting the structure to its new function required demolitions, new structures and finishes. According to Rufinoni (2004), the university was not concerned with the conservation of the building besides the facades of the 1907 structure. Additionally, given that the campus is located in the parcels between the Alcantara Machado Avenue and the metro lines – in that area of dubious belonging to Mooca – the conversion of the old plant into the university campus promoted changes in the nearby blocks. New restaurants, small stores, parking services, among others, cater to students, professors and staff. Additionally, the campus polarized new residential uses to the area.

¹⁴⁷ Calculated from data available at <http://infocidade.prefeitura.sp.gov.br/index.php?cat=17&titulo=Uso%20do%20Solo%20Urbano>. Retrieved in January 12, 2014.

4.34. Historic facades of Apargata's plant.



4.35. Campus using 19th and 20th century buildings.



4.36. Nearby restaurants and bars catering to students, faculty, and staff.



Source: author's archive.

One interesting case was the construction of a new apartment building in what used to be warehouses. Even if demolishing the old structure, the building ended up integrating elements of industrial aesthetics on its design, such as exposed iron and concrete, as seen on the figures below. According to the developer, the main purpose of this type of development is to answer the housing demands of a new type of person that does not want to live, eat, buy or do anything in the same way as everybody else. To cater to this necessity of self-expression – which fits in the postmodern narrative about flexible accumulation (Anderson, 1999; Harvey, 1989a; Jameson, 2006 and 1991) – the company developed a single, open plan that is repeated in all floors and all developments. This open plan gives the possibility of changing the arrangement of the unit at any time.¹⁴⁸ Although it seems like this is a U.S. loft, with big windows and exposed columns that could be included in what Zukin (1987) has termed as the aesthetics of gentrification, the developer states that the design was not inspired by any other experience; it is original. This actually seems to be the great trademark that he intends to make of his company: thinking outside of the box to cater for a group that also thinks outside of the box. In this sense, he intends to attract what he calls “cool people”, described as young couples, people that wears “hip sneakers”, might work in São Paulo’s financial industry, but will go to a working-class bar at night. Although this group is not very well defined by him, stating that anyone who wants to express his/her identity could live in these buildings, it seems

¹⁴⁸ However, my informant also tells me that some units have been transformed into traditional apartments, with plaster coving and separation between rooms. When asked if this was going against the original intention of the design, the developer states that the building is for all people. Finally, he considers that this type of development will always have some level of rejection and that “if there is no rejection, we have to go back and analyze it. There is a side of the spectrum that has to dislike my product otherwise the hip couples, young people, they will not want it. I have to be rejected by the more conservative part of the market”.

that this targeted consumer resembles the traditional image of the gentrifier in classic gentrification cases (Ley, 2010a and b) or Florida's creative class (2005).

4.37. Warehouses and the residential tower.



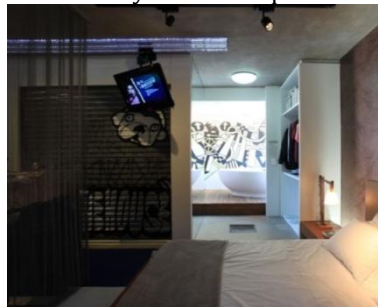
Source: author's archive.

4.38. Industrial elements in the new residential development.



Source: Pictures by Tuca Reinés. Available at <http://www.maxhaus.com.br/escolha-o-seu/mooqa.aspx>. Retrieved in February 5, 2014.

4.39. Suggestion of decoration idealized by the developer.



This is the case of one resident I met walking with her dog on an early morning. She is a 29 years-old woman who develops content and updates for companies to use on their social medias, such as Facebook and Yahoo. While she did not live in Mooqa, she used to come regularly because she is a former student of a local university.¹⁴⁹ When she got married, they decided to look for a place to buy. She always liked Mooqa because of the sense of community life and tradition that comes with it. Additionally, because she does not want a car, considering herself as an “*eco-boring*”, the proximity with the metro station was attractive. The major obstacle to moving there was her mother, who saw Mooqa as “*an old house with unstable structures*” that one day would collapse. It was only when she saw the many new developments in the area that she realized that the location was “improving”.

While her dream was to live in one of the small houses, her husband – who is a financial analyst of a large Brazilian real estate company – preferred an apartment that could also serve as an investment. In this sense, she mentions that when the building was first put on the market, in 2008, the units sold at R\$180,000.00 (US\$75,231.90) each. When they bought one, by the end of 2011, the price was already more than R\$320,000.00 (US\$133,745.60). Finally, in 2013, it was worth almost R\$410,000.00 (US\$171,361.55), which means that it has more than doubled in prices in less than 5 years. She also realizes that by living in

¹⁴⁹ She is not a former student from the nearby university located in the former Alpargatas plant. However, according to her, many other residents study there. Additionally, there are families living in the building too, including more than one Chinese household.

this apartment her lifestyle might endanger the own small houses and the community sense that attracted her to Mooca in the first place. Even if recognizing the local changes, which include also more expensive prices for everyday goods, she states that the people who are moving into the neighborhood embrace Mooca. On the topic, she believes that "*before, it was only Italians. My neighbor speaks 'rrrrrrrrrrrrua'* [street in Portuguese, but with a strong Italian accent]. *Now, there are super young people living here, a crowd younger than me (...). But, this crowd gets here and embraces the neighborhood*". However, these transformations of the neighborhood are not without controversies, especially considering the initiatives from the moquenses to maintain and promote the neighborhood's identity, including the built-heritage. Out of these, one seems to be the most famous: the transformation of the Crespi Cotton Industry into a store of a famous Brazilian supermarket chain.

The Crespi Cotton Industry, originally *Regoli, Crespi & CIA* was founded in 1897 by Italian immigrants who already worked in the textile industry in their original country (Barbulho, 2006; Florido, 2006; Rufinoni, 2004). The company grew fast, expanding the number of workers from 1,300 in 1909 to 3,300 people in 1928. During World War II, when it operated 24 hours a day, the company employed 6,000 people. With the increase of workers, there was also the expansion of facilities. What started in a single building, ended up in a complex of several buildings, distributed in three blocks and including not only productive plants, but also a chapel, housing units and a nearby childcare for 300 children of employees. According to the moquenses, the bells that signaled the end and beginning of shifts organized much of the daily life of the neighborhood and "*there was not one family in Mooca that did not have someone of the family working at Crespi*". In the 1950s, the company declined in production with many informants associating its bankruptcy in the 1960s, alongside many other companies in the district, with the lack of investment in technology and management. Throughout time, some of the buildings were demolished while others were rented or sold to other companies, mostly to be used as warehouses (Rufinoni, 2004). However, the main

building, with all the spinning machinery, was still vacant until 2003.¹⁵⁰ Designed by the Italian architect Giovanni Battista Bianchi, the building still maintained, although in bad conditions, the original metal structure imported from Great Britain and bullet marks from when it was hit in a 1924 conflict.¹⁵¹

It was on a Sunday morning, while walking to a local street market, that a former member of the residents' association Amo A Mooca saw the demolition ball already tearing down parts of the structure. She remembers that after entering in a heated discussion with the demolition company, she was able to stop the demolition by calling the police on the civil disturbance caused by the noise in the early morning. However, she would not be able to prevent it from continuing considering that the building was not protected by any formal designation as built-heritage. The strategy, on this sense, had to be more direct in publicizing the damage that this demolition would cause to the history of the neighborhood. She, as well as other members of the association, started calling reporters, public officials, and anyone that could make the case public. With the support of architects and the director of the city's Historic Heritage Department (*Departamento de Patrimônio Histórico*, DPH), they submitted an emergency petition for the designation of the building as a historical landmark. On the next morning, the lawyer for the supermarket company that had the leasehold of the building called the resident asking for a meeting. This started a long period of negotiations, mediated by São Paulo Public Prosecution Office, to change the design plans.

The original plan of the supermarket chain, however, was not to demolish the entire built-structure. They intended to keep the shell, or the facades in the two main streets, while demolishing the internal part to construct a new interior. For this internal part of the design, the company has a group of architects with a contract to keep the same layout in all stores. However, they also hired two external architects to develop the conservation project for the two facades. One of them was the former director of São Paulo's chapter of the Institute of National Historic and Artistic Heritage (*Instituto de Patrimônio Histórico e Artístico Nacional*,

¹⁵⁰ According to informants, the heir and manager of Crespi's properties intended to make a development similar to SoHo in New York. However, blaming the lack of public incentives and restrictive policies, he gave up on the project.

¹⁵¹ The 1924 Revolution was the greatest armed conflict in the history of São Paulo. Following the start of the movement in 1922 in Rio de Janeiro, the capital of the country during that moment, sectors of the army fought against the president of the time, Artur Bernardes. Mooca was one of the neighborhoods most heavily hit and the main building of Crespi Cotton Industry was damaged during this revolutionary movement as well as in the next military conflict of 1932 (Barbulho, 2006; Roque, 2006).

IPHAN), which created a great amount of controversy about the project. It is important to clarify that in Brazil, policies regarding historic heritage are formulated at the three levels of government – municipal, state, and national – in accordance to their relevance. Besides the pressures for urban development in the city itself, it is also known that in São Paulo, the national institution is not as active as in other parts of the country. If it was because of internal disputes, the controversies with the Crespi Cotton Factory worsened this relationship, especially considering that the director of the municipal institution and the former director of the national institution were on opposite sides.

On the one hand, local residents, the media and scholars publicized that the authorship of the works was from the director of IPHAN, in a process that demoralized not only the architect, but also the system of heritage protection in place (Pereira, 2006). After all, the person and institution supposed to preserve relevant buildings were contributing to the destruction or at least the mischaracterization of one of them. On the other hand, the architect himself answers that he was not responsible for the entire reform at Crespi's building. According to him, the supermarket chain hired him and his colleague just to develop the restoration project for the two main facades. When they started doing the work, they would have realized that it deserved a larger conservation action and proposed a more comprehensive project. Once the company did not accept it, they were able to conclude only the restoration of the two facades without any other input on the design. Given that the case stirred up debates about the integrity of the professional in local and international institutions on historical heritage, he refrained from more involvement in it. If this was a polemic case for him, though, it also opened space for the discussion of important topics.

Protecting the historic heritage in Brazil, whether material elements or not, has been a difficult matter in a country that has a tradition of developmentalist policies; a large and typically inefficient bureaucracy; and, in the case of São Paulo, strong pressures for verticalization that come from both public and private agents, i.e. the local growth machine (Logan & Mollotch, 2007). In this sense, it is popularly said that preservation institutions in Brazil mostly *"put down the fire after it is already happening"*, i.e., they only start the process of built-heritage designation when the structure is already being menaced of destruction.

This is due both to the lack of investment in these specific public institutions – with its most update survey of relevant industrial buildings in Mooca dating to the 1980s (Rufinoni, 2004, Vasquez, 2012) –, as well as the velocity in which the real estate market acts on these cases. This was indeed the problem at Crespi given that only when a local resident saw the demolition ball already at work mobilization started for its protection. Therefore, although in the case of Crespi's main building the goal was not to demolish the entire structure, the major flaw on the process was that preservation institutions were too late to designate it as a built-heritage given that the supermarket chain already had filed for construction permits.

That is why some informants, including the former director of IPHAN/São Paulo himself, state that the supermarket chain was actually reasonable considering that there was not any system of protection or restriction in place. On the other hand, it seems that the company also knew about the importance of the building given who they hired to conduct the facades' preservation project. The former director of IPHAN agrees with this assumption by stating, *"the image that I got is that they had an expectation that we would make the development easier for them and we did not do it. We had a technical role and answered to that demand and that was it. And I believe that it was at that moment that they lost interest in our participation and we were not contacted by them anymore"*. Therefore, the intention of the company was to use the architect's name to legitimize the proposed design.

At the end, the negotiations achieved a compromise, which kept not only the external facades, but also the volumetric dimensions, the interior iron structure, and the tower, among others. Although technicians and academics interviewed for this research believe that this was not the ideal result, the agents involved in the process see this as a gain for the Mooca District. Nevertheless, some moquenses state that the store is not very well accepted in the neighborhood: *"I am not going to say that it does not have traffic or people going there. It actually has a lot. But, it does not have the sympathy of the neighborhood"*. Finally, the negotiations, mediated by the São Paulo Public Prosecution Office, included the donation of a space for the community. At first, it was supposed to be a local museum. However, it ended up being a new chapel – where the original crucifix of the factory is exposed – and a room for Amo A Mooca's headquarter.

4.40. Crespi Industries 2001.



Source: Rufinoni, 2004: 98.

4.41. Building of Crespi Industries transformed into a supermarket.



Source: author's archive.

The organization also takes leadership in the processes of designation of other buildings as relevant built-heritage, especially during the discussions for the 2004 Regional Plan (Meneguello et al, 2007; Rufinoni, 2008). However, if the focus of the association as well as most of the moquenses is to protect these historical buildings from demolition, they are also concerned that they do not stay vacant. Without any type of use, the areas become deserted and start a decline process that is usually associated with the possibility of occupation by low-income households, such as in the already mentioned Crespi Childcare, which was occupied after the eviction of residents from a nearby cortiço.¹⁵² Therefore, the fear of demolitions is accompanied also by the fear of the housing movements, a factor that in some cases enticed the moquenses to support the construction of new buildings in the midst of many relevant historical structures, as was the case of the Borges De Figueiredo Avenue.¹⁵³

¹⁵² The institution was created to support the families of workers in the Crespi industries and the 1937 building was designed by the same Italian architect of the main building in the complex, Giovanni Battista Bianchi. The building was going to be demolished for the construction of a residential tower. In May 2010, a group of residents displaced from a cortiço due to the lack of payment on the part of the intermediary to the original owner, occupied the structure. In June 2010, moquenses filed a formal request for the inclusion of the building in the list of buildings protected by the municipal legislation on built-heritage. In April 2011, there was a judicial decision to remove the occupants. However, the Gaspar Garcia Human Right's Center was successful in an appeal to remove the occupants only with a definitive solution to their housing issues, meaning their inclusion in a public housing program. In August 2013, by the end of the fieldwork, the occupation at the Crespi Childcare continued. For more information on the topic refer to Martins (2010) and <http://blogs.estadao.com.br/jt-cidades/tag/creche-marina-crespi/>. Retrieved in January 18, 2012.

¹⁵³ The informants believe these occupations as well as the lack of maintenance of historical structures are the result of negotiations between the real estate companies and the current owners of the buildings to guarantee the future demolition by letting the structure decline, which is similar to the disinvestment process in classical gentrification cases to create the rent gap (Smith, 1996).

4.42. The rail lines, the warehouses and the new residential developments in the back.



4.43. Productive warehouses.



Source: author's archive.

In the discussions for the regional plan of 2004, Amo A Mooca as well as other residents participated in the meetings and developed a list of buildings that should be protected in the neighborhood (Rufinoni, 2008). Some of these buildings were included in the new zoning legislation as a Special Zone of Cultural Preservation (Zona Especial de Preservação Cultural - ZEPEC). These zones are defined as areas in which there is interest to include some buildings in the list of protected structures. However, it does not have specific restrictions and enforcements in the moment that it is enacted. On the contrary, it just indicates the cultural interest in the area and depends on further studies and mechanisms of preservation of specific buildings. Therefore, it still depends on the traditional conception of built-heritage as exemplary single structures – buildings as works of art –, and do not maintain the general character of the designated zone.¹⁵⁴ This was the case of blocks between the Borges de Figueiredo Avenue and the old train lines, occupied by building structures that used to serve as grain mills, warehouses and other small industries. With the closing of the productive companies, some were adapted to other uses, including a house for

¹⁵⁴ Additionally, every single resolution is an institutional process that takes time and may not protect some of the most important buildings on time. For instance, to date, the process for the designation of one of the oldest manufacturing plants in Mooca, which is included in the perimeter of the ZEPEC, has not been concluded. The Antarctica Company, formally Bavary, constructed the Mooca facility in 1892 which is currently vacant and the real estate market has already tried to get projects for the area approved.

events in the old mill.¹⁵⁵ However, during the site visits in 2012 and 2013 some still functioned as warehouses, as seen in the figures below. With the designation of the ZEPEC area, DPH opened the process to protect some of the buildings, including parcels that were already targeted for new developments. It was at that moment that some moquenses would position themselves against the protective policies.

Although Amo A Mooca started the process and was truly invested in the maintenance of some structures, the concern about leaving these buildings vacant was still present, especially considering the local housing movement. In parallel, some residents intended to gather support for a park that would include some of the built-heritage and provide much of the needed green spaces in the neighborhood.¹⁵⁶ In 2007, a resolution from DPH included some of these buildings in the list of the municipal built-heritage,¹⁵⁷ infuriating the already investing real estate companies. However, this did not prevent new developments. In this sense, during the site visits in 2012 and 2013, it was possible for me to see that some of the nearby buildings were demolished and sale stands for the new developments, using the same industrial aesthetics, as seen on the figures below. Meanwhile, the built-heritage buffer zone was decided only afterwards, restricting new construction on the parcels near the protected buildings to 10 stores, among others. Considering that before it, developers could construct 25-store apartment building, now they would have decreasing profits from these parcels and this generated a polemic debate. However, the preservation of some buildings did not prevent the transformation of the area. It is within this context that one of the most emblematic plants in Mooca, on the other side of the street of the protected warehouses, was demolished.

¹⁵⁵ It is also important to mention that the disinvestment has instigated the inclusion of these blocks in several proposals for redevelopment that were never implemented, including one urban operation. With previous names and limits, in the 2002 São Paulo Strategic Plan and the 2004 Mooca Regional Plan this project is the Urban Operation Diagonal South (Operação Urbana Diagonal Sul). However, because urban operations have to be approved as individual legislation, just by including the perimeter of the operation in the plan does not mean that it is necessarily going to be implemented. Therefore, all informants from the real estate market agree that the possible urban operation was not a motivator for the new developments in the district. The lack of certainty about the project and its parameter was coupled with the fact that only at the beginning of 2012, SMDU hired a private consultancy company to develop environmental and economic analysis, even if previous studies were being developed by the department. In the process, the perimeter of the operation forecasted in the regional plan was also slightly transformed while it still follows the historic railroad tracks and the main justification of directing investments to areas that are in “decline”. For more on the urban operation itself, see Rufinoni (2008)

¹⁵⁶ The proposal of constructing a park was not possible because of the soil contamination of the area caused by the former manufacturing activities. This also brings the question if it would be possible to construct residential developments in a contaminated area. As will be mentioned later in this chapter, this already happened in Mooca.

¹⁵⁷ CONPRESP resolution 14 of 2007. Available at http://www.prefeitura.sp.gov.br/cidade/upload/8b69c_14_T_Galpoes_da_Mooca.pdf. Retrieved on May 10, 2013.

4.44. The proximity between the warehouses and the residential developments.



4.45. New development that demolished warehouses using the same typology on the local sale stand.



Source: author's archive.

Created in 1910, the Cia União Refinery processed coffee and sugar, mostly for exports. During the interviews, academics and public officials agreed that the structure by itself could not be designated as built-heritage because it missed the exemplary architecture that is the focus of current policies in São Paulo. Additionally, there is indeed a difficult process – not only in São Paulo, but worldwide – of recognizing valid solutions for brownfield sites after deindustrialization processes (Kühl, 2009; Rufinoni, 2008). Nevertheless, the Refinery had a great relevance to the identity of the neighborhood. Most of the moquenses remember that the neighborhood used to smell like the products coming out of their lines and *“the neighborhood lost its character when the coffee smell ended”*. In 2007, during the studies for the protection of the buildings on the ZEPEC zone on the other side of the street, a public official of DPH realized that the company was still functioning, with workers coming in and out. However, in her following visits to the site, she also realized that the building was slowly declining, until one day DPH received the request for the approval of a project that entailed the demolition of the entire factory. This project was only submitted to DPH because of the protected buildings on the other side of the street. However, it did not prevent that, when the technicians of DPH arrived on site, the buildings were partially demolished. Because this was a large complex with high walls, the signs were not visible from the street and the DPH had “to put down a fire” again. Therefore, the case challenges the efficiency of the built-conservation system in terms of not being able to protect urban areas instead of exemplary architecture as well as not keeping track of the built-heritage buffer zone. It is possible to assume, thus, that the period identified as “a decline process” by the DPH official, was actually the selling stage of the deal, or closing the rent gap (Smith, 1996).

4.46. Cia União Refinery before the demolition.



Source: Fortunato, 2012 (n.p.).

4.47. Cia União Refinery during demolitions.



Source: Fortunato, 2012 (n.p.).

4.48. Construction site in June, 2013.



Source: author's archive.

According to the developer, when the Cia União Refinery decided to sell the properties they opened up a competition between five of the largest development companies in São Paulo, extending the selling process. When the winning bid finalized the transaction, the company – one of the largest developers in Brazil that did its IPO in 2005 – submitted the designs to construct a residential development with 28-store towers. It is only at the moment of getting the building permit that the DPH public official did a comprehensive inspection of the site and, realizing the level of demolition, started the process to protect the most visible remaining sign of the old factory: its chimney. She states that there were great pressures on the process, considering the interests of the large developer. However, the built-heritage designation was approved¹⁵⁸ and the chimney was protected with a buffer zone that mandated its visibility from the street, restricting the location of new buildings and their height. On the one hand, the DPH public official states that *“to be honest, I am not going to tell you that I came out of this absolutely happy. In a certain way, I was happy because it was a victory to keep something, at least a vestige. But, it is such a huge voracity of the real estate market (...)”*. On the other hand, the analyst of new investments for the developer criticizes the arbitrariness of the process. Since there were no restrictions in place, when they bid for the parcels it was possible to get to a high price given the possibility of constructing those 28-store towers. The process of built-heritage designation and definition of the buffer zone lasted two years because of both the public

¹⁵⁸ CONPRESP resolution 05 of 2010. Available at http://www.prefeitura.sp.gov.br/cidade/upload/res_05_10_1283185862.pdf. Retrieved on May 10, 2013.

institution's bureaucracy and the many judicial appeals made by the developer.¹⁵⁹ With the two years delay, the analyst of the company states that the market changed, other developments were constructed in Mooca and their product lost momentum. Finally, with the new restrictions in place, a new design had to be done, changing the original 28-story towers to 10 stories. The analyst is clear on answering that the designation of the built-heritage was extremely damaging to the developer: *"I believe you have to protect [the built-heritage], I agree. From the beginning, go there and do it. But, don't protect it afterwards. I believe that City Hall has to be clearer in some points because after they knew that we were already committed, had put a lot of money in it, [they started] making demands without any concern for the developer, it is bad"*.

Therefore, because gentrification's necessary dimension of built-environment upgrades is mostly assuming the form of verticalization in Mooca, historic heritage designations can put restrictions on the process and prevent or at least limit the redevelopment process. There is, nonetheless, a fundamental conflict between São Paulo's planning department – that has been allowing for denser and taller occupations with the demolition of previous structures – and the historic preservation departments. Ultimately, though, the developer was also able to change the design incorporating the chimney as a marketing strategy based on both Mooca's heritage and the respect that the development (and the developer, for that matter) has for the local history, as seen in the figures in the next page. Therefore, the introduction of the "cultural element" is another positive aspect for the investment in a clear case of monopolistic rent of the built environment (Harvey, 2002)

Finally, it is important to mention the curious aspect of designating a chimney as a built-heritage. If at least it kept a vestige of the past, as defended by the DPH official, it might not have the exemplary character of work of art that usually designates Brazilian conservation policies, as already mentioned. Additionally, the lack of more efficient policies for the preservation of urban areas¹⁶⁰ prevented it from taking part in a way that was more inclusive of Mooca's history. As an isolated element, it is a sign that does not have any

¹⁵⁹ The entire process is recorded in the procedures available for consultation at DPH.

¹⁶⁰ Besides ZEPEC zonings at the city's level, there is one instrument at the state level for the protection of the neighborhood. However, it is mainly directed to keep the urban landscape in terms of restricting the volumes of buildings. In this sense, the buildings can be transformed if they keep the dimensions of the original structures.

connection to reality, assuming the form of a simulacra (Baudrillard, 2008). Therefore, it was not the design for the residential development that decontextualized the chimney. On the contrary, given that União Refinery is gone as well as many companies that used to structure the district, it is actually the chimney that does not belong to the new socio-spatial dynamics of Mooca.

4.8. CHANGING PLACES AND FACES: THE NEW DEVELOPMENTS IN MOOCA

It is a consensus among informants that people are not moving to Mooca to live in houses. Reforms and renovations are mostly about conversion of the houses into commerce and services, such as in the previously mentioned cases of the “small palaces” in the Paes de Barros Avenue. However, in most cases, the houses are demolished for the construction of new residential developments, i.e., high-rise buildings. Therefore, there are two characteristics in this transformation: the verticalization of the neighborhood and the residential use. Regarding the first one, just by taking a short walk in the neighborhood it is possible to realize that the concentrated process of verticalization of Mooca just in the region known as Mooca Park is past. Areas that were not at first considered as prime real estate market are being transformed into luxurious condominium complexes while single towers are being constructed throughout Mooca. As mentioned in Chapter 3, verticalization in São Paulo was a result of tight land markets, perceived rising criminality as well as the high land values in a city with limited urban infrastructure (Somekh 1997; Souza, 1989). At the same time, it is also a result of zoning policies, demonstrating the subtle relationship between public and private agents in this case. The further stimulus to verticalization on the São Paulo’s Strategic Plan of 2002 and Mooca Regional Plan,¹⁶¹ thus, had an impact on this case.

¹⁶¹

Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/legislacao/planos_regionais/index.php?p=1887. Retrieved in January 14, 2012.

4.49. Old and new towers close to Mooca Park.



4.50. New Towers at Alto da Mooca (High Mooca).



4.51. Spreadout verticalization at Mooca.



4.52. Construction sites and current occupation.



Source: author's archive.

With almost a 30-year gap in analyzing the transformation of the city's socio-spatial dynamics, the new plans tried to direct investments to specific areas, promoting greater densification of districts that supposedly had the proper urban infrastructures and were well located in relation to major employment zones, such as the downtown area. The strategy to direct investment was based on the previously mentioned process of delinking property ownership from construction rights, by establishing a minimum and basic value of floor-area ratio to sell building rights until achieving a maximum value. Additionally, overall stocks were established for each district limiting these construction rights. By determining higher stocks and maximum values of floor-area ratio to specific districts, developers would be attracted and densification would be stimulated. This was the case of the Mooca District. Even if developers were already intensively investing in Mooca, it is clear that the Mooca Regional Plan of 2004 promoted an increase in the floor-area ratio available, changing most of the 2.0 into 2.5 zones, as seen in Appendix IV. Additionally, it established 160,000 square meters as the total residential stock for the district and 40,000 for the non-residential uses. As seen in the Table 4.2, these stocks practically reached their limit between 2010 and 2011. Given that investments were already happening before the enactment of the new zoning and that the higher building stocks were not able to stimulate the same amount of investment in other districts of the

city, the policy itself cannot be considered the single cause of the production of gentrifiable space in Mooca. Nevertheless, it did support the interests of private developers in the area.

4.2. Consumption of the construction stock in the Mooca District.*

	RESIDENTIAL		NON-RESIDENTIAL	
	SQUARE METERS	PERCENTAGE OF TOTAL	SQUARE METERS	PERCENTAGE OF TOTAL
2005	329.01	0.21%	0	0.00%
2006	1,325.96	0.83%	0	0.00%
2007	18,938.17	11.84%	109.99	0.27%
2008	58,210.65	36.38%	29,184.47	72.96%
2009	71,667.94	44.79%	33,177.06	82.94%
2010	139,193.51	87.00%	39,999.42	100.00%
2011	159,999.06	100.00%	39,999.42	100.00%
2012	159,999.06	100.00%	39,999.42	100.00%
2013**	159,997.97	100.00%	39,777.42	99.44%
TOTAL	160,000.00		40,000.00	

* For each year, the month of reference was August.

** The decrease from 2012 to 2013 is a problem associated with the original dataset by SMDU.

Source: www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/legislacao/estoques_de_potencial_construtivo. Retrieved in January 16, 2013.

When looking at the data on new developments in Mooca from 1985 to 2012 in Table 4.3, it is also clear that since 2001 developers have increased their investments in the district. Additionally, the period from 2001 to 2006 demonstrates the already mentioned “race” to approve new developments before the plan was enacted and the payment for building rights introduced. Still, it is also noticeable that what has been considered the most heated period in São Paulo’s real estate market (2007-2012) – with a growing economy, more sources of funds, and developers becoming publicly traded companies – also had an impact in the Mooca District with more than 131 new residential developments and 5 commercial buildings. Out of these new investments, 20 were promoted by 4 out of the 5 five largest development companies in Brazil in contrast with 11 developments from 2001 to 2006 and only 3 developments for the overall period before 2001. It is important to mention that all of these 5 largest developers are publicly traded companies, with IPOs taking place between 2005 and 2007.¹⁶² Therefore, the connections between construction and

¹⁶² According to the research done by a major local newspaper in partnership with a local real estate monitoring agency (Embraesp), the five largest developers in the country are PDG (IPO - 2007); MRV (IPO - 2007); Gafisa (IPO 2006), Cyrella (IPO 2005); and Tecnisa (IPO - 2007).

financial capital have an impact in Mooca given that developers with open capital have both a great initial injection of capital as well as more aggressive strategies in order to keep the price of their stocks high.

4.3. New developments in the Mooca District (1985-2012).

TIME PERIOD	RESIDENTIAL		COMMERCIAL	
	TOTAL	PERCENTAGE	TOTAL	PERCENTAGE
1985-1990	31	9.42%	0	0.00%
1991-2000	87	26.44%	2	16.67%
2001-2006	80	24.32%	5	41.67%
2007-2012	131	39.82%	5	41.67%
TOTAL	329	100.00%	12	100.00%

Source: original dataset provided by Embraesp after request by the author.

Nonetheless, it was a unanimous opinion among all informants that the state, at all administrative levels, has not done anything to stimulate the new developments. On the contrary, the state is usually blamed for the problems that these new developments have brought to Mooca, especially the lack of investments in infrastructure. This is mentioned especially given the increasing problems with traffic, traditional issues with flooding that have gotten worse,¹⁶³ and lack of improvements in utilities. Regarding the last, informants mention cases in which the new high-rise buildings put a lot of pressure on the sewage system and end up breaking the old pipes in the middle of the street. There is indeed a recurrent problem in Brazilian cities with verticalization not being followed by improvements in infrastructure. However, at Mooca, the state is blamed for both not helping in the redevelopment process and not preventing it from happening. This paradoxical narrative ends up with the total dismissal of the public sector as a relevant dimension to understand Mooca, even considering the subtle relationships between policies and the heated phase of the real estate market in the 2000s seen in the above tables.

The other element that is significant in the transformation of Mooca is that the great majority of new developments has a residential use. As seen in Table 4.3 above, residential uses correspond to 96.5% of

¹⁶³ The problem with floods is related to the location of Mooca in lowlands, close to a river (Rio Tamanduateí). Works in this river had already started in the last decades of the nineteenth century, considering its pollution and the consequent proliferation of disease (Andrade, 1991). However, the problem with flooding was never solved.

total developments since 1985.¹⁶⁴ This means that there are a large number of people interested in moving into apartment buildings in Mooca, i.e., demand. While it is possible to associate this growing demand with some of the factors that stimulated the local real estate market mentioned above, developers interviewed for this research also mentioned that one of the major elements in any analysis of the real estate market is the level of acceptance of an area. Some informants call this acceptance as “migratory power”, i.e., if people would be willing to move there. According to all the informants in the real estate market – developers, analysts, consultants, and local real estate agents – Mooca has great migratory power. It is a neighborhood seen as friendly and with good quality of life, including infrastructure and road system. The identity of the district, especially the Italian character, is also played in the marketing strategies that emphasize the culture and traditions of Mooca, as previously seen. However, it is not the millionaire from the Southwest sector of the city that would be willing to move there. According to them, Mooca will never rival established elite neighborhoods. It is the middle-high and high-income households, especially those who work in the central districts, who move to Mooca. Another important factor is the popularity that Mooca communicated by word of mouth. Many people come to live in Mooca because they have relatives or friends in Mooca, used to study or work nearby, or even heard about the general feeling of “*a small city within a metropolis*”. Finally, real estate agents also state that there was a pent-up demand from the residents of Mooca and nearby neighborhoods. These high-income residents did not have many housing options that fitted their social mobility aspirations besides those constructed in the 1980s in Mooca Park.

Therefore, there are two major results of the new zoning policy. First, it indeed accomplished its goal of stimulating densification in Mooca. By offering a large construction stock in a period of economic growth, it supported new investments especially from the largest development companies in the country. While the stock of construction rights for Mooca has been exhausted, the new developments demonstrate a pattern that is visible throughout the district: its verticalization. As seen in Table 4.4 in the next page, there has been a major transformation in land uses in the district, from decreasing industrial uses and houses to the

¹⁶⁴ If the building stock from the 2004 zoning stimulated more residential uses, there has been an actual demand for commercial uses translated in the increase of these developments since 2001 that fit the overall transformation of the local economy.

large increase in residential towers. Second, the strategy of densification did not direct the social profile of the new developments. In this sense, the original intent of the plan was to balance out São Paulo's urban development by stimulating densification in well-served and located neighborhoods, making the price of the square meter less expensive. However, the new developments in Mooca are not catering to affordable markets, but rather to the "migratory power" the location has for medium and high-income households. As seen in Table 4.4, there has been a great decrease in the percentage of low and medium standard houses (- 25.15%) while the greatest increase in residential towers has been for medium and high standards (129.97% and 278.08% respectively). Regarding the last one, it is interesting to notice that Mooca has become an option for luxurious developments, such as the club-condominiums.

4.4. Changes in the local land use distribution from 1991 to 2012.

USES	NUMBER OF PARCELS				CONSTRUCTED AREA (m ²)			
	1991		2012		1991		2012	
Residential - horizontal	10,305	43.86%	9,338	27.36%	1,355,992	26.08%	1,349,833	20.01%
Low standard	2,573	10.95%	2,202	6.45%	225,408	4.34%	194,266	2.88%
Medium standard	7,299	31.06%	6,516	19.09%	987,050	18.99%	963,489	14.28%
High standard	433	1.84%	620	1.82%	143,534	2.76%	192,078	2.85%
Residential - vertical	7,817	33.27%	19,461	57.02%	977,675	18.81%	2,277,386	33.76%
Low standard	850	3.62%	1,817	5.32%	60,535	1.16%	132,446	1.96%
Medium standard	5,872	24.99%	13,504	39.57%	648,154	12.47%	1,335,895	19.80%
High standard	1,095	4.66%	4,140	12.13%	268,986	5.17%	809,045	11.99%
Commerce & service	3,868	16.46%	3,825	11.21%	1,031,133	19.83%	1,306,970	19.37%
Manufacturing & warehouses	692	2.95%	619	1.81%	1,537,336	29.57%	1,114,184	16.52%
Other uses	263	1.12%	597	1.75%	296,611	5.71%	697,630	10.34%
Vacant parcels	552	2.35%	289	0.85%	-	-	-	-
Total	23,497	100.00%	34,129	100.00%	5,198,747	100.00%	6,746,003	100.00%

Source: calculated from data available at <http://infocidade.prefeitura.sp.gov.br/index.php?cat=18&titulo=Trabalho>. Retrieved in January 28, 2014.

Club-condominiums are something relatively recent in the country, appearing in Brazilian cities and especially in São Paulo only in the twenty-first century. Although traditional apartment buildings already provided some types of facilities for leisure and entertainment, such as swimming pools and space for hosting parties, the original feature of the condominium-club is the extensive list of activities that can be done within the development. These activities can include several swimming pools and sports spaces (such as gyms; soccer fields; tennis courts; and jogging paths), social spaces (such as gourmet kitchens for entertaining guests; barbecue and pizza places; and party/disco rooms), workspaces (internet lounges and

business centers), spaces for children (including playgrounds, playrooms and videogame stations) and personal services (such as personal trainers, beauty salons, and after-school activities for children). This is just a summary of the usually very long list of facilities for sports, entertainment and services that are closely monitored by administrative and security companies. To be able to incorporate all these activities, the condominium usually takes entire blocks, which are enclosed by high walls or fences, constantly monitored by guards and cameras. Actually, this is one of the main attractions of the club-condominium: the resident would be able to enjoy all these activities in a safe space. Considering that the high-levels of urban criminality already motivated many of São Paulo's residents to live in apartment buildings, it seems that the club-condominium is the epitome of the City of Walls (Caldeira, 2000).

On the one hand, the club-condominium means the loss of urban sociability by enclosing many of the activities that would ensure the production and reproduction of social bonds. As one of the administrator of these club-condominiums in Mooca states, "*what we want with the condominium is to make people really stay within the condominium*". On the other hand, in terms of the urban structure, they end up producing segregated enclaves, with no physical, visual or social permeability. They are usually composed of high-rise towers to free space on the ground level for the "club" activities while the large number of apartments also contributes to decreases in the price of condominium fees once they are divided into all units. Therefore, one of the club-condominiums at Mooca has 564 apartments, with 3 different types of layouts (115m², 160 m² and 212m²), divided into 9 towers. Another one has 324 units (with 140m² and 170m²) divided in 6 towers. Additionally, because of the necessity of space, they require a large urban parcel for development. Considering the difficulties of the urban land market in São Paulo, developers targeted former industrial areas. With the closing of the larger manufacturing companies and the demand for high-income housing, thus, Mooca ended up having some of the first club-condominiums in São Paulo.

It is important to mention that, during the interviews with market analysts from development and consultancy companies, it was mentioned that the land market in São Paulo has become even tighter after the formation of landbanks by the major development companies did their initial public offer of stocks in

2005/2007. This means that there are not many parcels left to build. There are usually three scenarios: 1. the homes of families who invested all their lives and finances in them; 2. properties whose owner is deceased and the heirs would like to sell; and 3. former companies, especially manufacturing plants, that moved out of the city. In all cases, the negotiation is not easy. However, it is especially difficult when the developer has to deal with families of detached homes with a strong emotional attachment. Additionally, considering the costs of land – and, of course, the margin of profits for the companies –, new developments in São Paulo would have to take the most out of the parcel, i.e., verticalize. When dealing with detached houses, this means having to assemble many parcels to be able to construct high-rise towers, something that zoning policies have restricted in São Paulo since 2004. However, if a manufacturing company moved out or even bankrupted, the parcel is already large, without the need to negotiate with other owners. Therefore, the parcels with old plants in Mooca were extremely attractive for the real estate market.

The former industrial zones in Mooca, as can be seen in the maps in Appendices III and IV, are now mixed-use areas while also increasing the floor-area ratio from 1.5 to up to 2.5. Clearly, this transformation in the formal aspect of urban planning opened space for transformations in uses and verticalization of the district. Additionally, the former industrial zones had been keeping the prices of land low and preventing the expansion of the real estate market, given its lower social status in relation to other uses. However, the process did not start with the 2004 zoning legislation. Actually, some developers were already pushing for these changes once they had been applying for zoning changes before that policy. In the specific area where club-condominiums were constructed, for instance, they were able to apply for construction permits when these parcels were still zoned industrial. In order to do that, the developer started a bureaucratic procedure to be filed with the local and state government to prove the deindustrialization process. This procedure demonstrates that residential uses can be developed in the parcel considering that there are no manufacturing uses nearby that could cause any nuisance to residents and no contamination of the soil.¹⁶⁵

¹⁶⁵ According to official data, in 2012 there were approximately 28 cases of contamination in the Mooca District. Information available at <http://www.cetesb.sp.gov.br/areas-contaminadas/rela%C3%A7%C3%B5es-de-%C3%A1reas-contaminadas/4-Rela%C3%A7%C3%B5es-de-%C3%81reas-Contaminadas>. Retrieved in May 28, 2012.

After environmental and urban analyses are completed and successful, the developer can file for a permit for the new construction. Therefore, there were piecemeal changes in land uses since 1972 that are related not only to the enactment of specific laws, but also to the interest developers have in industrial parcels in the tight land market of a dense city like São Paulo.

In the case of the club-condominiums, there were, nonetheless, other risks as well. For instance, the manufacturing companies that interest these developers entailed large demolition processes that consumed time and money even before construction starts. Additionally, these large industrial sites may not be attractive to residents given the conditions of nearby parcels. That is why, when the developer of the first club-condominium at Mooca was approached with the opportunity, he admits that *“at first, it scared me”*. Overall, this was his first investment in Mooca and he believed this was not a very attractive area for high-income households. On top of the problems with the industrial location, the area had a history of floods and no other luxurious development nearby. Therefore, the risks were very high. Nevertheless, during the interview, he refers to himself as a sort of a “pioneer” by mentioning that *“in a certain way, we made out of Mooca a new place, with a new vocation (...). It is not that horrible neighborhood anymore”*. It is with this perspective that he mentions that when another company started constructing a club-condominium in the next block, it was following his lead. Additionally, while his risks as the “pioneer” were higher, the next club-condominium got faster sales and greater profits out of the already started changes in the area. As already mentioned, though, it was not an easy process and entailed many risks.

For instance, the environmental analysis for the second club-condominium identified an area contaminated by the fuel tank of the manufacturing company that formerly occupied that parcel. The issue has been fueling disputes between residents and the developer, especially considering that people started moving into the development in 2010. Because it was a fuel tank, it is buried deeply on the ground and in one of the many sports facilities (a soccer field), which is prohibited for use until it is free from

contamination, not entailing high risks to the residents.¹⁶⁶ Even with this type of risk, though, both development companies agree that the industrial parcel was a fundamental condition for the development because while “*nobody wants to live in an industrial area*”, it was due to its large parcels that they could get all the facilities for the club-condominium in the first place. Additionally, if at first the two companies had to sell the units at low prices, to attract the demand, with the investments happening in the area, the product got greater acceptance, quickly increasing its price and leading investors to buy units for resale or rent too.

According to local real estate agents and residents, the first selling price for a unit at this second club-condominium was about R\$3,000.00 (US\$1,253.87) per m² and in July 2013 the reselling price was between R\$10,000.00 (US\$4,179.55) and R\$12,000.00 (US\$5,015.46) per m². This means that one unit could cost approximately R\$920,000.00 (US\$384,518.60) and the penthouses were considered the most expensive residential property at Mooca. While these high values might be interpreted as a biased opinion from local real estate agents, it is still not the same price that would be paid in one of the traditional elite locations in Southwest São Paulo. However, considering the incredible valorization in relation to the original prices in Mooca and with all units sold in 15 days, this was a very successful investment for the developer. Actually, this development company already had other investments in Mooca, especially apartment buildings in single towers. In those cases, while the medium price for the square meter used to be between R\$1,000.00 and R\$2,000.00 (US\$417.96 to US\$835.91), in 2013 the local real estate agents were predicting a medium price of R\$6,000 to R\$8,000.00 (US\$2,507.73 to US\$3,343.64) per square meter. Still, the club-condominiums were reaching the highest values in the neighborhood, even more than the traditional Mooca Park (R\$8,000 to R\$10,000, or US\$3,343.64 to US\$ 4,179.55, per square meter).

Homeowners, additionally, occupy most of the units. When I talked with the residents and administrators of these club-condominiums, they indicated that households have a larger income than the rest of Mooca. They are mostly business owners, executives, high-ranking public officials or have liberal

¹⁶⁶ This case of contamination is interesting mostly because it is related to the transformation of a former manufacturing area into residential uses. However, it is also interesting how it reflects in the exchanges of accusations and justifications between developer, construction company, administration and residents. Meanwhile, until the semi-public department that monitors the level of contamination in the area (SABESP) does not clear the site, the soccer field cannot be used by the residents.

professions, such as physicians and dentists. This higher economic profile is reflected not only in the cost of their apartments. It is also identifiable, as seen in the figures below, in the manicured flowerbeds, fountains in front of the buildings and the security apparatus. Regarding the last, trying to access one of these club-condominiums is a problem in itself. Besides the difficulties of going around an entire block of high walls and electric fences with multiple cameras, the main gate¹⁶⁷ has security guards, a bulletproof doorkeeper station, and double gates for cars and pedestrians. Ironically called “lungs”, these double gates would be a moment to “breath” before any problem happens. Therefore, they keep anyone that is trying to enter the condominium locked in-between them before having their entrance cleared by the security system.

4.53. The several towers of one of the club-condominiums.



4.54. Landscape.



4.55. Walls, electric fences, and cameras.



4.56. Security “lungs” in the main entrance.



Source: author's archive.

When asked if there is a great concern about security in those developments, both administrators answered “*no, because we have a good system in place*”, including 168 cameras in one of the club-condominium and 200 cameras in the other. When insisting if the security system was because of any potential threat in the district, the answer was still negative, stating that the concern about safety in Mooca is similar to any other neighborhood in São Paulo. This seems to be the case considering that high-walls, electric fences, “lungs”, multiple cameras and security guards are not particular to Mooca. On the contrary, it seems that every middle and high-income area of São Paulo has seen the multiplication of these devices in the past decade. In this sense, even the recent single-tower residential developments in Mooca already have similar, even if smaller, security systems. Nevertheless, this is a stark contrast with the traditional houses and even the older residential apartment buildings in Mooca Park. While these past residential

¹⁶⁷ Following the traditional layout of Brazilian apartment buildings, there is a social entrance, restricted to residents, and a service entrance, used by employees and delivery services. This layout is also reflected internally with different hallways and elevators.

typologies had a more direct contact with the street – thus, a closer relationship between public and private space –, in the new developments, this relationship is broken by the defensive architecture in place. Effective or not, it seems that the two club-condominiums have not experienced problems with outsiders given that the administrators mention that there has not been issues with security.¹⁶⁸

The higher-income of the residents is also reflected in the services and commerce that located in the nearby blocks after the construction of the club-condominiums. They include more expensive and fashionable shops, grocery stores, bakeries and restaurants. Even the traditional Italian food had to be adapted to these new consumers. This is the case with the local pizza places as mentioned by one of the residents that *“today, it [Mooca] has more refined pizza places. Even for delivery. Today, the delivery pizza is chic. People started to demand that. When businessmen and everyone else come, they will not want that pizza that costs R\$15 or R\$18 [US\$6.27 or US\$7.52] with a free soda. He is worried about buying a pizza that suits him in terms of flavor and everything else. You realize that even the menus are much more varied, with pizzas that you were not used to in your neighborhood. Pizza with artichoke, prosciutto(...)”*. This more expensive lifestyle of the residents, who demand prosciutto pizza instead of traditional local flavors, demonstrates the socio-economic difference between the traditional resident of Mooca (moquenses) and the residents of the new club-condominiums. Nevertheless, according to informants, residents of the club-condominiums also use the traditional commerce. Some say that it is because there are not many alternatives. Others state that they like the neighborhood feeling of using the local bar around the corner. As one real estate broker mentioned *“I have clients with millions to invest, but I go to the bakery and they are also there”*. Indeed there is a greater diversity of retail and services in Mooca with the emergence of these new developments. However, this greater diversity, according to all informants, has pushed up the prices of everyday life. Therefore, it is not only the prices of properties and rents that have been going up in the neighborhood: the bread in the local bakery is also more expensive, according to the local residents.

¹⁶⁸ On the contrary, the problem seems to be with the actual residents of these developments considering that they state that the cameras control the use of facilities and the biggest problem with burglary was actually one resident from one club-condominium stealing from an apartment on the other club-condominium. According to the administrator, this was a burglary related to drugs. He refrained from mentioning more details.

4.57. New commerce near the club-condominiums: industrial aesthetics in an open mall.



4.58. Traditional commerce at Mooca: closer relationship with the street.



Source: author's archive.

The origin of the residents of the club-condominiums is also diverse. In the same way as in other new developments in the neighborhood, some of these residents were referred to Mooca by family, friends and co-workers. This is the case of a household that used to live in an established medium-income neighborhood (Bela Vista), but in a smaller apartment and with longer commute to working sites in downtown São Paulo. For this family, the club-condominium in Mooca was a perfect match in terms of facilities, space and location. In another case, an insurance analyst moved to the club-condominium from another well-established neighborhood in São Paulo (Vila Mariana). He ended up referring the neighborhood and the condominium to co-workers, which resulted in four other households moving to Mooca. Other group of residents seems to be from other neighborhoods in the Eastern São Paulo. According to real estate informants, Mooca was always considered one of the best locations in this part of the city due to not only its history and general sense of community, but also its proximity employment sites. With similar reasons, another untapped market was attracted to Mooca: the Chinese and the Koreans.

During the interviews with residents, administrators and real estate agents, it is always mentioned that the new luxurious residential options in Mooca attracted Chinese and Koreans. They would have come to Mooca because they are mostly businessmen with companies in the nearby districts of Brás, Pari and Bom Retiro. According to a resident of one of the new buildings that has many Chinese families as neighbors, *"these people are very suspicious and want to stay close to what is theirs [the companies]"*. While they used to live on those districts where their companies are located, once their profits started to rise following the general growth of the Brazilian economy in the 2000s, they could move to better housing units. In this

sense, Mooca seemed the neighborhood with more options and closest proximity to their working sites.¹⁶⁹ It is also interesting to mention that my informants stated that these families are the owners of stores, clothes factories and import-goods companies that hire informal workers, especially Bolivians, in similar working arrangements as sweatshops. As already mentioned, this last group of low-income immigrants has reestablished social categories in Mooca, especially for the social housing movement. However, it seems that the Chinese and Koreans also had an impact on the local social dynamics.

Just by walking in Mooca close to the new residential developments, including the club-condominiums, it is possible to see the impact of these new social groups in the faces and languages spoken. However, according to moquenses and the residents of these new developments, these social groups form close-knit communities that do not interact much with locals. By buying units in the same building, families and friends stay closer and continue the social relations already established in other places. While this might bring a problem with language or cultural barriers, their presence in the neighborhood cannot be avoided and their socio-economic profile cannot either. In this sense, Chinese and Koreans are present in almost all luxurious apartment buildings in Mooca and according to the same local real estate agent, one single Chinese man bought 6 penthouses in one of the club-condominium, which are the most expensive apartments in the entire neighborhood, as already mentioned.

If immigrants and new residents continue to come to Mooca, according to different real estate analysts, Mooca already had a pent-up market for higher-income housing. This means that, although there were risks in investing in an area that was seen as declining, the new developments were targeting also an already existing group of residents in Mooca that wanted to live in upgraded and larger homes. Residents and administrators of those two club-condominiums confirmed that people that already used to live in the neighborhood occupy most of the units. To the developers, this was a guarantee to the high-risk investment: a local demand. For instance, a resident of the new developments that was born and raised in

¹⁶⁹ It seems that they are also investing locally. For instance, a local real estate broker exemplifies that, in a specific block of the neighborhood, on one side of the street, there is an apartment building where many Chinese families live while on the other side of the street, one of the Chinese families is building a shopping mall for import-goods from China.

the neighborhood mentions that Mooca was not only home. It was also a good opportunity of investment given that property values are rising. After she and her husband got married, they were looking for a place to buy in Mooca considering that her parents live there. Reflecting on the local transformations, she mentions that her parents still live in the same house that was bought decades ago while all other relatives had to leave Mooca because of financial constraints. Therefore, this group of residents not only has high-income: they have *higher*-income than other longtime residents.

Additionally, informants remark that many of the residents of the new developments are the descendants of those residents that moved out of the district in the period of disinvestment. In this sense, there is also a movement back to Mooca from those that had “abandoned” it when only the true moquenses would stay. Finally, these residents of the new luxurious developments, even if living in Mooca before or returning to it, have more cultural and social contrasts with other longtime residents. During the interviews, it was possible to confirm the previously mentioned assumption that you can recognize a moquense by the way they walk and speak. In this sense, while the moquense speaks with large gestures and a strong Italian accent, the residents of the new developments have a more restrained tone, in a grammar-perfect Portuguese. While the moquenses are used to participate in the local life, might it be in popular parties or in local organizations, it seems that the new residents are not as inclined to do so.

Within this context, the moquenses interviewed for this research state that they do not know anyone living in the new club-condominiums. When asked if they participate in local activities and parties, the usual answer is no. However, one of the members of the local security council (Conseg)¹⁷⁰ notices that some new residents are starting to attend the meetings. He remembers that in the meeting of July 2013, some new residents complained about a prostitute that works near the club-condominiums. The interesting aspect of this anecdote, though, is that if the new residents are not participating in the local social activities

¹⁷⁰ Consegs, or Community Councils of Security (Conselhos Comunitários de Segurança) were created by state law n. 23,455 of 1985 to unite members of local communities, including residents and business owners, to discuss with the police and other public institutions strategies to solve problems with criminality, security and develop programs and campaigns to educate the public. There are two Conseg in the Mooca District: High Mooca and Mooca. Information available at <http://www.conseg.sp.gov.br/historia.aspx>. Retrieved in January 12, 2014.

and do not have a close relationship with longtime residents, they are concerned about the levels of criminality in the neighborhood, which fits the general profile of club-condominiums in having high-security strategies. Additionally, the presence of a prostitute, which assumedly was not interpreted by the local police as a major problem, becomes a concern to the residents of the club-condominiums. Even if we consider that among the residents of these new developments there are locals, there seems to be a more strict perspective on the control of urban areas. Maybe the prostitute represents a sign of decline of the neighborhood that they do not want to be associated with their social mobility; maybe it is the prejudice that associates prostitutes with illegal activities; in any case, the residents of the club-condominium seem to aspire to a very specific lifestyle that does not have room for this type of social diversity.

As an interesting example, one of the developers hired two famous cartoonists to construct a map of the district that reflected its local identity. On the one hand, the map was included in the company's program that intended to transform the sidewalls of its construction sites into works of art. On the other hand, the developer states that this was a strategy to gather the sympathy of local residents to such a different development while also attracting new residents interested in the history and traditions of Mooca. In order to do that, the developer got in contact first with the residents' association Amo A Mooca, which he guarantees that was supportive of the new development. After that first contact, moquenses did a tour of the neighborhood with the cartoonists and developer, explaining the main local events, space, and people. The result is a map that includes the historical buildings, manufacturing plants, houses, local parties, and some important local characters. However, the map excludes the more controversial elements such as the cortiços, the declining infrastructure, and the prostitute that works near the development. Another controversial element is the location of the club-condominium itself. Illustrated by a small sign in the midst of the colorful and eventful portrait of Mooca, it does not represent the impact that the development had on its other elements.

By living in a condominium that entices residents to stay within walls, these club-condominiums are actually contributing to the end of the local history and tight social relationships that allegedly characterized Mooca's map. The residents do not participate in the local urban life in the same way as other residents do. They admit not knowing many people outside the condominium. However, they also state that they have a great "community" within it, socializing among themselves. It seems obvious that in a context of having sports facilities, courses, and services within the condominium, the traditional Brazilian social clubs are going to lose their importance. It is, thus, no surprise that Juventus at Mooca Park, which used to be one of the biggest clubs in São Paulo, in 2013 did not have even 10% of the members that it had in the 1980s, according to informants. Even considering the local parties, although the residents of these new developments mention that they went to the local June celebrations in 2013, one of the club-condominiums also promoted a private celebration. They hired local restaurants and stores to provide the same goods as in the public parties and donated the proceedings to charity institutions in Mooca. However, the guests were only residents or family and friends of residents. There is, indeed, a privatization of social life that is related not only to the daily activities that the condominium offers, but also to these new initiatives that mimic popular celebrations and urban life within the high-walls of the development.

Finally, the physical pattern of the new developments, both residential towers and the extreme example of club-condominiums, ends the direct relationship that the small houses used to have with the street. In the stark separation between public and private spaces, with high walls and fences, the residents of these new developments restrain their relationship with the street to the moments when they leave the condominium by car. Actually, even the cars start to be a problem given that all informants, including residents of the club-condominiums, complain that traffic congestion has greatly increased in Mooca. If São Paulo is already known for its problems with urban mobility, it is clear that a new club-condominium with 564 apartments and each one with 4 or 5 parking spots – i.e., a total from 2,256 to 2,820 parking units – will have disastrous effects on traffic. However, the relationship of these residents with the neighborhood is mediated not only by the car, but also by the already mentioned extensive and intensive security system

that intends to control the new developments and its limits. As a direct effect of its physical pattern, though, the development ends up decreasing the sense of insecurity in the neighborhood, considering there is not permeability in the development's block and it faces inward, protecting its residents, but not the streets (Jacobs, 1991 [1961]). It seems, thus, that even if the residents of the club-condominiums are attracted by the urban space and social life of Mooca, they are actively contributing to end it.

4.59. Mooca's doors: a cortiço.



4.60. Mooca's doors: traditional housing.



4.61. Mooca's doors: double gates (lungs) in the towers.



Source: author's archive.

4.9. FINAL CONSIDERATIONS

The parallel between Mooca and classical gentrification cases is clear: it consists of a private-led process in a historical district that suffered disinvestment, but has experienced a recent valorization due to the promotion of the local identity and its location closer to work sites, resulting in a new social dynamics with higher income households. Whereas the socio-spatial transformation is visible by just taking a walk in the district, the identification with the gentrification process brings challenges to the classical definition in each dimension of the process of the proposed analytical framework. Regarding the production of gentrifiable space, closing the rent gap can only be interpreted in the moment that demolitions and new developments are done. Therefore, the “pioneers” in Mooca are large corporate developers that, by identifying the great migratory power of the district, can accumulate the profits of redevelopment. The social dynamics of Mooca brings another challenge to a narrow definition of gentrification, especially because of the presence of informal arrangements. It is important to remember that the decline of Mooca has been closely associated with the increasing number of cortiços in the 1980s and, as the result of both

public and private initiatives, the number of cortiços has decreased significantly in Mooca in the past decade. Displacement reaches, therefore, a different level, affecting both informal and formal residents. The final fundamental dimension of gentrification brings also the last challenge to a narrow definition of the phenomenon. While Mooca indeed demonstrates the ideals of urban location with mixed uses, density, and a strong sense of history and identity, in contrast with reforms and renovation, the major form of reinvestment in Mooca has been in the construction of new developments, resulting in the overall verticalization of the district.

Finally, although this process has not been not lead by public agents, the transformations of the zoning legislation with the enactment of the 2004 Mooca Regional Plan had an impact on uses, floor-area ratios, and prices, ultimately enabling gentrification. Given that manufacturing kept prices low, considering its low social and economic status, the decreasing industrial zones in Mooca from 1972 to 2004 have an impact on the local real estate market and provide large parcels for the eager corporate developer. Moreover, the establishment of a large building stock for the district from the 2002-2004 legislation as a strategy of stimulating densification in target areas of the city supported generalized verticalization beyond the incipient process in Mooca Park. Nevertheless, against a notion of public policy solely as a supporter of gentrification, the case demonstrates the conflicts existent within it. In this sense, different public departments have contradictory goals for Mooca. For instance, against the general changes in zoning and issuance of licenses for new constructions, historic heritage protection has been limiting gentrification or curtailing some of the profits to be accumulated by developers. Additionally, the pressures from the housing movement on cortiços have resulted in the construction of public housing units against the interests of both developers and formal residents. Even if these are marginal gains, both cases – built-heritage protection and public housing – demonstrate the need to interpret the state beyond its economic role to include its mediation of multiple and conflictive goals for Mooca's redevelopment..

The use of the theoretical framework advanced on Chapter 2, thus, highlights the new socio-spatial dynamics of Mooca establishing a meaningful parallel with other gentrification cases. If Mooca brings these

mediating factors, they can be included in the necessity of thinking about the new contexts of gentrification, especially in cities where informality and verticalization might be more present than in the traditional geographies of gentrification in North America and England. Finally, it is important to remember that redevelopment is not happening in a homogeneous form. Rather, Mooca is a district in transition that combines formal and informal, low and high-income housing, historic buildings and residential high-rises, manufacturing and club-condominiums. Mooca is, nonetheless, fully integrated in the contemporary transformation of cities from manufacturing to a service economy while the promotion of this new spatial fix for capital accumulation also entails the displacement of former uses and users.

CHAPTER 5. URBAN OPERATION CONSORTIUM ÁGUA ESPRAIADA: CONSTRUCTING THE GLOBAL SÃO PAULO IN THE MIDST OF INFORMAL COMMUNITIES

5.1. INTRODUCTION

On May 10, 2008, a parade of historic cars inaugurated the new cable-stayed bridge connecting the Água Espraiada Avenue and the Marginal Pinheiros Expressway. Informants, from residents to real estate consultants, affirm that the bridge has no functionality, summarizing with sentences such as *“it connects nothing to nowhere”*. However, all agree that it is the most visible public investment in the OUCAE and became a symbol of the Global São Paulo. Indeed, the objective was to create a new landmark and this had a major importance in the selection of the design as stated by EMURB (current SP Urbanism):

“the physical characteristics of the area; the transformation experienced with the emergence of numerous intelligent buildings; the work requirements to reduce negatives impacts during execution; the evolution of design techniques and works of arts; and the need to qualify the urban aesthetics with a singular design that can become a reference to the city, these factors in conjunction point towards the cable-stayed as the construction option for the project” (EMURB, 2004: 31; translated by the author).

In the same document, it was said also that the cable-stayed bridge would equate São Paulo to the most modern cities in the “First World” in which this *“design’s advances and modernity”* had already been used. Aesthetics indeed can be considered the most important aspect of the decision given that in a technical report commissioned to the Polytechnic School of the University of São Paulo, the fact that this construction type was more expensive than the traditional successive consoles was emphasized. The bridge, finally, became a symbol not only for the city, but also for the problems of this urban operation. Costing 180% more than originally predicted (R\$ 266 million [US\$111 million] compared to the initial R\$147 million [US\$ 61.5 million]), it involved the participation of a construction company that had taken part in polemic public works in the area in the 1990s, before the OUCAE was enacted. With the conviction of some of the involved on those works for corruption, informants are suspicious about the legitimacy of such high costs and the associations between public and private agents in the construction of this symbol of Global São Paulo.

Additionally, the management council, OUCAE mandated arena of public participation, approved the works on the bridge in its first meeting in March 2003. In the same meeting, priority was also given to the

construction of public housing developments. However, when the works started in the bridge, not only did they cause the removal of more than 200 households from an informal community nearby (Jardim Edith)¹⁷¹, but also there were no signs of moving forward with the public housing units. It is, thus, no surprise that at the parade to inaugurate the bridge, informal residents engaged in demonstrations. Constructed five years after the bridge opened and for almost one-fifth of its price tag (R\$55.855 million or US\$23.344 million), the public housing building at this symbolic location is seen as a victory by the social housing organizations. Ironically, the low-income residents now have a privileged view of this Global São Paulo and its bridge.

Therefore, the OUCAE and the displacement of residents within its perimeter speak about entrepreneurial policies in global gentrification cases by showing how each of the fundamental dimensions of the process unfolds locally. First, in terms of the *production of gentrifiable space*, the definition of the policy's perimeter establishes the basic notion that the area is in need of public and private investments. In the case of the OUCAE, its location in the new business centrality in the Marginal Pinheiros region reinforces the city's new economic base and a new pattern of spatial production that connects financial and real estate markets. Justifications for the policy, nonetheless, also included the presence of a large number of informal residents. Given that OUCAE was enacted after the City's Statute and included the mandatory feature of relocation within its perimeter, the second fundamental dimension of gentrification – *upward socio-economic change with displacement* – has stumbled upon the legal framework that supports the policy itself and can become a form of limiting displacement, even if unable to prevent it.

This does not mean, though, that there has not been displacement of both formal and informal residents. Regarding the latter, public and private agents have used different strategies to decrease the number of households to be relocated even if public housing units are indeed being constructed. Regarding the former, while other authors (Ferreira, 2002; Fix, 2007; Fix, 2001; Frúgoli Jr., 2000; Nobre, 2000) have

¹⁷¹ Although official documents refer to this community as Jardim Edite, the preference in this dissertation was given to its own members that name it Jardim Edith, as seen on their blog of their residents' association <http://jardimedith.blogspot.com/>. Retrieved in May 21, 2011.

been focusing on the development of the business centrality of the “Global São Paulo” – i.e. non-residential spaces – I argue that residential uses also got an impulse from these office developments in the Marginal Pinheiros region, creating a new demand for housing in this location. Finally, in order to attract private investors, the instrument is based on selling construction benefits, making the state the major creator of the rent gap and *built-environment upgrades* – the final dimension of the proposed analytical framework – taking the form of verticalization. While there is not a reference to a historic built-landscape,¹⁷² OUCAE confirms once again the necessity of considering local patterns of spatial production in which residential towers may be more socially and economically valuable than renovations.

Therefore, it is possible to identify in the OUCAE dialogues between the multiple dimensions of global gentrification, as seen in Table 5.1. This chapter follows the identification of the major elements of this process and the disputes between agents, including public institutions that might have contradictory roles. The next sections explore the definition of the perimeter to include both residential and non-residential uses, the multiple forms of housing assistance and negotiations that might cause the displacement of informal residents, instruments of public participation, and the socio-spatial changes experienced in the formal neighborhoods. The historic background for this case, though, is more important than it seems. Public officials, during the interviews, warned me many times not to confuse what happened before the OUCAE with the current process. The concern that these informants demonstrate is that the policy becomes associated with the construction of the first blocks of the Água Espraiada Avenue in the 1990s. It is, thus, at this period, before the enactment of the OUCAE, that this chapter starts.

5.1. Fundamental dimensions of gentrification in the UOCAE.

NECESSARY DIMENSIONS	OUCAE
PRODUCTION OF GENTRIFIABLE SPACE	Location in the global business district State created gap (policy)
UPWARD SOCIO-ECONOMIC CHANGE WITH DISPLACEMENT	Medium to higher-income Informal housing Multiple uses
BUILT ENVIRONMENT UPGRADES	Verticalization

¹⁷² Nevertheless, the perimeter of OUCAE includes structures protected by municipal designations as built-heritage, such as the public market and the historic downtown area of Santo Amaro. However, they are not mentioned in the legislation and are not the focus of the public works, which was one of the complains of DPH in its report on the project to EMURB in 2001 (PMSP, 2001b)

5.2. BEFORE THE POLICY: THE LOGIC OF “*FAIT ACCOMPLI*”

One of the major structuring elements of the area that encompasses the OUCAE is the fluvial system, especially the Pinheiros River and the Água Espraiada stream. This was already true for the first occupations given that the flood areas would not be attractive for high-income subdivisions. The works to rectify the Pinheiros River (1930-1957), transformed this pattern, though, creating areas for new development and real estate valorization (Seabra, 1987). This was possible because the Canadian company that had the monopoly in the collection of waters, generation of energy, as well as tramlines was able to expropriate and monopolize the riverbank lands while creating middle-income neighborhoods, such as Brooklin, whose name was inspired by the New York district.¹⁷³ Additionally, in the Southern part of the perimeter (Chucrí Zaidan Sector – Santo Amaro District), manufacturing uses were developed, even if they were small in comparison to the industrialization of other areas of the city, including the Mooca District, given the high costs of land (Seabra, 1987). Nevertheless, this occupation has been closely associated with the expansion of industrialization towards São Paulo’s metropolitan region and promoted the working class character of several neighborhoods nearby (PMSP, 2001c). These first works, though, were not on the Água Espraiada stream that continued to cause flooding.

The first urban legislation on the topic was introduced in 1964 and in the 1970s the project became part of a state level plan for an inner city bypass, connecting the future Marginal Pinheiros Expressway with the Immigrants Road and, ultimately, with the coastline (PMSP, 1996 and 2001c). With these plans in place, the state Department of Roads (*Departamento de Estradas e Rodagem*, DER) started to expropriate the parcels adjacent to the stream. Still in the 1970s, the inner city’s bypass was transformed with the intention to use another avenue for the project and the areas that were expropriated remained unoccupied. The bypass was later again transformed by the municipal administration of Jânio Quadros (1986-1989), trying to take into consideration the constructions already present and including the complete canalization

¹⁷³ This was already a polemic process. While the São Paulo Tramway, Light and Power Company, popularly known as Light, became the owner of 21 million square meters of land, it only used 4 million square meters to rectify the two main rivers in the city (Pinheiros and Tietê). In the process, beneficial contracts were signed with large landowners while for the smaller properties “conditions absolutely unequal for the owners to fight for any rights” were created (Seabra, 1987: 222).

of the Água Espraiada stream. In parallel, the housing gap in São Paulo was widening and the still unoccupied parcels became an alternative for impoverished households.

Out of the 633 DER expropriated properties, 268 had been occupied by informal communities by 1995 (PMSP, 1995a). There were 68 informal communities, conforming almost a linear occupation along the stream with 8,436 households or approximately 42,347 people (PMSP, 2001c). The residents confirm that there were many vacant areas that were occupied by these communities. However, by 1995 most of the residents were not mere occupiers. Rather, an informal market of selling and renting already had been developed. Additionally, residents confirm that the proximity to jobs (in the manufacturing companies and formal neighborhoods) served as an additional stimulus to the growth in the number of residents, which is also supported by the fact that more than one third of the population walked to work in 1995 (PMSP, 2001c). It is also important to mention that because of the constant flooding and menaces of displacement, residents reached out to public departments to solve their housing needs. In this dialogue, while piecemeal displacement happened every time that the project of the bypass was transformed, with its discontinuation in the following years, public officials told the residents that they could continue in the area because the construction of the avenue would not take place, supporting or even stimulating further informality.

5.1. Informal communities in the 1990s.



5.2. Informal communities close to the Água Espraiada stream in the 1990s.



Source: PMSP, 1995b, n.p.

In parallel, a new front of private investments started to take place in the Marginal Pinheiros region already by the end of the 1970s. As mentioned in Chapter 3, São Paulo's business locations expanded from the traditional downtown towards the Southwest (Frúgoli Jr., 2000). In the 1970s, the Paulista Avenue, the second centrality, was already densely occupied and had high square meter prices while the design of the office buildings had not been updated to recent technological developments. In this sense, investors recall

that larger and more flexible floor plans, better communication services, and central air-conditioning systems, among others, were new demands from the companies they intended to attract, the corporate offices. A few motivators led to the choice of the Berrini Avenue as the location for these new developments (Ferreira, 2003; Fix, 2007 and 2001; Frúgoli Jr., 2000; Nobre, 2000). First, the Pinheiros River formed lowlands that were not attractive to the elites. Additionally, in the 1970s, the area around the Berrini Avenue consisted of 60% vacant parcels and the occupied parcels were mainly small-detached residences with cheap land prices (Fujimoto, 1994). The transportation system was an attractive factor given the location of roads, especially the future Marginal Pinheiros Expressway, and the proximity to Congonhas Airport.¹⁷⁴ Finally, the close location to high-income neighborhoods, especially Morumbi, was a positive aspect given that the highly educated and well-paid workers would favor the quicker commute.

The development of office buildings in the Berrini Avenue started with the investments of four local companies belonging to two architect-urbanists.¹⁷⁵ The Bratke-Collet companies were the designers, investors, developers and constructors of the new developments, opening 50 new office buildings in the area, the first by 1977.¹⁷⁶ By constructing these buildings at the start, middle, and end of the avenue, they could control the production of the space (directing its use towards state-of-the-art office buildings) and its valorization, once the company's buildings appropriated the cumulative benefits in a monopolistic approach (Fujimoto, 1994). In the 1990s, though, other business complexes started to be constructed closer to the Marginal Pinheiros Expressway, making even the original Bratke-Collet designs look obsolete and later on being adapted to the new constructive pattern (Frúgoli Jr., 2000). The Centro Empresarial Nações Unidas (CENU, seen in the figure below in contrast with Bratke-Collet's buildings) and the São Paulo World Trade Center (WTC-SP) are examples of these new developments constructed in large parcels that, according to informants, were either vacant or occupied by manufacturing plants and warehouses that

¹⁷⁴ Congonhas Airport opened in 1945 and the Marginal Pinheiros Expressway in this area was concluded in 1991.

¹⁷⁵ While in the 1970s, an Argentinean company constructed a business center (Centro Empresarial São Paulo) further south and on the other side of the river, the media stated that the Bratke-Collet group "created" the Berrini Avenue. Information available at acervo.estadao.com.br/pagina/#!/19900114-35250-nac-0031-999-31-not/busca/Bratke+Collet Retrieved November 16, 2013.

¹⁷⁶ Nevertheless, to build such a large number of developments, Bratke-Collet established a partnership with other groups, exchanging 25% of the final built area for the initial funds for the development.

started to close in the 1980s.¹⁷⁷ Both developments count with several towers, hotels, convention centers, heliports, and commercial space. It is important to notice that one of the towers at CENU is currently owned by a pension fund and is managed by an international real estate company, an arrangement that became common in this new business centrality and connects the local production of space with the financial markets as mentioned on Chapter 3 (Carlos, 2010). Moreover, mostly transnational companies occupy the office towers in these developments. For instance, according to the developer, these companies occupied 80% of CENU in 2013, including IBM and Samsung.

5.3. Bratke-Collet buildings in the 1990s.



Source: http://www.bratke-collet.com.br/portfolio_bandeirantes.php. Retrieved in February 1, 2014.

5.4. CENU.



Source: author's archive

5.5. New Bratke-Collet designs.



Fonte: http://www.bratke-collet.com.br/portfolio_jda.php?ied=16. Retrieved in February 1, 2014.

On the one hand, informants state that the strategy was successful because the land was bought at low prices. This was possible because negotiations with property owners were done individually and in close doors. In this sense, former occupiers did not know the nature of the project and the valorization that their properties would have from it. On the other hand, it is important to stress the role of the state in this process. These developments were constructed before the OUCAE was enacted as well as before the train lines and avenues were laid, making real estate agencies and developers conclude that it was an “audacious project”. There is rhetoric in place about being the “pioneers” and exploring a new “urban frontier”, similar to the club-condominiums in the Mooca District. Moreover, this narrative made several informants conclude that the local redevelopment process was not lead by the state. According to them, private agents

¹⁷⁷ It is interesting to notice that CENU was designed by the same office that was working in the project for the Urban Operation Água Espraiada during that time, which means that local developers knew about the plans for this location.

first identified the potential of the area and started the investments. However, the strategy was successful also because public departments were channeling resources to infrastructure works in the Marginal Pinheiros region. It is estimated, thus, that 85% of the public resources from 1993 and 1994, under Mayor Maluf, were invested in the expansion of the city to this area with tunnels and road extensions (Rolnik, 1997). Investments also included public transit by both the municipal and the state government, including bus lines, stations and upgrades in a suburban rail line.

Additionally, besides the new office buildings and nearby expensive residential neighborhoods, other investments followed in leisure and entertainment in the 1980s and 1990s, such as a famous local shopping mall (Shopping Morumbi), concert halls, and nearby social and sports club. All of these investments took the form of an incipient verticalization of nearby neighborhoods, especially Vila Cordeiro, Brooklin Novo, and Campo Belo, the last also stimulated by the urbanization expansion from the nearby Vila Mariana District (PMSP, 1996). Therefore, there is the formation of a centrality that caters to the workers of the new office towers. Indeed, it seemed that a new city was being born, connecting the national and local economy with the global system and reproducing the living patterns of transnational elites (Ferreira, 2003; Fix, 2007; Frúgoli Jr., 2000; Nobre, 2000). However, there was still a major problem: the informal households that prevented the construction of the new avenue and had a negative impact on that new image of the city. Among them, Jardim Edith became famous given its valuable location and controversial removal process.

Occupying almost 68,000 square meters and encompassing approximately 3,000 families (Fix, 2001), Jardim Edith was located between the Marginal Pinheiros Expressway and the Berrini Avenue, close to the Água Espraiada stream, and just one block away from both the WTC-SP and the CENU. Jardim Edith was also located in proximity to middle-income neighborhoods, which had a high level of rejection to its presence. On the one hand, they state that the occupation near the stream worsened the flooding problems. On the other hand, these informants reported a busy drug-dealing site within the community, generating many instances of urban violence. Finally, their close location to the office developments had a negative impact, lowering the demand, prices, and the overall symbolism of the new investments (Fix, 2001; Frúgoli

Jr., 2000). After all, an informal settlement does not fit the image of the new global business district.

The removal was included in the first works of the Água Espraiada Avenue and before the enactment of the OUCAE, with the canalization of the stream and construction of the first blocks closest to the Marginal Pinheiros Expressway and the office developments. For the removal of the communities, public and private agents merged efforts. On the private agents' side, a pool of companies and businessmen created an association in 1995 or a fund to remove the communities (Frúgoli Jr., 2000). The pool consisted of 122 investors and developers, including the Bratke-Collet group; local developments, such as WTC and CENU; and companies that were located in the area, such as private banks.¹⁷⁸ The Association of Housing and Social Promotion (Associação de Promoção Habitacional e Social) gathered R\$8 million (US\$3,343,640.00) with contributions based on the distance to the informal community besides built area, capital, and status of the member. For instance, CENU and WTC were major contributors to the fund. According to an informant from CENU, "*we could not be neighbors of a favela*". For that, the association constructed a housing development 15 kilometers away from the original site, in the Southwest municipal borders. However, the number of units constructed represented only 12% of the families displaced from Jardim Edith and 4% of the total households displaced. Finally, although it is impossible to calculate the actual gains from the removal, the president of WTC estimated that the development would get a 20 to 30% valorization, i.e., almost R\$75 million (US\$31,346,625.00) and almost 10 times the value gathered by the private pool (Fix, 2001). Therefore, the investments for the removal of the communities generated large individual profits.

Meanwhile, the municipal government was entitled with coordinating the process and finding other options to solve the housing needs of the rest of the population. The housing options included: 1. acquiring a unit in a social housing development of the municipal government; 2. getting a cash amount to buy another house; 3. get a cash amount to return to their hometowns. Regarding the last, it is important to remember that informality in São Paulo has been usually associated with domestic immigration, especially

¹⁷⁸ Available at <http://acervo.estadao.com.br/pagina/#!/19970729-37904-nac-0001-pri-a1-not>. Retrieved in May 15, 2012.

from the Northeast region of the country. A public strategy that “blamed the victim” was to send this population back to their hometowns. Changing the location of the “problem” or transferring the responsibility of dealing with the social needs of this population did not solve the causes of it. Nevertheless, it is a strategy that has been used not only in São Paulo, but also in other cities.¹⁷⁹

Regarding the first option, the public housing development was constructed in the far East zone of the city, approximately 50 kilometers away from the community’s location. This distance is important because most of the residents worked near their homes and this meant longer commuting times and less time to spend with family, friends, and in other activities. Nevertheless, the distant location is part of the previously mentioned logic of buying cheaper land to construct more units that ultimately caused the displacement of informal communities to the peripheries of São Paulo. Finally, the development had different conditions from the information originally provided. With smaller units and in a slope, it was still not under construction and families had to stay in temporary lodgings that were, according to them, almost as concentration camps given the poor conditions, high control, and cases of violence (Fix, 2001).

Nonetheless, the residents were not choosing this option, with only 5% of the households preferring the new apartments, according to public officials. While social workers blamed the residents for being unwilling to solve their housing needs, they have a different explanation. According to them, residents were practically coerced into choosing the cash amount, popularly known as “displacement-check” (*cheque despejo*). The amount was between R\$2,500.00 and R\$3,000.00 (US\$1,044.89 to US\$1,253.87) and included a truck to help them move. It is important to mention also that local informants state that this value was negotiated individually and in accordance with the person’s importance in the community as a way of minimizing resistance. Therefore, community leaders would have been “bought” and received larger

¹⁷⁹ A similar initiative was done, for instance, in New York during the Bloomberg administration. By giving one-way tickets, both to domestic and international flights, the city was “exporting” its homeless families not only to their hometowns, but to wherever they wanted to go, helping with visas, rents and allowances for the first months in the new location (Available at http://www.nytimes.com/2009/07/29/nyregion/29oneway.html?_r=0. Retrieved on November 14, 2013).

amounts.¹⁸⁰ In general, though, the displacement-check was small, not enough to acquire a formal house even less in a good location like Jardim Edith. It is primarily this aspect that made the case famous.

This happened especially after a local undergraduate student in architecture and urbanism discovered the authoritarian character of the process and that many of those who received the displacement-check were only able to reside in other informal areas (Fix, 2001). This was the case of the growing occupation in the margins of a water reservoir (Represa Guarapiranga) in the outskirts of São Paulo. If the contamination of the city's water source is a problem on itself, the location reproduced the tragedy of the former residents of the river stream, who continued to deal with frequent flooding. More importantly, with public resources directly involved, it is impossible not to identify the state as one of the promoters of informality. That is why the students' work was sent to several legal institutions, including the State Prosecution Office and the State Council for the Defense of Human Rights for the accusation of illegal constraints of this population. Additionally, the Prosecution Office on Environmental Protection filed a public civil action suit¹⁸¹ given the municipal administration's involvement in the occupation of an environmentally sensitive area.

Finally, these first works in the avenue were polemic also because of the multiple evidences of corruption. At that time, Água Espraiada was the most expensive avenue in the world, costing more per kilometer than the tunnel connecting England and France. While in 2011, public officials involved in the case were convicted, there were still criminal charges against Mayor Paulo Maluf and the money started to be repatriated only in May 2013.¹⁸² Nevertheless, the first blocks of the avenue were constructed, canalizing the river, and opening space for new developments. It was not finished, though, and the connection with the Immigrants Road was still undone. Additionally, out of the original 68 communities and 8,436 households, in 1995 there were still 32 communities with approximately 4,000 households or

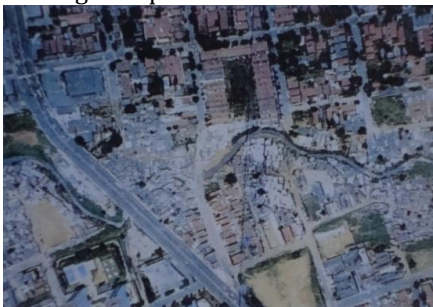
¹⁸⁰ According to one of the informants from the community, the displacement-check was also a way of promoting corruption given that some residents were forced to sign two sheets of paper. While one of these sheets was blank, it would be latter on filled with a larger amount than actually given to the resident and others would get the rest.

¹⁸¹ The public civil action is similar to a class action in the United States. However, it is filled exclusively by the Public Prosecution Office in Brazil.

¹⁸² Sources <http://www.estadao.com.br/noticias/nacional,justica-diz-que-houve-corrupcao-em-obra-da-gestao-de-maluf-e-pitta,750214,0.htm> and <http://www.estadao.com.br/noticias/nacional,jersey-manda-145-mi-de-libras-de-maluf-para-sp,1035525,0.htm>. Retrieved in November 15, 2013.

20,000 people (PMSP, 1995a). High walls were built surrounding these remaining communities, preventing people to see them directly from outside. Therefore, these works preceding the enactment of the urban operation did not solve neither the housing needs nor the transportation system while including a polemic process of removal of informal communities. It seems that this start up would make the policy inevitable. By exposing the housing needs, infrastructure deficiencies, and constructing an avenue of a few blocks that ended in a wall, it was a *fait accompli*: the policy would move forward.

5.6. Aerial view before the construction of the Água Espraiada Avenue.

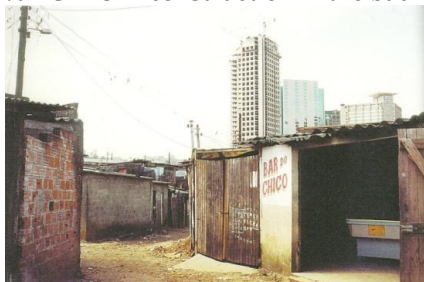


5.7. Aerial view after the construction of the Água Espraiada Avenue.



Source: PMSP, n.d.

5.8. Jardim Edith before the construction of the removal: CENU in construction in the back.



Source: Fix, 2001: n.p.

5.9. The new Água Espraiada Avenue and the wall surrounding what remained of local communities.



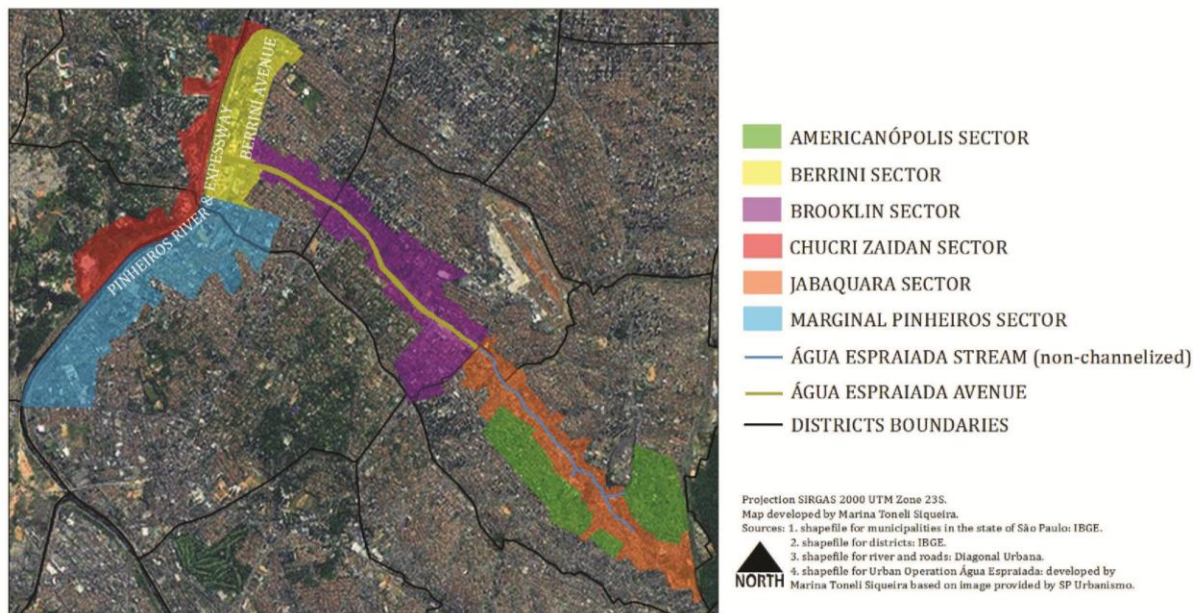
Source: Fix, 2001: 98.

5.3. THE POLITICS OF REDEVELOPMENT: THE DEFINITION OF THE PERIMETER

It was clear to informants of this research that the OUCAE is a continuation of the Urban Operation Faria Lima and follows the interest of promoting the business centrality in the Marginal Pinheiros region. It is interesting to notice that the first studies for the policy limited the perimeter to the blocks adjacent to the Água Espraiada stream, without making the connection with the Faria Lima Avenue and without including the two sectors of the project that speak more directly to the corporate towers (Berrini and Chucri Zaidan). Nevertheless, in the legislation approved in 2001, the perimeter (seen in Figure 5.10) came to be highly

modified from its original version. As mentioned in Chapter 3, the definition of the perimeter is a crucial moment of the urban operation once it determines which areas are considered “in need of redevelopment”, thereby, concentrating construction benefits as well as public investments. The perimeter, thus, contributes to the production of the gentrifiable space, one of the fundamental dimensions of gentrification. Therefore, exploring the process of definition of this perimeter is fundamental to understand the project itself.

5.10. Perimeter with OUCAE's sectors.



From the first studies of the urban operation in the 1990s to its approval in 2001, it is possible to identify three different moments that resulted in four different projects for this urban operation. The first one corresponds to the municipal administration of Mayor Luisa Erundina (1989-1993). As mentioned in Chapter 3, this government enacted the first urban operation in the city and intended to use the policy as an instrument to deal with the housing gap in São Paulo. Although only one urban operation was enacted, other projects were included in the studies for a new master plan, among them the OUCAE. These studies focused on three aspects: the drainage system, the transportation system, and the informal housing. The first one included the open-canalization of the stream, with lagoons and river drains to prevent flooding. For transportation, the proposal did not include the original bypass. Rather, heavier traffic would be diverted to other avenues. For the informal communities, the project intended to prevent their

displacement constructing housing on vacant and expropriated parcels within the perimeter. The master plan, however, was not enacted and with the election of a more conservative mayor, the project changed.

Mayor Paulo Maluf (1993-1997) was interested in the original character of the avenue: an expressway to connect the Marginal Pinheiros Expressway and the Immigrants Road. In 1993, the same leading architect-urbanist of the Urban Operation Faria Lima developed the first studies for the new project (PMSP, 1993 and 1995a). For this roadway connection, though, the mayor could count with other federal resources. Actually, the municipal government had other reasons for not pushing forward the policy (Fix, 2001). First, the focus was on the Urban Operation Faria Lima and launching another project would divert attention from the valorization process there. Second, this project would include in its perimeter middle-income neighborhoods, causing opposition from local residents. Third, the urban operation would require a large number of expropriations and resources in the relocation of informal communities. As a law for urban improvements that included only the avenue, finally, the executive branch did not need as many votes in the city council as the urban operation legislation, diminishing the political and social costs of the project.¹⁸³ Therefore, the opening of the avenue was pushed forward, in a *fait accompli* form as mentioned above, while the urban operation continued to be debated alongside, generating its third version.

According to the architect-urbanist developing the studies during that period, there were two main elements used in the definition of this version of the project: the fluvial and transportation systems. At that moment, the first blocks of the avenue were already opened. The proposal for the OUCAE, thus, was based on the connection of these blocks with the Immigrants Road through the extension of the avenue and its transformation into a parkway system parallel to the stream to allocate public amenities and infrastructure to prevent flooding. When asked about the expansion of the perimeter from this version to the final project, the architect-urbanist answered that the perimeter was altered later on to answer to “*political interests*”. While he does not define these “*political interests*”, from his following narrative it is possible to conclude that it is a reference to the private and public coalitions that have been traditionally characterizing urban

¹⁸³ The legislation on urban improvements require the approval by the simple majority of votes (half of the city councilors) while an urban operation, because of its changes in zoning, requires a qualified majority of votes (two-thirds of the votes).

planning in São Paulo. This local growth machines (Logan & Molotch, 2007), as mentioned in Chapter 3, have been putting the real estate market and civil constructions in the forefront of the local economy, resulting, for instance, in the generalization of verticalization throughout the city.

The architect-urbanist recalls that while doing the studies for the urban operation he received at least more than two telephone calls per day from people asking about the project and to include (or not) their specific parcels in the perimeter. As a former director of EMURB, he stated that this is a common practice in São Paulo while the requests would come from regular residents and architects-urbanists that were his acquaintances, but also from what he denominates as “*not unknown people*”, i.e., important persons in the local political and economic system. While mentioning that he disappointed them by not abiding by the requests, it seems that even the hiring process of the main office to develop the project was connected to political and economic interests.¹⁸⁴ In this sense, while this architect-urbanist is recognized by other informants to be connected with the more conservative political and economic interests in São Paulo,¹⁸⁵ with the election of a mayor from PT, another office was hired to take over the project.

The new mayor, Marta Suplicy (2001-2005), pushed forward the urban operation even if changing the focus once again. The previous studies were used as a basis for the new project and those two main elements (the transportation system and the works in the river stream) were still present. However, the new studies emphasized the resolution of the housing problems of the informal communities. Additionally, the office that took over these studies was headed by an architect-urbanist that is well-known in São Paulo for his affiliation with the Brazilian communist party as well as his participation in the modernist movement. While informants from his office¹⁸⁶ state that references from the public departments were urban projects in Berlin and Barcelona, major examples of strategic planning and competitive policies in

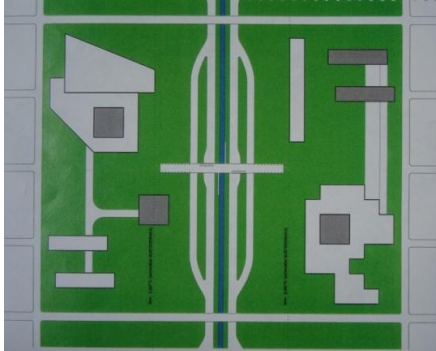
¹⁸⁴ According to him, on his case, there was an informal bidding process involving three architecture and urban planning offices. They were invited to participate in this bidding process by the municipal government.

¹⁸⁵ This is because of both the connections with conservative politicians and the designs coming from his office being mostly related to office towers and other large-scale developments in the business districts of São Paulo.

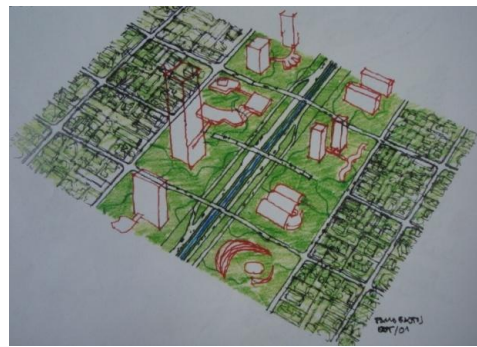
¹⁸⁶ Unfortunately, this leading architect-urbanist passed away in February 2012, leading many informants to associate his death with the pressures from the OUCAE. Although it was not possible to interview him directly, his office continues to be the leading designer of the urban operation, with his associates taking over the project.

Brazil, they also indicate that the project was developed as a modernist utopia, as seen in Figures 5.11 and 5.12. It is important to remember that even with its failures, Brazilian modernist architecture and urbanism have been associated with progressive goals, especially in its academic and vanguard sectors. Modernism was supposed to promote social change and improve urban conditions for all by expanding and homogenizing infrastructure and construction patterns (Segawa, 1998; Xavier, 2003). Therefore, in the OUCAE, we see the mix of modernist ideals and competitive projects that expose the tensions between goals of social development and economic growth in Brazilian urban planning, as mentioned in Chapter 3.

5.11. Volumetric study for the OUCAE.



5.12. Study for footbridge and boardwalk at OUCAE.



Source: PMSP, 2001d, n.p.

The urban plan for the operation, thus, was developed with a clear modernist inspiration with 40,000 square meter superblocks and mixed-uses. The buildings were supposed to liberate the ground level for public uses, with generous sidewalks and green spaces, in a similar arrangement as Le Corbusier's idea of city in a park and Lucio Costa's original plan for Brasília. Meanwhile, the leading office for the project also started the research and registration of the informal communities, pushing forward the relocation of all residents into housing developments to be constructed within the perimeter of the urban operation. Actually, this was one of the main aspects that legitimized the approval of the OUCAE in a supposedly progressive municipal administration. However, attending the demands of the political base of the party was not related only to social movements, but also to the local residents' associations.

In the studies, inputs were received especially from the local organization Defenda São Paulo (or, Defend São Paulo). Acting informally since 1983, even if only formalized into an association in 1993,

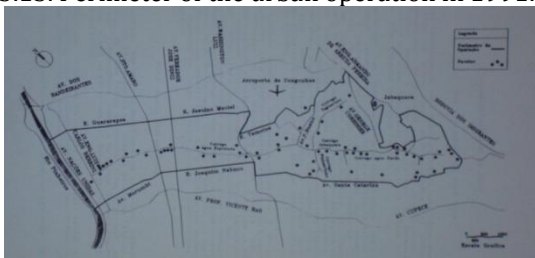
Defenda São Paulo is an umbrella organization, such as the UMM is for the social housing movement, as mentioned in Chapter 4. In this case, though, it congregates the residents of formal neighborhoods in the São Paulo Metropolitan Region. It is important to make this contrast with UMM because it is a consensus in the city that Defenda São Paulo protects the interests of middle and high-income residents. However, the association was formed especially by architect-urbanists and other professionals worried about the myriad of urban problems in São Paulo. Actually, the leader architect-urbanist developing the studies for the urban operation was one of the founders of Defenda São Paulo. It is, thus, no surprise that local residents' associations that integrated the movement had an input in the project. This is especially true for Brooklin Velho, a middle-high income neighborhood with many residents involved in the organization. Leaders of the local residents' association (SABROVE) affirm that they got the chance to participate in the definition of parameters for the neighborhood.¹⁸⁷ If this was a form of including other agents in the elaboration of the project, it was also a strategy to divert the many controversies that local residents and organizations would have against it, a fear that the previous municipal administration certainly had. Additionally, these local leaders also confirm that they were able to participate even more directly in the definition of the perimeter by deciding if the parcels where their houses are located would be included or not, once again confounding public and private interests and demonstrating the multiple interests that are part of this project.

From the previous studies to this final project, thus, the perimeter of the urban operation was indeed transformed from the linear format along the stream, as seen in the figures on the next page. Moreover, it was only in the approval of the 2001 legislation that the Berrini and Chucri Zaidan sectors became part of the OUCAE, including the new office development on Berrini Avenue and finally connecting the project with the Urban Operation Faria Lima. When asked about this transformation, one of the urban planner responsible for the OUCAE at SP Urbanismo recalls that when the project left the department and was sent to the city council for debate, it still kept the same perimeter. However, when it returned for adjustments, it

¹⁸⁷ This is especially important for them considering that this was a Z1 in the previous zoning legislation, i.e., an exclusively residential area with single-family detached houses. While this designation has been used locally to maintain privileges and property values (Rolnik, 1997; Souza, 1994), local leaders affirm that keeping the parameters of the former legislation is important considering that the area has a great share of green spaces in a city that lacks them.

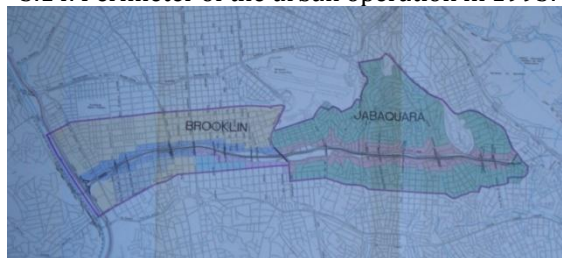
already included those new sectors. According to her, the changes in the perimeter were “political”.¹⁸⁸ As was the case of that architect-urbanist developing the third studies, the “political” is referenced again as the union between public and private interests, or the local urban growth machine (Logan & Molotch, 2007). The Berrini sector was the geographical continuation of the Faria Lima Avenue while the urban operation in that location was considered a successful case with construction benefits almost ending at that time. Therefore, according to her, this sector was included *“because the real estate market asked... (...) and this is the filet mignon”*. This is also the impression of the informants of the current leading architecture-urbanism office in the project, which did not define this perimeter either. It is interesting to notice that these informants, public officials and architecture-urbanism offices, use the same word to describe the Berrini sector: the filet mignon. As it was with Mooca, the analogy with the high socially and financially valued piece of meat is used to explain the economic interests in the location.

5.13. Perimeter of the urban operation in 1991.



Source: PMSP, 1991.

5.14. Perimeter of the urban operation in 1995.



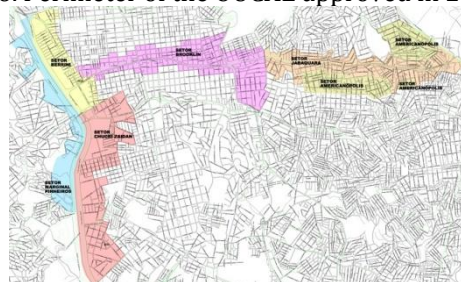
Source: PMSP, 1995.

5.15. Perimeter of the urban operation in 2000.



Source: PMSP, 2000.

5.16. Perimeter of the OUCAE approved in 2001.



Source: http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/arquivos/ouae/AE-Perimetro.pdf. Retrieved in January 14, 2012.

¹⁸⁸ Even if trying to take out the blame from the technical sectors, some informants – including former public officials that used to work at these departments –, state that many of the planners were also on the payroll of the development companies. These strong accusations are used to explain that once “bought”, i.e., bribed by these companies, these planners would represent private interests as technical issues and push for the transformations in the perimeter.

Nevertheless, there are two intertwined official justifications for the inclusion of the Berrini and Chucrí Zaidan sectors into the perimeter of the urban operation. First, there was indeed a high interest of private developers in these areas and it would be better to “guide” these new developments, providing parameter and infrastructure for the higher densities. Second, according to the official of SP Urbanismo, once the list of public works for the urban operation was finished, the resources obtained by selling CEPACs only in the original perimeter would not be sufficient to fund them. Because “*the count was not adding up*”, they would have to include other sectors. Most of all, to solve the urban and housing problems in the area, the state would need the resources of the private investors interested in those two sectors. Finally, in a city experiencing economic change, the promotion of a new business centrality went hand in hand with the plans to promote São Paulo as a global city. In the promotion of this new spatial fix (Harvey, 1985 and 2001), adding the Berrini and Chucrí Zaidan sectors fitted the interests of both private and public agents.

It is important to mention that not only the perimeter of the original studies was changed in the final writing of the policy. For instance, the 40,000 square meters of the superblocks became only 1,000 square meters, giving construction benefits for the assemblage of only three regular parcels. The mix of 50% residential and 50% non-residential uses was transformed into 30% and 70% respectively, following the promotion of the business centrality. Additionally, not even the studies followed the policy into the City Council for approval. The OUCAE was enacted, thus, only with the legal text and the perimeter map, defining the sectors and their construction benefits. This led to a general dissatisfaction from residents, private investors, and even the public official at SP Urbanismo working on the project since its start, who states that “*the major challenge of Água Espraiada is that it does not have an urban design. It does propose a new space. It is more of the same.*”¹⁸⁹ Leaving it to future plans to be developed for each sector, CEPACs started to be sold in 2004, and buildings were constructed without the urban parameters or public works

¹⁸⁹ The planner responsible for the project at SP Urbanismo also remarks that: “*I took some businessmen (...) when it is foreign people, international investors who come here, they visit the Água Espraiada and I take them. I go there and accompany them. You do not have anything to show. This is the area of the urban operation... and... [make a face of NOTHING]. What do you show them? The buildings? Do you understand? I believe that in urban terms, it could create more beautiful spaces; that people have pride to show that this is an area of renovation (...) Like Battery Park...*”. While this quotation is telling about the references used for the project, it once again refers to the frustration of informants of this research in terms of the transformation of the urban space and the public investments. It also demonstrated that the City Hall has been actively engaged in the promotion of the city to foreign investors.

in place. Still, by 2013, only one plan was developed, exactly for the sector of the more recent expansion of office developments and the geographical continuity of the Berrini Avenue: the Chucrí Zaidan sector.

While the Berrini sector was already receiving investments in corporate towers, the Chucrí Zaidan sector still counted with some of the warehouses and manufacturing companies that provided jobs for the low-income communities. As put by the planner at SP Urbanismo, *“in the night of December 28, 2001, in a click, it [the Chucrí Zaidan sector] became the service city... like this [snap her fingers]. Do you understand? In the click of a button.”* Therefore, the sector demonstrates the importance of the definition of perimeter, which creates a gap between the current occupation and the possible “better use” of the parcels, i.e., the gentrifiable space. The area, which used to be a former industrial zone, became part of “Global São Paulo”, allowing other uses and buildings with a floor-area ratio of four.¹⁹⁰ As in the Mooca District, the local real estate market had a great interest for the large industrial parcels. With a policy that provided further construction benefits for larger developments, this sector became extremely attractive for developers. Finally, the official justification to push this plan first is that, as already mentioned, without the interest of the private sector, there would be no funds for the other works.¹⁹¹ As mentioned by the public official from SP Urbanismo *“I believe that it is a negotiation in the good sense and not a scheme. A negotiation in which the City Hall got what it wanted and still enabled... because otherwise, it would make the developments impossible. Then, it does not work either: doesn’t sell CEPACs and doesn’t do the public works; doesn’t finance housing”*. Therefore, the lack of resources for public investments supported the use of the public-private partnership while the problems with infrastructure and informal housing justified the overall project. However, the informal communities continued to face a difficult process to guarantee their right to stay.

¹⁹⁰ It is interesting to mention that there is a sense of inevitability of the process as demonstrated by the report on environmental impacts that the Chucrí Zaidan area had an industrial occupation in transformation as *“in most of those existent in São Paulo”* (10.19) and it should follow the trend of *“differentiated uses”* similarly to the Faria Lima – Berrini pattern (10.21) (PMSP, 2003b).

¹⁹¹ This was well-exposed in the meeting of the management council in which the urban plan for the Chucrí Zaidan sector was presented, in February 2007. All the minutes of the meetings mentioned throughout this chapter are available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19600. Retrieved first in March 21, 2012 and last in October 25, 2013.

5.4. JARDIM EDITH: THE STRUGGLE FOR THE RIGHT TO STAY

In August 2013, there was a general sense of major accomplishment with the opening of a public housing development in the original location of the community Jardim Edith and next to the iconic cable-stayed bridge. *“We have gone from the garbage to the luxury”*, mentioned the local community leader. The dust from the construction was still in place when I visited the community. Trucks were moving in furniture and construction material while children were already playing in the common areas. The design of the buildings also implied a sense of pride once that many would not even know that this was a public housing development given the aesthetics commonly seen in middle and high-income buildings and the signature of one of the most famous design offices in the city. The sentence *“you cannot confuse what happened before the urban operation with the current process”* was used several times by public officials to demonstrate the contrast with the polemic process experienced by Jardim Edith before the OUCAE. Additionally, the municipal government has used the case in international events as an example of a public project that prevented gentrification.¹⁹² Against the perspective that *“now everything is different”*, though, the community faced a difficult struggle to remain in place even with the enactment of the urban operation.

5.17. Jardim Edith before and after the housing development.



Source: provided by HABI.

According to the community leader, after the removals for the opening of the first blocks of the avenue, for years the community did not hear any further comments about the project nor any displacement happened. It was at the turn of the century, that DER – the state-level department that did the expropriations in the 1970s – started the removals again and without any previous notice. According to him, out of the 268 families in place, 39 were removed, ending up in the same places

¹⁹² For instance, the case was presented in a gentrification seminar that happened in Santiago/Chile in April, 2012. Information available at http://www.prefeitura.sp.gov.br/cidade/secretarias/habitacao/assessoria_de_imprensa/index.php?p=41083 Retrieved in September 27, 2013.

as in the first process: near the water reservoirs or in the peripheries of São Paulo. After contacting a state representative that participated in the social housing movement, it was discovered that there was no specific project motivating the removal. According to the community leader, the purpose was “*real state interest... because the buildings were already advancing here*”, i.e., the office buildings in Berrini Avenue. The elected official mobilized the State Public Prosecution Office and after a public hearing with DER officials, the removals stopped. The same representative also warned the community about the new OUCAE plans.

The project, being developed within a municipal government and by an architect-urbanist considered progressive, indicated the use of the ZEIS (the previously mentioned Special Zones of Social Interest) from São Paulo’s Strategic Plan in the Jardim Edith location. However, the community leader confirms the previously mentioned explanation from the public planner at SP Urbanismo that during the debates in City Council the project was changed. In this case, the change consisted in the exclusion of the ZEIS in the

5.18. Location map – Jardim Edith.



community location that, according to his memories, was removed three times from the project.¹⁹³ The major problem is that the ZEIS for Jardim Edith is located in one of the most expensive and symbolic addresses of the new business centrality and, for that matter, of the entire city. This was the corner of Água Espraiada Avenue and Berrini Avenue, the center of “Global São Paulo”. The location suffered another impulse

with the construction of the new iconic bridge to cross the Pinheiros River in the Água Espraiada Avenue. Its importance for the community, as already mentioned, comes from its approval in the same meeting in which the urban operation’s management council put the priority of the public works on housing

¹⁹³ Additionally, the executive pushed for the approval before the end of 2001 and because of its many polemics, the project was voted by the city council on the final day of the administrative calendar at 4:30 am. According to the community leader, because it was a weekday and workers at that time would be “*sleeping, [for the people] to go away and forget, not to participate.*”

developments. The priority was given also to those informal communities closer to the blocks of the avenue constructed before the OUCAE in the polemic process previously exposed, such as Jardim Edith. However, while works in the bridge started, no steps were taken toward the construction of the housing units. On the contrary, the community continued to face displacement.¹⁹⁴

Works in the bridge started in 2005 and 200 families were supposed to be removed for constructions. It was in the same year that SEHAB was invited to participate in the OUCAE and started working with Jardim Edith.¹⁹⁵ By the agreement signed between the two parts, EMURB – current SP Urbanismo – would do the expropriation of the parcels and HABI (the social housing division at SEHAB) would be responsible for the design, construction and relationship with the communities. Therefore, in 2005, HABI was already starting the housing assistance with the removal of the 200 families for the construction of the access to the bridge and had to deal with two fires that destroyed parts of Jardim Edith, one in 2005 and the other in 2007.¹⁹⁶ Nevertheless, according to different informants, before the opening of the new bridge in 2008, the public administration under Mayor Gilberto Kassab (2006-2013) did other piecemeal removals by offering cash amounts (the displacement-checks) and units in other locations. It is also important to mention that a final attempt to displace the community also came from private agents. In 2008, one of the leading developer companies in Brazil and a major investor in the area, offered to buy the entire community and 15 formal properties located nearby. For each of the informal residents, it offered R\$10,000.00 (US\$4,179.55) and the leader would get an amount almost ten times higher.

¹⁹⁴ The approval of the housing assistance by the management council came within the same municipal government that enacted the policy and promised to the local leaders that no one would be displaced. However, with the election of a new mayor, all public works within the city were stopped for 100 days. José Serra was affiliated with the major opposition party (PSDB) to the federal government, which had a president from the same party as the previous mayor (PT). As mentioned before, São Paulo's great rotation of parties leads to a great sense of instability. However, the works on the OUCAE resumed, at least on the bridge, in 2005.

¹⁹⁵ It is important to remember that the Municipal Department of Urban Development (Secretaria Municipal de Desenvolvimento Urbano - SMDU), in its division SP Urbanismo, develops and administers urban operations, as explained on Chapter 3. However, the project entails the contribution of many other departments. However, SEHAB in its division on social housing (HABI), was only invited to participate in the OUCAE by the end of 2005, becoming also a member of the management council.

¹⁹⁶ Although informants state that they do not believe these fires were criminal, many other informal communities in the perimeter had problems with fire. It is difficult to conclude if they were arson, i.e., criminal fires to displace the residents. According to one of the informants, another community suffered three fires in a period of three months, two in consecutive Saturdays. The City Hall, at that time under the Gilberto Kassab administration, would have warned the residents to take out their belongings. Therefore, during the fire, the houses were empty. While it was not possible to confirm this episode, if a fire happens, the public departments can enroll the residents at the top of the lists for housing assistance. According to this informant, a middle-income resident, this is a strategy for the removal of the communities given that most would end up in developments outside the perimeter of the OUCAE.

Therefore, until the construction of the housing development at Jardim Edith, things had not changed from the first process of removal. Private developers were still trying to solve the issue by themselves and public departments were offering the three customary options of housing assistance. While public officials do not confirm this information, the State Public Prosecution Office and local residents state that at first they were offered a cash amount to leave (R\$5,000.00 [US\$2089.78]) and the option of receiving assistance to buy another house (R\$8,000.00 [US\$3,343.64]). According to them, the displacement-check would only be enough to acquire a house in another informal community, making the state once again a promoter and reproducer of socio-spatial inequalities, similarly to the first removals in the 1990s (Fix, 2001). For this second process, though, a public official at SEHAB stated that the department did a review of the houses chosen by the families to make sure that they were not in a risk area, which does not mean an informal area. Nevertheless, he admits that most of the families moved to the peripheries of São Paulo.¹⁹⁷

The third option was acquiring a unit in a public housing development. It is important to mention that at first units were offered only outside of the perimeter, in the Campo Limpo District or in the Eastern part of the city, again in the peripheries. In addition, this development was from CDHU, the already mentioned state level housing department, and the displacement-checks used resources from the federal government. While for the public officials this was “*a very interesting range*” of options, because they did not use the resources from the OUCAE, they also did not have to follow its legislation. This fact is confirmed in the meeting of the management council in July 2007, in which the superintendent of social housing (HABI) explains that the 580 families registered in 2005 were given the option of the CDHU housing and “*because it is an intervention from CDHU, to be done using its own resources, and not an intervention from the Urban Operation, there is no obligation of offering the housing units within the perimeter of the Urban Operation.*”¹⁹⁸ Finally, units in another public housing development to be constructed within the urban operation

¹⁹⁷ It is within this context that the public defender of the housing and urbanism division, the same who had been working with the community since the first legal disputes during the enactment of the policy, filed a motion against the use of the displacement-check as a housing option for Jardim Edith.

¹⁹⁸ All the minutes of the meetings are available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19600. Retrieved first in March 21, 2012 and last in October 25, 2013.

(Estevão Baião), were offered. Therefore, the problem was not with the relocation of the residents within the perimeter itself, as long as they were kept away from the prime real estate location of Jardim Edith.

Supported by the housing movement and understanding that both the ZEIS and the policy would guarantee their legal right to stay, the residents' association contacted for the second time the public defenders of the housing and urbanism division to file an action suit against the City Hall. With the mediation of the housing and urbanism division of the State Public Prosecution Office, a legal agreement (Termo de Ajustamento de Conduta) was signed between the community and the SMDU requiring that the municipal government constructed the housing development in the original location of Jardim Edith.¹⁹⁹ Therefore, after several attempts from public and private agents, even with the ZEIS and the mandatory relocation, it was only after a second legal action against the displacement of the community that the residents of Jardim Edith guaranteed their permanence. Nonetheless, it was the use of the state apparatus, in this case the judicial system, that guaranteed their right to stay in place.²⁰⁰

After this long struggle, the ultimate housing development at the original location of Jardim Edith was built with 252 units. The leading architect in the design stated that SEHAB predefined an approximate number of units while the total decreased over time. In this sense, the original study included 500 units and only afterwards, the final number was changed. When asked about why the gap between the original 580 households identified in the 2005 registering process and the final 252 units, informants from public institutions, including HABI, stated that most of the residents had chosen one of the other options.²⁰¹ However, according to the residents, the units at the Jardim Edith development were not presented as a

¹⁹⁹ Public Civil Action n. 2505/583.53.2007.138359-0. The legal agreement (Termo de Ajustamento de Conduta) was provided by the State Public Prosecution Office after interviews with members of the institution. It is important to notice that the action suit was also mentioned in the minutes of the management council once that the public defenders and public prosecutors started to attend the meetings in 2008.

²⁰⁰ It is important to mention a difficult episode in this process because of the drug-dealing issue within the community. These drug-dealers, according to several informants, were even wealthier and stronger with the location of the companies in the area once the major buyers were the workers of the office buildings. Unsatisfied with the removal process, they menaced public workers, justice officials, and even kidnapped residents. Although details could not be confirmed, there was a deal between several agents that permitted the continuity of the works. It was at this moment that public defenders stopped supporting some of the local leaders and an official investigation was established without further results. This relationship between the community and judicial institutions was extremely impaired on the process, as confirmed by several informants. Nevertheless, in 2013, when the field work was finished, local community leaders were still contacting such institutions, as will be further mentioned.

²⁰¹ The representative of SEHAB also confirms this aspect in the management council meeting of July 2008.

viable option. The strategy, according to the community leader, was to try to prevent the construction in that location: *"it was to see if it would diminish, to see if the people would go, because if there was nobody to live here, there was no other way"*. Therefore, social workers within the public departments seemed to have an important role in pushing for other options and putting extra pressure on the residents. They would state that there were no insurances that the building was actually going to be constructed and the residents preferred options that were presented as "safer". While recalling the contact with one of these social workers, a resident of Jardim Edith concludes that *"she is not a social worker. She is a social terrorist"*, which is also similar to the treatment found by Fix (2001) in her study of the first removals in the 1990s.

This smaller number of units also led to a criticism of the smaller area used for the development than the one originally occupied by the community. On the one hand, the higher density or verticalization is included in the overall strategy of balancing urban growth, preventing further expansion towards the peripheries and exploring the full potential of the infrastructure in place, exposed by both the city's Strategic Plan and the OUCAE itself. On the other hand, the design office also suggested the higher density and merging of all uses in a single development.²⁰² According to the architect leading the design, the suggestion of having public services integrated with housing would guarantee a better use of the space and the maintenance of the common area by public institutions, in this case the health and education departments. Additionally, the higher density would follow the local urban pattern of high-rises, integrating the development in the existing built-landscape. The design, though, left the other parcels originally occupied by the community vacant, the supposedly higher density did not achieve the maximum floor-area ratio for the parcel (not even 3 out of the maximum of 4) while it also did not house all the community. SEHAB justified that there were problems with the expropriation process and that the number of units needed was smaller than initially projected given that residents chose other options. However, after the

²⁰² The negotiations for the design between the community and public departments included also other functions besides housing, which is something relatively new for public housing in São Paulo. While the community leader and architects stated that the public agents wanted to include a police battalion, which the residents were completely against, the final program includes a basic health care unit, a kindergarten, and a cooking-school. This last one was a suggestion that came from the residents themselves and it is supposed to train them for future careers in the many nearby restaurants and bars that cater for the office buildings.

community mobilized public defenders again, it was decided that the other parcels would be constructed, focusing first on those 54 families from Jardim Edith that had opted for the Estevão Baião development, the “safer” option that ironically was still under construction in August 2013.

5.19. Tagging on the remaining walls of the vacant parcels: “Edite (sic) RIP”; “brief life”; and “where is the promised housing?”



Source: author's archive.

In its final state, therefore, out of the 580 households at the 2005 registration, approximately 43.45% were going to the development in the location (252 units) and 9.31% (54 households) opted for the Estevão Baião project and may return to Jardim Edith in the next phase of the project. This means that, 47.24% of the families or almost half of the community ultimately left the original location, a number that excludes the piecemeal displacement process with the policy already in place, such as those 200 families removed in 2005 for the

construction of the bridge. Considering that in the first construction works in the 1990s 2,400 families were displaced out of 3,000 households (80%), the percentage is indeed smaller.²⁰³ However, the statement that “*you cannot confuse what happened before the urban operation with the current process*” is not accurate. Half of the residents still were unable to stay in place even with the pressure from the housing movement and support from the judicial system. Finally, the design of the building brought up concerns about possible future displacement, ironically due to its (high) quality.

According to one of the leading architects, the design tries to reproduce some of the original social relationships of the community. In this sense, large corridors and a double-beam constitute common spaces in the landing of each floor that function almost as plazas, especially given that in the community's organization for selecting the units, they could arrange families and friends in the same floors. The design also uses other technical solutions, such as built-in closets bellow windows that protect the frames from the rain and expanded the functional area of each unit without being computed in the final built area

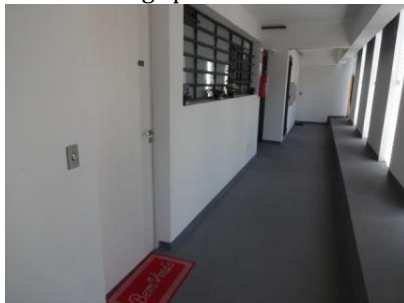
²⁰³ The number of households removed in the first stage of the construction of the avenue is conflictive. In this dissertation, I favor the information provided by the informants from SEHAB and the community.

(approximately 50 square meters).²⁰⁴ On the other hand, famous architects such as Ludwig Mies van der Rohe as well as one of the masters of Brazilian modernist architecture, João Batista Vilanova Artigas, have used this type of solution, making it easy to identify the development with erudite architecture. Other technical and aesthetical elements, such as the volumetric space and the horizontal windows, also associate it with the modernist buildings in high-income neighborhoods of São Paulo, such as Higienópolis.

5.20. New Jardim Edith.



5.21. Landing spaces of each floor.



5.22. Built-in closets.



Source: author's archive.

When I visited Jardim Edith in 2013, residents had a great sense of pride in showing the building and their units, already with colorful walls, new fixtures and floors. It is also with the same sense of pride that they confirmed the stories about proposals to sell their apartments. It is with this concern in mind that Fix, who continued to follow the case, affirmed “*the apartments seem to be for another profile of resident. In a few years, it can be turned into a luxurious-Cohab for the average employees of the nearby offices*”.²⁰⁵ Indeed, the development was attracting the attention of not-so-low-income residents. With a population with small perspectives of social mobility, the attraction of outsiders may cause a strong enough pressure on the residents that have struggled for so long to stay in place.²⁰⁶ On the one hand, informants outside the community stated that the problem is the location. If the parcels were sold to developers, the resources could be used for the construction of more units within the perimeter of the OUCAE itself, just not on this

²⁰⁴ The lack of a more intense dialogue between the design office and the community, on the other hand, made the residents unaware of what was the purpose of the vault below the wall. As it was possible to see during the visits in 2013, the space was used almost as a basement, stocking things that were not used in their daily life.

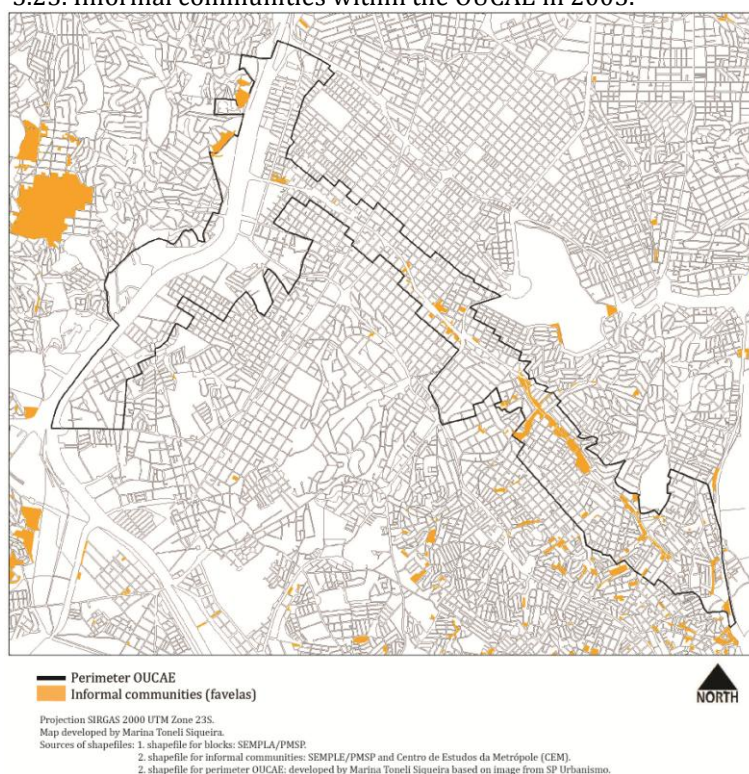
²⁰⁵ Cohab is the metropolitan housing company that also provides public housing. Article available at <http://noticias.uol.com.br/cotidiano/2009/05/22/ult5772u4049.jhtm>. Retrieved in May 13, 2013.

²⁰⁶ Indeed, the problem seems to be happening given the 2014 scandal with selling units from the public housing development that reached the media and instigated an investigation by the City Hall. On this case, it is important to mention, the resident intended to sell the unit to buy a cheaper house and buy a truck to start working, once again proving the socio-economic problems of this community. Information available at <http://g1.globo.com/sao-paulo/noticia/2014/03/morador-tenta-vender-apartamento-recebido-de-programa-social-em-sp.html>. Retrieved in May 7, 2014.

specific location. On the other hand, the leading architect and public officials state that the design is not attractive to higher-income groups because of its small units and mixed-use character while it also does not have parking space. However, Fix's article opened up a heated debate about public housing in São Paulo, especially the new methodology used by SEHAB.

5.5. A NEW SOCIAL HOUSING MODEL FOR SÃO PAULO

5.23. Informal communities within the OUCAE in 2003.



Around the same time that SEHAB started to work with SMDU at the OUCAE (2005), there were three major problems for the social housing superintendence: the lack of information about informality in São Paulo to set appropriate plans and policies; the ever-present lack of resources; and the poor quality of the current developments. For the first problem, SEHAB started identifying and profiling the informal communities in a common database.²⁰⁷ For the financial

issue, SEHAB's resources accounted for approximately 1% of the municipal budget in 2005. Even if taking into consideration the historical pattern of low priority given to public housing, the lack of resources in that period fit the general discourse in place, including the justification for the urban operations, the state crisis and the need of establishing partnerships with the private sector to solve urban problems. The superintendent of HABI, who was appointed for the public housing superintendence around the same time that the housing assistance started at OUCAE (2005), explains that after looking at the municipal budget,

²⁰⁷ The results are available online at the website <http://www.habisp.inf.br/>.

she had realized that while urban operations stated as one of its objectives providing social housing, their resources had not been used for this end yet. Therefore, there was a source of funds for housing developments in the perimeter of the projects that was still untouched.²⁰⁸ The intention of starting to invest in housing developments in the urban operations was coming also from the several disputes and interventions from the legal institutions, as in the case of Jardim Edith. Finally, the new superintendent at HABI has been associated with a reenergized discussion about the quality of social housing in São Paulo.

While several informants, especially public officials, affirm that urban operations can serve as instruments to prevent gentrification and solve (at least partially) housing informality in São Paulo, OUCAE became highly known by the quality of the social housing designs to be constructed in its perimeter. This aspect is usually contrasted with the most famous and polemic housing program in São Paulo, the previously mentioned PROVER/Cingapura Program. This program is extremely criticized, among others, because of the low quality of the buildings even if constructed in the original location of the community. Besides the poor construction, with cheap materials of low durability, the design became controversial in itself. All units were built with the same five-floor building design, in a “copy-and-paste” format that did not consider the different locations, community characteristics, and did not include popular participation. Therefore, it was common knowledge that the approach to public housing in São Paulo had to change.²⁰⁹

When the new superintendent took over HABI, thus, her intent was to develop a new methodology for public housing in São Paulo that was first experimented in communities such as Paraisópolis, Heliópolis and Cantinho do Céu. In the case of the OUCAE, although HABI started to work in the project in 2005, it was only in 2009 that architects were invited to design the housing developments. It is important to mention

²⁰⁸ It is also important to mention that after 2005, the growth of the overall Brazilian economy and São Paulo’s budget actually had an impact on housing policies, with more resources being allocated to local, state and federal programs. In this sense, the justification of the lack of public resources is not completely valid anymore. Additionally, by 2012, the housing department share was reaching approximately 6% of the municipal budget.

²⁰⁹ It seems that the political process was not that easy, though. According to her, there was an informal agreement with the mayor at that time, José Serra, about this new approach. However, there was a change in the secretary of SEHAB when Mayor Gilberto Kassab took office after José Serra was elected governor of the state of São Paulo. This new secretary was “a guy from the market”, as defined by another informant from SEHAB, and wanted to make more efficient use of public resources, i.e., spend less and construct more, similarly to the previous large scale developments in the peripheries. In this sense, there was a heated discussion about the type of developments that should be promoted, given that the smaller and individualized projects were more expensive.

this aspect because the Brazilian legislation determines that public investments have to go through a competitive bidding process.²¹⁰ On this case, though, the architect-urbanists interviewed and the director of the superintendence herself state that they were invited to participate.²¹¹ In order to use these specific design offices, thus, they were hired by the companies that win the competitive bid processes. In this sense, the technicians of SMDU and SEHAB would develop the basic projects. This would go through the legal competing bidding. Once the legislation opens the possibility of the adoption the projects/designs in order to consolidate the executive projects, the companies that won the competitive bidding process, and not the public institutions, would hire those specific design officers. It is important to mention, on the one hand, that similar arrangements to use particular professionals to develop plans and projects were used before in the OUCAE and other public interventions in the city.²¹² On the other hand, many informants accuse the public departments of using these highly valued architects as a way of legitimizing polemic projects.²¹³ Finally, if the good quality of the designs brought a new phase for public housing in São Paulo, it raised concerns about the possible displacement of the local population.

For instance, the first housing development to be finished after Jardim Edith was Corruíras (244 units) and it became an example of the type of housing developments to be constructed by SEHAB in the perimeter of the OUCAE. It is also emblematic that it was designed by the office of a local architect-urbanist who was a former student of the superintendent of social housing and had already worked with SEHAB in

²¹⁰ The exceptions are: works with small budgets, emergency cases, and specialization on the topic (notorious knowledge of the hiring company), among others. These regulations were defined by the federal Public Procurement Act, or the legislation that establish the competitive bidding parameters (Law 8,666 of 1993).

²¹¹ According to the superintendent, the intention was to do an open competition among architects, reestablishing this tradition and the status of public housing designs. Indeed, an open competition was done in 2011 for another program of the superintendence, "Renova SP". It is also important to mention that the open competition also inverts the logic of common competitive bidding processes in Brazil, which has been blamed for the bad quality of public constructions. While on this last one, the focus would be on the smaller costs, the open competition would focus on technical and aesthetics elements defined by a jury of specialists.

²¹² For instance, informants state that the leading architect-urbanist for the 2001 legislation was hired because his progressive background fitted better the municipal administration of that period. He was hired using the exemption to the competitive bidding process because of his "specialization" or "notorious knowledge" of the topic. After the election of another mayor, he continued to be the leading architect-urbanist of the project, now with a contract by the construction company to develop the executive project.

²¹³ Indeed, these offices have been locally recognized as pushing forward a new local architecture and as the heirs of Brazilian modernism, which is the most appraised style to local critics. Actually, the superintendent complains about this inheritance given that, in her conception, they are "*too modernist*." According to her, the intention was to start a postmodern social housing experience in São Paulo inspired by international experiences, especially the IBA projects in Berlin (Schmaling, 2006), pushing for new spaces, multiple uses and comprehending new forms of social arrangements, for instance new types of family arrangements.

previous projects.²¹⁴ He was hired first by the company that administers SEHAB's developments in the urban operation to develop the basic project. In 2010, after the competitive bidding for the construction, the office was hired again for the adaptations of the executive design. Therefore, this case demonstrates how SEHAB has been hiring those specific offices for each project. Because of these aspects, this architect-urbanist has been associated with SEHAB and the specific political parties composing the municipal administration at that moment. He states that this had caused many frustrations because the technical quality of his work is restricted by "*politics*." According to his perspective, "*we are only one point in the middle of the line. This gives you more tranquility not to assume the responsibilities beyond the ones in a 10,000 square meters parcel*". In this sense, architects are restricting their role to a technical aspect and a punctual action – developing the designs – in a more complex scheme that involves different political and economic interests. Therefore, his approach to deal with the polemics is to focus on the quality of the design, which is also a result of the close relationships that he establishes with local residents.²¹⁵

The quality of the design for Corruíras indeed has been calling attention. The architect affirmed, "*it cannot be the reproduction of the middle-class model*" given that the design would have different needs and constraints, resulting in a specific physical arrangement.²¹⁶ If this is indeed a contextual solution, the appearance of the buildings, as he admits, looks like a modernist, middle-high class building and the reference to the neighborhood Higienópolis is once again present. In Corruíras, several elements are similar to that type of modernist building, such as the wide windows and façade elements seen in the figures in the next page. It is, thus, no surprise that residents had already received proposals to sell their

²¹⁴ Some of these works were portrayed in publications from SEHAB. These "shiny" publications have been criticized locally as a marketing strategy by the municipal government, as it was the case of the book on cortiços mentioned on Chapter 4.

²¹⁵ According to the community leader, the architect-urbanist established a very close relationship with residents, talking with the families and local leaders frequently and even helping in the checklist day, pointing out small problems with the construction. For instance, he visited the community several times, including weekends when "*people did not believe that who had designed the project was there, in the sidewalk, in a Sunday, talking*", which demonstrates the usual lack of this type of proximity.

²¹⁶ For the definition of the project, the architect states that there was a mixture of constraints and possibilities. On the first ones, there was the floor-area ratio defined by the zoning legislation while they intended to include the largest number of units possible, which is a contrast with Jardim Edith. SEHAB also defined the configuration in two buildings on the same parcel, which would be easier for future administration and relationship with a smaller number of families per block. While the residents complain about the lack of common spaces, which is a contrast with the generous areas in the Jardim Edith development, it was justified by the architect within the context of the small parcel and having the future park and green boulevard adjacent to the development.

units even before moving into them, like in the Jardim Edith development. The community leader confirms the fact stating that they are advising the residents not to sell. However, the concern is about the costs of each apartment. As simply stated by her, *“our struggle is for the benefit not to become a bomb.”*

5.24. Corruíras still under construction.



5.25. Horizontality and wide-opening windows.



5.26. Suggestion of decoration: medium-income housing model.



Source: http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_e_spraiada/index.php?p=19600. Retrieved first in October 25, 2013.

The final price of the unit at Corruíras is R\$60,000 [US\$25,077.30], which is going to be financed in monthly payments of 17% of the minimum wage for ten years. This arrangement results in payments of \$105.74 [US\$44.19] for the ones that signed the contract in 2012 and R\$115.24 [US\$48.17] for the 2013 contracts.²¹⁷ For a population with incomes between 1 and 3 minimum wages (US\$283.37 to US\$850.12), when adding the new monthly expenses – such as energy, water, and condominium taxes –, this amount might become unbearable. Additionally, some are unemployed and living out of social assistance, especial the federal program of cash transfers (Bolsa Família). Considering the limited economic opportunities of these households, there is the possibility that these residents might sell the units considering the offers of R\$70,000.00 [US\$29,256.85] to R\$90,000.00 [US\$37,615.95]. It is clear that the amount would not be enough for a housing option with the same quality in this location. Therefore, the example seems to fuel back Fix’s argument (2009) that the quality of the design may promote displacement.

Conversely, HABI’s superintendent entered directly the debate, answering Fix’s article with a defense of

²¹⁷ This is one example of complains from the community leader about the lack of information provided by SEHAB. Because people did not know that for signing the contracts they would need a birth certificate, some had to first issue one and only signed the contracts in 2013, with the increase in the parcels related to the increase in the minimum wage. If one might assume that this would not have an impact (the increase in minimum wage annuls the increase in the installments), this does not seem to be the case given that several households do not have formal work contracts and, thus, their wages are not based on the minimum wage.

*“the good architecture for the poor.”*²¹⁸ According to her, while it is common to deal with the opposition of middle and high-income groups to these projects, it was painful to watch architect-urbanists – who should be defending designs with good quality – going against them. In her opinion as an architect-urbanist herself, an *“architect is not a sociologist; is a producer of space”*.²¹⁹ In this sense, she is trying to focus the attention into the quality of the designs, similarly to the architect of the Corruíras project, and restricting the responsibility of architects to it. It is in the same way that other architect-urbanists, including the leading design office of the OUCAE itself, interpret their participation on the project. According to this perspective, they can only control the quality of the space being produced by their designs while the interferences from “political processes” and “economic interests” would be responsible for the other problems faced along the way. It seems that these architect-urbanists, even if playing the political-game, still have not discovered the “dark-side” of architecture (Yifitachel, 1998).²²⁰ Therefore, similarly to Jardim Edith, the construction of the high-quality development Corruíras did not prevent that more than half of the community to be served by it moved to other areas. At the same time, another point that my informants agree is that *“you cannot confuse the process at Jardim Edith with the other communities at the OUCAE”*.

There are three major points used to contrast the Jardim Edith case with the other communities in the perimeter of the OUCAE. The first one is the historical process in which Jardim Edith was involved in the public works before the enactment of the policy and the City’s Statute, which would guarantee the urban rights of these informal communities. Second, these other communities count with more direct public-participation in the OUCAE. The final difference is the type of housing assistance provided. On these later cases, there was only one option – a unit in one of the new developments – and according to HABI’s

²¹⁸ Available at <http://noticias.uol.com.br/cotidiano/2009/05/22/ult5772u4080.jhtm>. Retrieved in May 13, 2013.

²¹⁹ It is important to mention that this superintendent is an architect-urbanist that worked in the famous Jaime Lerner’s administration of Curitiba. On that period, having an architect-urbanist as mayor of the city stimulated that his previous work as head of the urban planning department gathered even further strength. There is indeed a great sense of pride from the accomplishment of that administration that continued to be regarded as an urban planning model throughout the world, even with the exclusionary and authoritative practices (Sánchez, 2003).

²²⁰ Similar to the politics of preservation in the Mooca District, this new approach to public housing have generated a conflictive scenario among architect-urbanists, planners, academics, and activist-scholars. For instance, the superintendent’s answer to some of these critics is that they should *“get your a** out of your chair, in the penthouse of the Higienópolis Avenue [a famous address for academics and a recognized location of progressive-modernist buildings] and get to know the reality. (...) People don’t go around selling an apartment because it is good. This is ridiculous; it is a disqualification of lower-income people. We and them, the ignorant”*.

superintendent “*when you construct social housing, there will not be displacement*”.

In terms of the housing assistance, it is important to mention that there are different models of provision in the perimeter of the OUCAE. Above all, there is a division between areas of direct impact and areas of indirect impact. On the former, out of the 27 informal communities in the perimeter, 16 communities will have to be removed for the public works (such as the extension of the avenue) and, thus, will have to be relocated within the perimeter of the project. On the latter, the communities in the area of indirect impact will not be removed. Rather, they will be part of another program for housing provision and/or program for re-urbanization in the future and using external resources while the relocation does not have to be in the perimeter of the operation. While the public departments made this decision about the area, the participatory decision-making process would start for the ones in the direct area of impact.

5.27. Informal community in the Água Espraiada Avenue.



5.28. Informal community in the Água Espraiada stream, which will be removed for the public works.



Source: author's archive.

The participatory process started in 2009 with the formation of the Leadership Forum, congregating representatives of the communities in the area of direct impact. Although public officials state that the Forum is one of the positive aspects of this operation that always included public participation, there is a contradiction when public officials and residents agree that it was only created after community leaders pressured for more information about the housing assistance that was going to be provided to the almost 10,000 households that would be removed for the public works. At the same time, all informants mention the Forum as a positive aspect. All the leaders took a training course provided by SEHAB in which the purpose of the Forum in mediating the dialogue between SEHAB and the communities, the OUCAE project, and the type of housing assistance that would be available were explained. Additionally, the Forum decided

which community would be relocated for each development, establishing that the closest community to it would have preference. Single women with children – besides elderly and people with disabilities, as mandated by the Brazilian legislation – would also have priority for the units, followed by longtime residents and those households already removed and on the social rent program. Finally, each community could decide how to arrange the distribution within the development, with some cases involving the decision by proximity of households (family and neighbors) and others using a lottery style.²²¹

All the informants participating in the Forum state that the public institutions gave complete freedom to this decision-making process and they were very pleased about the work done within the entity. However, they do state that there were problems with the information being provided, which often changed, while questions were left answered. Once the Forum's president noticed the problem, a new secretary was appointed. According to him, she was chosen because she had started law school and could help with "*more technical*" aspects of the policy. Indeed, after she started attending the meetings – not only the Forum's meeting, but also with public departments –, they were transcribed and could be used to check the information provided in previous discussions. According to her, "*today we have tools to go to the courts. We have their words that we transcribe; the documents that they... They are producing evidence against themselves. And we know how to use it today [laughs]*". In this sense, while they do have positive comments on the work of the Forum, these community leaders also display suspicion about the public departments given that they are preparing themselves and collecting evidence in case of need. It is also telling that the leadership considers that appointing someone that understands the judicial system is a strength, given that, if necessary, they can resort to a legal action. Therefore, the policy and the City's Statute as legal marks do establish a difference between the first removal process at Jardim Edith and these other communities. Even if they do not guarantee in practice the urban rights of these populations, they establish benchmarks for reactive judicial actions against displacement.

²²¹ Corruíras confirms this participatory process. At first, it was the community "Levanta Saia" that was supposed to occupy the 244 units at Corruíras. However, after the Forum's decision on the criteria of housing assistance, the community Calipal was selected to move in. On this case, the residents decided that while the elderly and people with any type of disability would live on the units closer to a nearby public hospital, the other households could decide arrangements of family and friends to live near each other.

Nevertheless, having only one option of housing assistance – i.e., the apartment in one of the new developments – did not prevent other types of negotiations. On the one hand, local informants state that approximately 2,000 families have been removed with displacement-checks (R\$5,000.00 [US\$2,089.78]) before the Leadership Forum, which could not be confirmed by public officials.²²² On the other hand, even with only the option of the housing unit, there are problems in the registration of how many families live in the informal community, thus, how many household would be included in the housing program. According to public officials, on the date that the first registration is done, the number of households is “frozen”, i.e., it will not change for future housing assistances. This matters because the occupation can either decrease or grow in highly unstable arrangements, as in the official narrative about cortiços in the Mooca District.²²³ In any case, identifying how many families/households live in the informal community represents how many people will be ultimately included in the housing program.

One aspect that complicates the process is that in most cases one family/household is not equal to one house construction. In an informal community, many times more than one family live in one building, for instance, when parents share the same house with children who have their partners and may have children of their own. This might happen in the same house unit or with the extension of the building horizontally or with another floor. However, informal residents state that many times the technicians responsible for registering the community in the program equal one construction to one household. This equation results in future negotiations with the public departments to change the number of people that will be included in the housing program. This has been a point of dispute for the communities in the OUCAE given that, according to informants, local leaders were able to include relatives and acquaintances as single

²²² A scandal involving community leaders and public officials in 2007 confirms that there was some type of displacement-check being provided for the communities. The investigation found an “industry of false slums” in which the leaders of one informal community and public officials allowed new occupations and subdivisions of already existing houses, asking in turn for part of the displacement-check or even the construction of a new house that would become their possession. Information available at <http://www1.folha.uol.com.br/fsp/cotidian/ff2911200715.htm>. Retrieved in November 27, 2013.

²²³ According to these public officials, the problem is that when an area is designated to receive public investments or to be the target of a new public housing development, the news would “spread out” and other people would move into the community. If there are indeed cases such as the “industry of false slums” mentioned above, it is possible to conclude that the number of people moving into these informal areas just highlights the extreme housing gap in São Paulo, the neglect of public institutions, and its failures in providing suitable housing options for this population.

households. On the other hand, houses that were occupied by more than one family, but that have been living there for more than 30 years, were not considered as separate and multiple households.

Indeed, there are many suspicions about the different types of strategies used to displace the informal communities from the perimeter of the OUCAE. According to the housing movement, the original number of residents would be 12,000 households. However, in the official survey done by SEHAB (PMSP, 2001) identified 8,748 families in the area of direct impact, i.e., that would be removed and relocated within the perimeter.²²⁴ Therefore, the first plans included the possibility of construction of up to 10,000 units, which both the community leaders and SEHAB agree was a reasonable number for 2009. Finally, in 2010 the official registration identified 7,608 households (PMSP, 2011) and in 2012 HABI had plans of constructing 7,590 units.²²⁵ This data, thus, challenges SEHAB's statement that no displacement is happening in the OUCAE and confirms the residents' information that the use of displacement-checks and options provided outside the perimeter are lowering the number of households to be relocated within the OUCAE.²²⁶ Additionally, if SEHAB is not offering displacement-checks anymore, CDHU, which signed an agreement with the municipal administration to built at least 4,000 units in the perimeter, still uses them, as will be further mentioned. If these are just options that might be refused, as justified by some public officials, one informal resident answers that *"fine, it is an option. But, for those who have nothing? And those who refuse? Are they going to do what?"* Therefore, against the perspective that everything is different now, there are tensions and suspicions and the instabilities in the project, which changed in 2011 and was going to be changed again with the result of the municipal elections in 2012, further contributed to it.

²²⁴ The same document also identified 7,545 families in the areas of indirect impact that would need another type of assistance.

²²⁵ Information provided by HABI superintendent, confirmed in the minutes of the management council's meeting and in the information system from HABI (www.habisp.inf.br).

²²⁶ Also confirming this lower number of households are the discussions that happened in the management council after HABI was questioned about CDHU offering units outside the perimeter of the OUCAE and displacement-checks. It is only in the meeting of March 2012, after questioned by a public defender, that representatives showed studies for relocation within the urban operation.

5.6. THE 2011 NEW LEGISLATION AND THE USE OF RESOURCES

If the force of law of the OUCAE did not stop the many strategies to displace informal communities even with the mandatory feature of relocation within the perimeter, it also did not prevent the changes in the project that had an impact on all residents of the area. This is the case of the several transformations in the connection of the Marginal Pinheiros Expressway with the Immigrants Road. Since the first legislation and expropriations by DER in the 1970s, this has been one of the major objectives of the public interventions in the area that was further consolidated when the policy was enacted with a parkway system and a tunnel of 400 meters. However, from 2007 to 2009, three different versions of this connection were developed. While all of them included the transformation of the parkway system into a linear park of 600 square meters – with public spaces and lagoons to prevent flooding problems – the tunnel became the major contention point. In 2007, the project extended the tunnel from 0.4 to 4.5 kilometers, with a total cost of R\$2 billion [US\$835,910.00]. After studies, though, a new version of the tunnel was presented in 2008 with 3.7 kilometers and a total cost of R\$2.7 billion [US\$1.128,478.50]. Finally, in 2009, a third project with a tunnel of 2.3 kilometers and a total cost of R\$3.7 billion [US\$1,546,433.50] was sent to the city council. The competitive bidding process happened in the same year, with Mayor Gilberto Kassab stating that the works would start in 2010 and finish in 2013.²²⁷ However, the polemic did not stop there.

According to informants, until that moment the population of the informal communities outside of the Brooklin sectors did not have any information on any type of housing assistance, getting the attention from public defenders and prosecutors alike. Some of these were already working with the Jardim Edith community and worried that the same type of displacement strategies would be used in the Jabaquara and Americanópolis sectors for the extension of the Água Espraiada Avenue and construction of the tunnel. With the impact for these communities, the Leadership Forum was then enacted after the demands for more information. The public departments finally informed that in the bidding process, the construction of the tunnel was divided into 4 parts, each linked to the construction of 1,000 housing units, in a total of

²²⁷ Available at <http://www1.folha.uol.com.br/fsp/cotidian/ff1311200909.htm>. Retrieved in November 27, 2013.

4,000 units. This means that the winning bid for the construction of tunnel would also have to construct the social housing developments within the perimeter of the urban operation. For the rest of the units, an agreement was signed between SEHAB and CDHU to construct between 4,000 and 6,000 thousand units.²²⁸

However, the project for the tunnel had further polemics. While in the 2009 version, it would be in the southern part of the Água Espraiada Avenue, in the project used for the bidding process it would be constructed in its northern part. This is an important aspect because while in all previous versions it would mostly affect informal communities, the new tunnel was located in middle-income neighborhoods. Hence, with the 2001 version of the project, the 0.4 kilometers tunnel would cause approximately 230 expropriations of formal houses. However, the new project would result in more than 1,000 expropriations. It is no surprise, thus, that the middle-income residents would start organizing against the project. In this moment, a relationship was established between the formal and informal residents considering that both were menaced of displacement. The relationship between the two groups became conflictive, though, after the competitive bidding for the tunnel linked its construction with the social housing units. As one leader of an informal community puts it *"it is not one against the other, but it is each one defending his/her space"*.

Residents of informal communities, public officials and even members of the legal system state that the middle-income residents of the Jabaquara sectors supported the project until 2009, when it would have only a small impact on their neighborhoods while "solving their problem" of the close location to the impoverished population. For instance, one of the major representatives of the group mentioned that with the tunnel in the southern part of the Água Espraiada Avenue, the informal communities *"would benefit from the dispossession and relocation of housing units to be constructed in the same urban operation"*.²²⁹ However, even with the changes in the project in 2011 and without any fear of expropriation, the major

²²⁸ Still, on the qualification of companies for the bidding process, the social housing units were not included in the list of works. Nevertheless, informants from SEHAB are very proud to mention that the bidding process that linked the construction of the tunnel with the social housing units was original in history. The low-income residents are also satisfied with the arrangement given that the great interest in the completion of the tunnel would guarantee the construction of the housing units.

²²⁹ Available at <http://g1.globo.com/sao-paulo/noticia/2010/07/sp-estuda-ajuste-na-obra-que-preve-tunel-para-imigrantes.html>. Retrieved in November 13, 2013.

representative of the formal residents continued mobilized against the project.²³⁰

Within this context, the Commission of Finance of the City Council started a formal investigation in 2010, finding no technical reason for the transformation of the tunnel's project while the management council of the urban operation also had not approved it, as required by the legislation. It is also important to mention that in parallel, there were two administrative proceedings at different public institutions. On the one hand, the new project had to get an environmental license, i.e., approve the report of environmental impact. However, the public departments used the same report done for the previous project with 3.7 kilometers of extension and without any of the updates in terms of changing locations and number of expropriations.²³¹ On the other hand, the municipal auditing agency (Tribunal de Contas do Município - Municipal Court of Accounts), stopped the work in the tunnel in July 2010, finding more than 60 irregularities in the project. Therefore, the municipal government would have to put the construction on hold before solving these issues, which would be done with the enactment of a new legislation in 2011.

5.29. The final version of the tunnel (September 2011) with the new location, longer extension, and linear park.



Source:http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/deseenvolvimento_urbano/sp_urbanismo/arquivos/ouae/23_ggoucae_set_2011.pdf. Retrieved in March 21, 2012.

The new legislation changed some parameters of the OUCAE, especially for the Americanópolis and Jabaquara sectors. The project includes a linear park with 600 square meters, the extension of the Água Espraiada Avenue, a tunnel with 2.7 kilometers, a one-kilometer extension of another avenue, and works in 48 local streets, among others. It is also important

to mention the final location of the tunnel towards the northern part of the avenue. Even more interestingly, while the extension of the tunnel decreased, its total costs once again increased. In terms of

²³⁰ According to him, his works on the irregularities in the tunnel project resulted in two investigations by the State Public Prosecution Office and three different legal cases.

²³¹ Available at <http://www1.folha.uol.com.br/fsp/cotidian/ff2712201009.htm>. Retrieved in November 27, 2013.

the costs, the tunnel was estimated at almost R\$1.6 billion [US\$669 million], plus R\$752 million [US\$314 million] for the linear park with the extension of the Água Espraiada Avenue, and only R\$380 million [US\$159 million] for the social housing units. These amounts do not consider the expropriations that, according to official numbers, would affect 419 constructions for the tunnel and 908 for the linear park and extension of the avenue, expanding the final costs to almost R\$3.7 billion [US\$1.546 billion].²³² The problem also caught the attention of the media that reported not only the high number of removals necessary for the construction, but also the sizeable amount of resources involved. This would be, thus, the second more expensive public work project in São Paulo, only behind the construction of those first blocks of the Água Espraiada Avenue previously mentioned.²³³

In this sense, the new list of works exceeds the budget of the urban operation as seen in Table 5.2. As portrayed in the minutes of the management council, the City Hall intended to use external funds to finish the works, including the general municipal budget. Additionally, the budget for the social housing developments only included 4,000 units to be constructed in conjunction with the tunnel, disregarding the use of the state-level housing department for the rest. It is also important to mention that the many financial reports on the use of resources also do not include any payment to CDHU.²³⁴ Therefore, against the notion that the urban operation is a self-sustaining project, OUCAE has been using other resources.

5.2. Estimated Budget in September 2011.

PUBLIC WORKS	AMOUNT
Extension Avenue Chucri Zaidan and bridge	R\$625,403,424.60 US\$261,390,488.33
Local Avenues Brooklin Sector	R\$527,671,162.02 US\$220,542,800.52
Extension Avenue Água Espraiada*	
	Tunnel R\$1,548,871,568.85 US\$647,358,616.56

²³² Available at the presentation for the meeting of the management council in September 2011. Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19600. Retrieved in March 21, 2012.

²³³ Available at <http://www1.folha.uol.com.br/fsp/cotidian/ff1311200909.htm>. Retrieved in November 27, 2013.

²³⁴ These reports are done by both public departments and monitoring agencies on the use of resources gathered from CEPACs in order to guarantee financial stability. They are available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/cepac/index.php?p=19458. Retrieved in November 3, 2013.

Linear Park and avenues	R\$752,154,166.05 US\$314,366,594.47
Social housing developments (4,000 units)	R\$380,079,887.50 US\$158,856,289.38
Public Transit (BRT Rua Funchal – Av. Roque Petroni)	R\$201,732,925.23 US\$84,315,284.76
Chuvisco Park	R\$18,780,000.00 US\$7,849,194.90
Drainage system	R\$18,067,605.11 US\$7,551,445.89
TOTAL COSTS	R\$4,072,760,739.36 US\$1,702,230,714.82
ESTIMATED RESOURCES FROM CEPACS	R\$2,112,496,017.83 US\$882,928,273.13
REMAINING	R\$1,960,264,721.53 US\$819,302,441.69

Source: http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/arquivos/ouae/23_ggoucae_set_2011.pdf. Retrieved in March 21, 2012.

Another important point is that even with the approval of transformations with the 2011 legislation, the public departments intended to use the same companies that won the bid in 2010. However, while the competitive bidding was done with a lengthier project to be built on the southern part of the perimeter, the 2011 version of the tunnel defined it to be constructed in the northern part and with a smaller extension. In July 2010, when the municipal auditing agency stopped the works, this was a point of concern and specialists did four technical reports against the project. Nevertheless, the rapporteur – i.e., the leading councilor in charge of examining and ultimately deciding the case – concluded that it would be better to continue the works with the same companies that won the 2010 bidding.²³⁵ The position was justified under the argument that the municipal government would already know the competitive prices for the works – even considering that the bidding process was based on another version of the project – and that it would be more damaging to stop the construction and delay its conclusion. Therefore, once again the logic of *fait accompli* is used in the works for the connection between the Marginal Pinheiros Expressway and the Immigrants Road, as it was in the opening of the first blocks of the avenue before the OUCAE.²³⁶

²³⁵ Process number 72.003/527.09-99.

²³⁶ This also brings up those accusations of corruption, especially because the same construction companies involved in the construction of the first blocks of the Água Espraiada Avenue were also involved in the construction of cable-stayed bridge and the new project of the tunnel and linear park. While the technical justifications do not seem consistent, the population is confused about the reasons for the more expensive tunnel, speculating that this is to continue with the same levels of corruption that happen in the past “because no one controls ‘buried work’”, as mentioned by the representative of the organization against the tunnel.

Once again, the polemics did not stop there. In July 2013, on the first year of the new administration (Mayor Fernando Haddad from PT), the construction of the tunnel was put on hold.²³⁷ The Leadership Forum was afraid that the housing developments would not be constructed given the association between the units and the tunnel on the bid. This situation created a conflict between the social housing movement represented by UMM – to which the leader of the Jardim Edith community is affiliated – and the Leadership Forum. According to informants, the City Hall intends to use other programs to fund these units, such as the federal program “*Minha Casa, Minha Vida*”. However, residents are apprehensive that, as customary in São Paulo, the changes in the ideological inclinations and party affiliation of the elected politicians, results in changes in projects. In this case, because the new mayor is from the same party as the president only supports this concern. According to the Forum’s president, “*who will guarantee that if Dilma [the current president] is not reelected, the units will be done*”? On the other hand, although UMM was against the tunnel, it is also against the use of external resources once the funds of the OUCAE have been used mainly for other public works and not the social housing units. Still, with the risks of displacement, the local leaderships are more concerned with getting the units instead of where the resources are coming from.

Among the communities that are especially interested in this quick resolution of the problem is DERSA.²³⁸ The community is located on the limits of the perimeter of the OUCAE with the Immigrants Road²³⁹ and has been included in the urban operation as an area of indirect impact, which would benefit from a future urbanization program and not new housing developments. However, with the support of the Leadership Forum, the community leader has been trying to include DERSA’s families in one of the new housing developments.²⁴⁰ This is especially important given that there were three different court cases filed to displace the community by asking for the repossession of the parcels, and the community lost all of them,

²³⁷ The fact was intensely reported by the local media again, such as in <http://www.estadao.com.br/noticias/cidades,haddad-suspende-obra-de-tunel-de-r-24-bilhoes,1049528,0.htm>. Retrieved in November 30, 2013.

²³⁸ The area occupied by the community belongs to both the state treasury and DERSA. DERSA is a mixed-capital agency under the state government that administers roads, including the Immigrants Road.

²³⁹ According to the local leader, in 1989 the landless movement started the occupation of the area. It was supposed to be a temporary occupation included on the strategy of the housing movement to draw attention to the problem, as mentioned on Chapter 4 about the occupations in Mooca. What first started with a symbolic shack, today is a community with 260 families.

²⁴⁰ In this sense, a petition was done and a formal protocol was placed with SEHAB.

including the available appeals. Even with the support from UMM and the lawyers from the Gaspar Garcia Center of Human Rights (the same groups that have been supporting the cortiços' movement in Mooca), these losses are explained because the area occupied by the community is included in plans for the expansion of the number of lanes in the Immigrants Road, works that are not connected with the OUCAE itself. With the private concession of the road, the administrative company has started a new process of displacement and supposedly they would not get any housing assistance, not even a displacement-check. According to the community leader, the consortium states *"that they want the area clean. And each one goes and fights for his rights."* Until August 2013, there was not a resolution for the problem and the families were still afraid of displacement. The situation only worsened with the new mayor putting the tunnel works on hold and, thus, stopping also the construction of the housing units. In this case, even if included as an area of direct impact, the court case brought by the consortium can end up displacing the residents before any type of housing assistance occurs. According to the community leader *"our hope is that the project of the urban operation is done first, before this one happens"*. Otherwise, *"we will be in the street"*.

5.30. Sign in a house: *"We do not want rent support. We want housing!!!"*.



Source: author's archive.

Besides these cases in need of urgent solutions, there are also related social problems that the Leadership Forum uses as justification for focusing on the housing assistance, no matter the problems with the 2011 tunnel project and origin of resources. For instance, in the community Vietnam, the majority of the households have single women as heads, working mostly in domestic services and cleaning companies, with a medium income of one minimum

wage (R\$678.00 or US\$283.37). There are also communities with 40% of the population unemployed, living out of social assistance programs. Additionally, the leaders are concerned about the parameters of each program. For instance, they have found that if using the federal housing program, residents would have to go through a credit check and most of them will not be approved, including the leaders themselves. Therefore, the relationship with public departments was interpreted with mixed opinions in August 2013.

Finally, even if the communities are worried about getting the housing assistance, there should be a concern about the use of resources from the OUCAE given that housing was one of the major justifications for the urban operation, but the funds coming from selling CEPACS are being used mostly for other works. With the resources gathered from selling CEPACS and interests in the OUCAE account – in June 2013, the total was over R\$3.34 billion [US\$1.4 billion] –, almost R\$340 million [US\$142 million] was used for social housing. If this amount fits the mandatory use of 10% of the resources in social housing, it will not solve the problems of the communities in the area of direct influence and even less of the entire perimeter.²⁴¹ Additionally, while the use of resources from the general municipal funds and other sources were under discussion in 2012 – going against the basic notion of an urban operation being a self-sustainable project, as already mentioned – in 2010, Mayor Gilberto Kassab transferred funds from the OUCAE to the estate company METRO to construct a VAL rail line, popularly called monorail.²⁴² Besides the transference of resources in face of an extensive (and expensive) list of works, another concern is that the use of the funds is not being approved by the management council of the OUCAE, as it is mandated by the legislation, and this aspect also has an impact on the type of housing assistance that the communities will get.

5.7. PUBLIC PARTICIPATION: THE MANAGEMENT COUNCIL AND THE LIST OF WORKS

One of the main pillars of the OUCAE, as explained in Chapter 3, is the management council. It creates the space for public participation in defining the list of works and uses of resources. However, the problem has been the composition and functioning of the council, leading to many allegations that it only serves to legitimize the urban operation. For instance, the composition of the council was defined by the 2001 legislation as parity of seats between public departments and the civil society, for a total of 18 members,

²⁴¹ The information on the use of resources for social housing developments is conflictive. All public officials agree that SMDU uses the resources from the OUCAE to expropriate parcels and SEHAB would use its own budget for the projects and construction works being repaid afterwards. It is also a consensus that before the decision of the management council in June 2012, SEHAB and not the resources of the OUCAE financed families on social-rent before moving to the units, as well as the social work and technical management of the projects. However, it is not clear if the units being constructed by CDHU are going to be paid afterwards and with which resources, once that the many reports on the use of resources do not mention any payment to CDHU.

²⁴² VAL rail lines (*Véhicule Automatique Léger* or automatic light vehicle) are technologically and structurally different than monorail lines. However, in São Paulo this VAL line became known as monorail. Therefore, this dissertation adopts the term.

with the presidency and the casting vote by SMDU, as the coordinator of the OUCAE. Among the seats assigned to members of the civil society, though, two are connected with real estate companies.²⁴³ Three others, in turn, are designated to important architecture and engineer associations.²⁴⁴ It is a common opinion that at least two among these have been consistently supporting the opinions of the real estate market because it would result in more works and commissions to their practitioners. Conversely, there are two seats designated for low-income residents and/or social movements. These seats are assigned to one leader of the local informal communities and one from UMM. To have more local residents in the council, though, UMM nominated the leader of Jardim Edith as its representative and the president of the Leadership Forum occupies the seat for the informal communities. Finally, there is one seat designated to the already mentioned Defenda São Paulo organization, which congregates residents' associations from formal neighborhoods in the São Paulo Metropolitan Region. While the formal and informal residents have not established a stable relationship, the two groups confirm that during the meetings it is difficult to make any resistance to the public department and the real estate entities, which are seen as acting in consonance.

The meetings are closed and only the official members and their alternates can participate.²⁴⁵ Additionally, both middle and low-income residents have registered in the minutes several complaints about the lack of information and transparency. In the interviews, it was mentioned that no supporting material was provided before the meetings while at them, a slide presentation would cover the works, use

²⁴³ They are the local association of companies for public works (Associação Paulista dos Empresários de Obras Públicas – APEOP) and the union of companies of buying, selling, renting, and administering real estate (Sindicato das Empresas de Compra, Venda, Locação e Administração de Imóveis de São Paulo – SECOVI). One of these representatives, for instance, made a request to include in the meeting minutes its opposition to the development at Jardim Edith, given the large amount of public subsidy for the units.

²⁴⁴ They are the College of Architecture and Urbanism of the University of São Paulo (FAUUSP); the Institute of Architects of Brazil (IAB); and the Institute of Engineering.

²⁴⁵ In the meeting of December 2010, after many demonstrations from low-income residents, their entrance to the auditorium was denied. However, in the same meeting middle-income residents were able to participate, including those who were questioning the new project for the tunnel that would ultimately expropriate them. Actually, these participants did several questionings, ending the meeting in turmoil. In the following meeting (March, 2011), one low-income resident brought into attention the fact that the City Hall was trying to approve the legislation to change the project, which was not mentioned by any of the representatives from the public departments. The meeting once again ended in turmoil, leaving the minutes incomplete once that the stenographer stopped to register the debates after the *“intemperate demonstrations”*. On September 2011, the meetings became exclusive to members. The reasoning from the public departments was that the private meetings are more “productive” and that *“the technicians from SP Urbanismo and the departments involved in the project feel constrained [constrangidos] while presenting technical aspects when there is turmoil and shouting”*. However, this was not an imposition. Actually, it was put to a vote and unanimously approved after it was decided that the representatives could invite a few guests.

of resources and future interventions. According to one of the members of the council, *“at the meetings, they arrive, present a few numbers and ask for approval. There is nobody there who has sufficient knowledge to know if those amounts are high, low, should be more, should be less (...)”*. In this sense, the approval of the works by the management council is done without appropriate information, which also matched with the requests for more frequent meetings.²⁴⁶ Finally, according to informants, the minutes are done by hand and there are no voice or image records. Only in the following meeting, 3 months after the previous one, a very succinct official transcription would be approved. This would be a way of confusing the council and not having evidence of what is being decided and by whom.

These complaints indeed confirm the concerns from informants that the arenas of public participation, may it be the Leadership Forum or the administration council, are being used to legitimize the urban operation without effective participation. For instance, when asked if the management council decides all the expenditures within the OUCAE, the public official at SP Urbanism makes a pause and hesitates to answer yes. When asked why the lack of confidence, she stated that *“it would be naïve to think that everybody is honest. Obviously, the City Hall pressures and the mayor sends the head of the department to push to make it happen (...)”*. But, anyhow, it is more democratic than not having it and the society has to organize itself to be well-represented, to have well-informed representatives”. It seems that the members of the council also agreed with the opinion that at least there is a channel of participation as explained by one of the members that *“some advantage it has, you have some information, something (...)”*. The consensus is that the council was created to abide by the legislation, which mandates it. However, these informants complain about the lack of effective participation in the decision-making process. If the rules are already set and there is no effective change after demands, the problem is not (solely) the quality of the representatives as put by the public official at SP Urbanismo. Rather, it is the tokenistic level of participation. It is no surprise, thus, that one former member of the council from a middle-income neighborhood stated that *“the participation of the society is really just in their discourse”*. To which another member added that *“we go only*

²⁴⁶ While the internal regulations determine a quarterly meeting (every 90 days), there were years with one single meeting and others with four.

to see what we didn't know", referring to decisions already made outside the council.

According to these informants, the council was not consulted for the agreement with CDHU for the construction of the 6,000 housing units. Additionally, the council was not consulted about the changes in the project from 2009 to 2011 and the use of resources from the OUCAE to develop the several versions of the tunnel project and its competitive bidding process. Additionally, while public officials state that the council approved the project, only a list of works was voted in March 2008. According to one of the members, this approval was a way of legitimizing the process once that the public officials ask *"what do you want: A, B, C or D? The list of options is already done."* Nevertheless, in the new list of works, no new tunnel was included in the proposals by SMDU. Rather, the council approved the general notion of "extension of the Água Espraiada Avenue". At the minutes of the council, it is possible to see that at the 15th meeting, on November 2008, that the works in the tunnel and linear park were mentioned after a complaint on the lack of information and realization of the competitive bidding without approval from the council. The project also interfered with the previously approved list of works to which the member from EMURB answered *"the solution adopted is comprehensive"* while the requests to see the projects were followed with *"the adaptations of the project are still being done"*.²⁴⁷ For the approval of the 2011 legislation, the management council was not consulted even if it has the function of *"proposing revisions on the present legislation"*.²⁴⁸

Finally, the monorail line also caused polemics and induced a new arrangement for the families displaced by its construction. According to all informants, including public officials, the line (Linha 17 - Ouro) was first conceived in the context of improving the city's infrastructure for hosting the games for the FIFA's World Cup in 2014. At that moment, the opening game would be at the Morumbi Stadium, at the neighborhood Morumbi on the other side of the Pinheiros River. In this sense, the monorail would connect existent lines and the Congonhas Airport with the Morumbi Stadium. On the one hand, informants state

²⁴⁷ If this first project was stopped by the City Council and the municipal auditing agency, as mentioned before, it is also interesting that one of the reasons to oppose it – the need of a new environmental license –, was pointed out by one of the members of the council before the two other institutions. However, in a meeting of the management council in October 2009, the director of EMURB and the representative from Siurb stated that the projected works were in accordance to the legislation.

²⁴⁸ Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/desenvolvimento_urbano/sp_urbanismo/operacoes_urbanas/agua_espraiada/index.php?p=19602. Retrieved in

that METRO and other public institutions related to the transportation system at both municipal and state level, became the major decision-makers in the urban planning process in São Paulo. This is justified in a city that has deep problems with mobility, several-kilometers of traffic jams and lack of suitable options of public transit.²⁴⁹ On the other hand, residents complain that the high demand for public transit will not be satisfied with a small capacity monorail that can also have negative visual and economic impacts on their properties.²⁵⁰ Finally, there was dubious inclusion of the line in the OUCAE.

While informants accuse the municipal government for not obtaining the council's approval for the monorail line, officials state that this was approved in the list of works. Looking at the meetings' minutes, it is possible to see a dynamic similar to that of the approval of the tunnel. In this sense, the council approved investments in public transportation in the list of works voted in March 2008. However, in the next meeting (July 2008), the monorail line is shown in the presentation by the public departments as one of the investments in public transit. Although there is a map with the location of the line, when members asked for more information, the answer was that studies were still being done. Only in September 2011, images of the project were presented. This only further confirms the lack of effective participation, despite the existence of the council. Finally, it is also important to mention that without the approval of the council, funds from the OUCAE were transferred to the state government for the construction of the line.²⁵¹ On the one hand, the use of funds is justified by public officials given its partial location on the perimeter of the OUCAE. On the other hand, no resources were made available for the construction of housing units for the informal residents being displaced by it. Given that the line is not in the OUCAE list of works, rather it is a

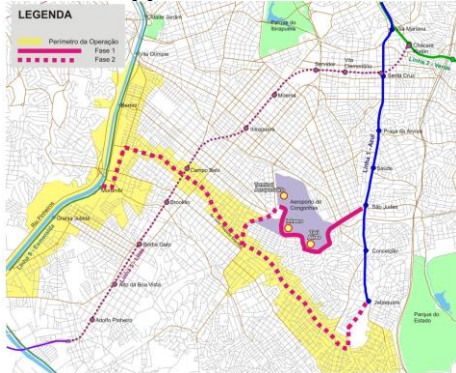
²⁴⁹ For instance, the leading architecture and urbanism office working on the OUCAE since the studies for the 2001 policy confirms that those institutions have been deciding major aspects of the project without any conversation with them or other public departments. For the monorail, they state that METRO just informed about the line and they had to adapt the project to it.

²⁵⁰ The monorail runs on elevated tracks on part of the Água Espraiada Avenue. However, their dimensions are quite pronounced and even the public official at METRO stated that they did not expect this type of structural system. In order to answer to the reactions, METRO did a study to demonstrate its impact in the nearby neighborhoods. For that, they hired one of the most famous postmodern architects in São Paulo, which is interpreted again as a form of legitimizing the project. METRO also plans to implement visual blocks in parts of the lines closest to the residences. However, the negative reactions have not diminished. The general association is with an elevated road in downtown São Paulo, popularly known as "big worm" (*minhocão*). After its construction, property prices diminished given its visual impact, proximity to the buildings, and noise level. The concern is also with the occupation of the areas below the elevated tracks by homeless and criminals, which could increase urban violence.

²⁵¹ The agreement between the municipal and state government was published on the official diary on July 07, 2010.

project financed mostly by the state agency of rail transportation (METRO), public officials delegate the housing assistance to the state housing department (CDHU). Therefore, there are clear inconsistencies in the discourse about the use of the resources that do have an impact on local communities.

5.31. First and only information provided to the council after the approval of the monorail line.



Source: http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/arquivos/ouae/ouae_apresentacao_14_roggouae08jul.pdf. Retrieved in March 21, 2012.

5.32. Construction of the monorail line in July 2013.



Source: authors' archive.

On the case of the communities Comando and Buraco Quente, until the project for the monorail line, the only works assigned to them were urbanization programs with no removals.²⁵² However, one day, a group of technicians visited the communities, asking for information and registering houses with numbers. Later on, residents were asked to come to a specific house in a nearby neighborhood, which was the temporary office for METRO. In individual negotiations, one by one, the residents were being informed that they would have to leave their homes because of the new line. According to the residents, the technicians were very emphatic that they would not be able to prevent the removal.²⁵³ In contrast to SEHAB's single option, residents could chose either acquiring a unit in a CDHU housing development or a cash amount. One thing that is similar to the other removals, though, is some of the strategies to pressure the population.

²⁵² In 2004, the community Comando had a fire that destroyed some of the houses. At that moment, the municipal government promised a housing allowance to help with reconstruction. However, a few months afterwards, there was another fire, now in the community Buraco Quente. With the two communities in need of assistance, the amount was divided among all residents with the obligation, imposed by the public officials, of using other materials besides wood, which would be extremely flammable. During the same time, the municipal government also did works in the provision of infrastructure, such as a formal sewage system and energy provision. In conclusion, until the works of the monorail, these communities were, according to its residents, well-structured and even started the legal process to apply for the Brazilian instrument equivalent to adverse possession (usucapião).

²⁵³ One point of debate, though, is why the removal of the entire communities once the project forecasted the use of only part of the area occupied by them. According to residents, this would be a way of displacing the entire area. However, according to SEHAB officials, once the negotiations with METRO and CDHU started, it would not be fair to assist only part of the residents. They intended to solve the entire housing problem of the community with this opportunity.

After the first visit and numbering of the houses, METRO started making offers for the housing units. As mentioned before, the registration process is always a troublesome aspect because it determines which families are included or not. An additional problem is that, similarly to the Jardim Edith case, public officials pushed residents into not deciding for the public housing unit. In this sense, the proposed development did not have a location, design, or even schedule of works. With the lack of information, most of the residents would opt for the surest thing: cash in their bank accounts. Finally, the individual negotiations led to very distinct values paid for each household. Considering the pressure put on residents, given the discourse of “inevitability” of the project, some would agree with the amount presented in the first day, which was very low according to them. If the resident resisted and continued negotiations, there was a second “evaluation” and the amounts went up, again without common criteria for all residents. Therefore, some would get a higher amount than others, as it was in the case of the first displacement of Jardim Edith (Fix, 2001). According to one resident, *“that logic of diving to conquer happens today, it happened at that time”*.

An additional strategy used to pressure the residents into giving up the negotiations was to demolish quickly the vacant buildings of the residents that had already moved out. In the first removals for the opening of the Água Espraiada Avenue, Fix (2001) found in a conversation with a trainee from EMURB the following explanation: *“We work with a strategy. When a family leaves, the “shack” is torn down, and then a work front is opened. Others will get isolated and end up wanting to leave”* (Fix, 2001: 47). Although during the interviews with the public official for this research no one would explain the process this literally, the same strategy was used with Comando and Buraco Quente. For instance, out of the 421 registered households at Buraco Quente, there were 20 families still living in the original units in July 2013. Because of the demolition of most of the houses, there were structural problems in the existing units, with cracks running the entire height of a wall. Water and energy are also a strategy to put further pressure on the residents to leave, cutting down the services without notice. Additionally, the demolition of the vacant units not only left construction rubbish behind, with a multiplication of rats and other urban pests, but also left the community with an aspect that resembles a war zone. As put by one of the former residents, *“it is a*

community left in the middle of the destruction". In this sense, the living conditions are extremely precarious and people are getting sick because of the poor sanitary conditions. Local residents do believe that this is an intentional strategy to weaken any form of resistance once that "*you either accept [the terms of CDHU and METRO] or you put your family, with your children, in that type of space*". In July 2013, during my visit to the community, I met one of these residents from Buraco Quente that was finally giving up.

5.33. Monorail construction in front of Buraco Quente.



5.34. State of the community during demolitions in July 2013.



5.35. Littered and abandoned home with occupied units next.



Source: author's archive.

She had been living in the community for 36 years, in a masonry house with three floors. Her opinion was summed up with the statement "*they have destroyed my life*". Although she had resisted so far, the situation became unbearable and she just signed the deal for one of the units at the CDHU development. However, like others receiving social rent before moving into the apartments, she was not able to rent a formal unit with the amount provided (R\$400.00 [US\$167.18]), even less in the perimeter of the OUCAE, having to move to informal areas in the peripheries.²⁵⁴ With residents opting for units living out of social rent in different parts of the city and others choosing the cash amounts and moving to other locations, the community was dismantled. According to one informant, this is a usual strategy of the public departments to lower resistance since "*that community, which was a group that protected itself, becomes each time more vulnerable*". Therefore, the removal had negative effects on both private and community lives.

Additionally, some informants are concerned about what is seen as a common strategy from the public department of delaying the construction of the housing development to further pressure for the

²⁵⁴ Families at Buraco Quente and Comando are getting R\$400.00 [US\$167.18] because it is a state-level project, directed by CDHU. However, the current social rent for the city of São Paulo is defined by legislation at R\$300.00 [US\$125.39]. As a specific case, after the judicial process in Jardim Edith, these families were getting R\$500.00 [US\$208.98] for the rent allowance.

displacement of the area. According to them, once removed and living out of the social rent allowance, public institutions would start offering units in other buildings outside the urban operation. By putting pressure and doubts on whether the original development is actually going to be constructed, the households end up agreeing with these other units. If the public officials state that the residents have all guarantees in the signed agreements, informants, including agents of the legal system, affirm that this has happened in the past and might happen again. It is only by resorting to the court system that local residents and the housing movement believe that they will be able to prevent this from happening again.

In 2012, thus, the community organization contacted legal actors, especially public defenders and the State Public Prosecution Office. Since the legal institutions started participating in the negotiations, the residents identified a transformation in the dialogue with METRO and CDHU. As a direct result of these new negotiations, households were reevaluated and families that were first considered just one household because they lived in the same construction were separated into different units in the new registration process. Additionally, a legal term was signed between the public departments and the residents guaranteeing the location of the housing development, which was a concern given that the first proposal was outside the OUCAE perimeter. An additional strategy for pushing the residents into not choosing the housing unit was the negotiation about the amount paid for each household being deducted from the costs of the CDHU unit, which I could experience in one of the meetings with the Public Prosecution Office.

In June 2013, the Public Prosecution Office called a meeting with the residents, METRO and CDHU. The public prosecutor had been pushing for a deal in which the entire amount of the evaluation would be deducted from the CDHU mortgage. After a first round of negotiations, the evaluations were based on the construction – size of the parcel and conditions of the house among others – plus time living in the community, i.e., each year would correspond to an extra amount with the total limit of the medium value of an CDHU unit (R\$119,000.00 [US\$49,736.65]). Although it was believed, even by the public prosecutor, that this total amount could be deducted from the cost of the CDHU unit, it was only after the attorney representing the community challenged METRO that they confirmed that it would be only the evaluation of

the construction. For instance, a construction was evaluated in R\$30,000.00 (US\$12,538.65) and would have the right to R\$70,000.00 (US\$ 29,256.85) according to the number of years in the community, in a total of R\$100,000.00 (US\$41,795.50), if the family decided for the CDHU unit, only the R\$30,000.00 (US\$12,538.65) would be deducted out of the mortgage and the family would never get the rest. The deal, thus, discouraged the residents to choose the housing unit once they would lose large sums and, out of the 421 registered households at Buraco Quente, only 75 residents (17.81%) chose the CDHU apartments, with the majority moving to another informal community. As concluded by one former resident, *“the process that happened was far from being voluntary, even with us signing [the deals with CDHU]. I believe that we were forced to sign because there was a psychological pressure: if you don’t leave, the demolition truck will go over your house; if you don’t leave, the City Hall will come and then the amount will be smaller. Then, the process of working with CDHU forces you to resign yourself and not live in that place anymore”*.

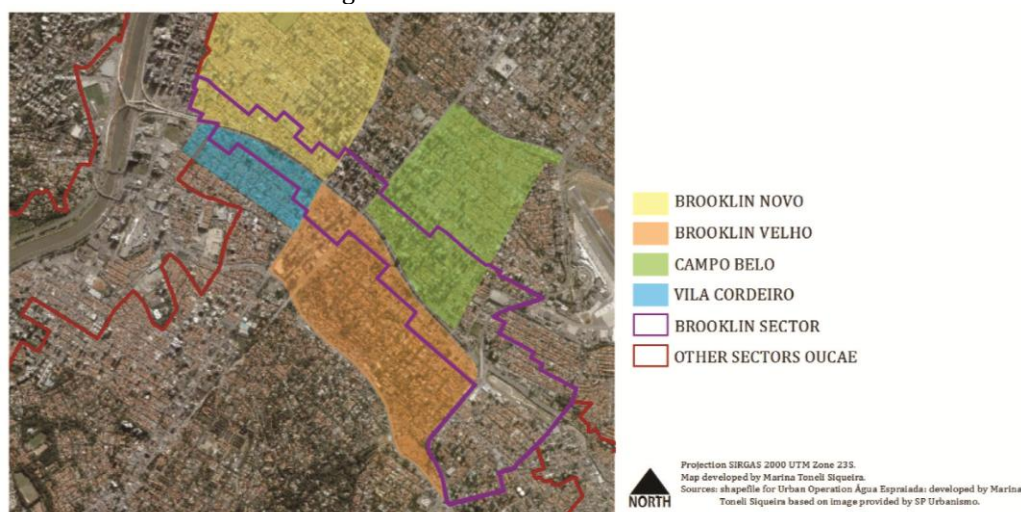
Nevertheless, one thing that does seem to have changed between the first removals and the OUCAE is the support from actors of the legal system. Fix (2001) found that in the 1990s, residents of Jardim Edith hired lawyers to try to fight for their rights. At that moment, though, informants accused the lawyers of being “bought” (bribed) and facilitating the displacement process. However, in these new cases, informants attribute a large role to public institutions of the legal system in improving the negotiations. Additionally, not only the low-income communities access the judicial system. The formal residents also look for the same channels. According to the president of one of the local neighborhood’s associations: *“the interest of the population had to be screaming... and with the State Prosecution Office to guarantee”*.

5.8. CLASS DISPUTES: THE RIGHT TO STAY OF MIDDLE-INCOME NEIGHBORHOODS

“It is amazing how where the associations are less active and where there is more real estate interest, the buildings arrive with more facility. This is amazing!” This was the conclusion that the president of one of the residents’ associations got out of the impact of the OUCAE. Out of it, we can identify two important elements: the verticalization and the importance of the neighborhoods’ organization. Regarding the last,

the perimeter of the OUCAE encompasses several formal neighborhoods. Among them, it is important to remember Jabaquara, which has been mobilizing against the construction of the tunnel as already mentioned. Additionally, the Brooklin sector encompasses parts of four neighborhoods: Campo Belo, Vila Cordeiro, Brooklin Velho, and Brooklin Novo, as seen in Figure 5.38. These neighborhoods currently exhibit some of the most active residents' associations in São Paulo. On the one hand, these local organizations do not have a strong tradition in Brazil, given the urban planning culture of top-down master plans. On the other hand, since the re-democratization of the country and the identification of the urban problems resulting from the exponential growth of São Paulo, residents' associations have become more active, especially with the organization Defenda São Paulo. Therefore, even if the management council is the official arena of public participation in the OUCAE, the residents interpret it mostly as a form of getting information from the public departments, giving more importance to local organizations and the judicial system to resist its negative impacts.

5.36. Location of formal neighborhoods in the Brooklin sector.



For instance, the Brooklin Velho association (SABROVE), was formed in the 1990s by local residents and among them, several architects, urbanists, and engineers. Some of these leaders participate in the aforementioned organization Defenda São Paulo and have a permanent seat in the management council while others even work in public departments at the municipal and state level, making the residents continuously informed about the OUCAE. It is with these connections that SABROVE was able to participate

so directly in the definition of the perimeter of the urban operation when the legislation was being studied, as already mentioned. Therefore, only a few blocks were included in the perimeter, the ones closer to the Água Espraiada Avenue. Zoning was not changed in the other parcels, as seen in Appendix V, preventing the verticalization that is happening in other areas of the perimeter. Additionally, the access to the neighborhood from the Água Espraiada Avenue would be limited, with the construction of blockages in local streets and underpasses. While other informants were not included in this initial discussion, residents of Brooklin Novo and Vila Cordeiro mobilized to reach some of the same results as Brooklin Velho.²⁵⁵

These associations instigated the State Public Prosecution Office to file a public civil action against EMURB based on the argument that the project menaced the character of the neighborhoods as defined by previous planning legislation. After an appeal by EMURB, a legal agreement between the public department and the residents' associations was reached.²⁵⁶ Among other points, it limits the verticalization of the neighborhood keeping some of the exclusively single-family zoning in blocks of Vila Cordeiro as well as the proportion of green spaces. It also mandates the construction of obstructions to divert transit from the Água Espraiada Avenue of entering local streets and precludes the construction of elevated overpasses in the area, in a similar way as defined for Brooklin Velho in the original policy. However, even with the agreement, formalized in the presence of the State Public Prosecution Office, which has the power to impose fines if not complied with, it has not been easy to achieve those goals.

Right after the agreement with the Public Prosecution Office, the management councils discussed it, even with suggestions to apply the same resolutions to the entire Brooklin sector given that the urbanization plan for it was still to be developed. While the limits to verticalization and zoning changes were respected in the specific blocks near the exclusively single-family zoning, other objectives of the agreement as well as of the original policy definition for Brooklin Velho have not been followed, especially

²⁵⁵ According to the presidents of the two neighborhood's association, the reason for the lack of participation is that these organizations were not very strong or organized at the time of the discussion for the approval of the urban operation. It is important to mention that there was a dialogue between these associations and SABROVE, in which they could learn the possible ways of counteracting the project and even started participating in the organization Defenda São Paulo.

²⁵⁶ Public Civil Action n. 053.02.002694-6. The legal agreement (Termo de Ajustamento de Conduta) was provided by the State Public Prosecution Office after my interviews with members of the institution.

because they depend on other infrastructure works. For instance, the original project defines the construction of parallel lanes, called “local avenues”, to the Água Espraiada Avenue. This would mean the expropriation of the parcels adjacent to the avenue, including informal communities, and the construction of blockages that would prevent traffic from the main avenue to enter the neighborhoods. These elements were included in the 2001 policy and have been discussed by the management council since its first meetings. Nevertheless, other initiatives had priority and public officials have been delaying the application of resources to their construction.²⁵⁷ Additionally, even if the local avenues are included in legislation and there is also a law of urban improvements in place, defining the width and the parcels that would be expropriated, they did not prevent that many developers filed construction permits for those parcels.

The parcels in the block adjacent to the Água Espraiada Avenue were changed to allow commercial uses and higher floor-area ratios, as defined by the 2001 legislation and seen in Appendices V and VI. However, without the construction of the local avenues used to access these parcels, there is a lack of definition for the new projects. The public departments state, as seen in the minutes of the management council’s meetings, that all developers were informed about the future works and had signed a formal document acknowledging that they may be expropriated in the future. However, there is a substantive problem in this type of arrangement: if the developments receive the permit, there would be higher costs associated with the future expropriation both in financial and political terms. Regarding the former, expropriations and demolitions would entail the use of more resources while the timeline for the works would be longer. Regarding the latter, political negotiations for expropriations are lengthy and troublesome. Therefore, the residents’ association contacted the State Public Prosecution Office with the intent to file another public civil action lawsuit to stop the approval of these developments.²⁵⁸

The middle-income residents, thus, have been resorting to the same legal institutions as the low-

²⁵⁷ According to these minutes, the official answer is that these works would be included in the urbanization plan, which was still not developed. As already mentioned, the only one defined until November 2013, was the Chucris Zaidan Plan.

²⁵⁸ Curiously, one of the developments under revision in 2013 was from one of the largest supermarket chains in Brazil, the same one that did the works in the Crespi Plant at the Mooca District. Additionally, because of the inexistence of the local avenues, the current access to the store would be done using local streets, including trucks that supply goods and make collections.

income population to counteract some of the aspects of the OUCAE deemed negative, resulting in several public civil actions and legal agreements. Nevertheless, the middle-income residents state that the impoverished population is more protected than they are. What may be interpreted as a contradiction, given the many attempts to displace the informal communities and the lack of investment in social housing, is based on two major aspects. The first is a comparison between the process of expropriation for formal and informal residents and the second is the guarantee of relocation within the perimeter of the urban operation for informal residents while middle-income households are simply being pushed away.

On the first one, if an area is designated of “public purpose” or “social interest” property owners can be expropriated.²⁵⁹ Both cases follow a similar process. It starts with the enactment of a Decree of Public Purpose or Social Interest for a determined area by the government (legislative or executive branches at the local, state or national levels) and the notification to the property owners. The judiciary mediates the process since the beginning and the initial evaluation of property values is made by an expert appointed by the courts as a way of preventing the government from assigning itself the remuneration. After the evaluation, the government is obligated to deposit 80% of the amount in a separate account managed by the courts. If there is an agreement on the evaluation, the remainder amount is deposited and the deadline to leave the property is negotiated between the parts. However, the most common result is that property owners challenge the amount defined by the expert arguing that the initial offer is below the “just remuneration” guaranteed by the national Constitution (Article 182, § 3º). The following action would be to hire a lawyer and demonstrate the difference to be paid. In any case, the 80% that was already deposited can be withdrawn given that the owner still has to move out of the property within a deadline established by the judge of the case. In this sense, despite the complaints about the expropriation and the low amounts

²⁵⁹ The first case is related to the use of the property for the “public good”, such as the construction of an expressway. The second one, expropriation by social interest, is related to the establishment of the social function of property by the Federal Constitution of 1988. In this sense, if an area is without use for more than five years and the owner has not put it to a productive use, even after the sanctions and warnings, the public sector can expropriate it. This second case can also be related to the construction of social housing developments. For more information refer to article 7 of the City’s Statute (http://www.planalto.gov.br/ccivil_03/Leis/LEIS_2001/L10257.htm), the article 182 of the Federal Constitution (http://www.dji.com.br/constituicao_federal/cf182a183.htm), the Federal Decree-Law 3,365 of 1941 (http://www.planalto.gov.br/ccivil_03/decreto-lei/del3365.htm). Retrieved in December 12, 2013.

initially offered, they still have to leave the property and go through a long and expensive bureaucratic process that does not guarantee further payment. Because the Brazilian legislation favors public over private interests, the Decree of Public Utility or Social Interest means that there is actually not a judicial way to resist the expropriation itself. Actually, there is not even a legal way to challenge if the project is indeed necessary or in favor of the public good. This is considered a “political question” whose answer the courts simply defer to elected officials. On the other hand, if one Decree of Public Utility is going to remove an informal community, the social housing movement and legal institutions start a negotiation process that, according to the middle-income residents, favors the informal residents in the end.

While there are cases of expropriation for social interest for the construction of the social housing developments,²⁶⁰ the most common case of expropriation in the OUCAE is by a Decree of Public Utility. For instance, this process is happening to both formal and informal residents for the construction of the METRO lines and the extension of the Água Espraiada Avenue, as mentioned before. Therefore, this process is extremely important, for instance, for those formal residents in Jabaquara that have been mobilizing against the construction of the tunnel. It is within this context that one informant from the group states that *“I have a home, pay taxes, design, construction... I pay everything, water, energy, property taxes and if I am expropriated (...), I have a deadline to leave my house, without getting the money. On the other hand, the community, if there is no relocation, they do not demolish the ‘shack’ because the public defender does not allow it.”* It is also important to mention that these middle-income neighborhoods have many elderly residents and not only developers have been taking advantage of them. According to local informants, in the expropriation process for the construction of the tunnel, many of the residents were living in this neighborhood for decades and have lost any reference of their property values. Similar to Mooca, for these elderly residents, these houses have a use value associated with their own personal histories. However, with the valorization of the area, their exchange value has increased and residents are often unaware of it,

²⁶⁰ One of the residents being expropriated for the construction of the Jardim Edith development, for instance, was also present in one of the management council’s meeting and exposed his concern about not being able to continue in the neighborhood after the expropriation. This concern is related with the low amounts paid by the municipal government, which unable the longtime residents to move to a nearby house/apartment.

accepting low offers. Therefore, the tactics of private and public agents look similar in these cases.

Mentioning one of the cases in which an elderly household was expropriated, one of the informants stated *“when the monorail ‘entered’ the slum Buraco Quente (...), I ‘had’ two construction workers who lived there. Do you know how much they got for a shack of 20m²? R\$85,000.00 (US\$35,526.18). And people who have [formal] houses will receive R\$166,000.00 (US\$69,380.53)!”* Therefore, there is resentment about the protection of informal residents in contrast with formal households, who assumedly would have more rights because they have paid the formal costs to acquire their properties. This resentment is based also on the process likely to follow the compensation of informal residents. According to the same informant, *“then, he goes and buys a bike, buy a... an old Brasília, goes to his homeland to buy a few cows and the money is over. Then, he comes back and goes to another ‘slum’, do you understand?”* In this explanation, the informant is using several stereotypes usually associated with the impoverished population, such as the bike and the Brasília (a discontinued and cheap Volkswagen car). Finally, the informant is assuming that informal residents are immigrants, coming from a rural area, which probably repeats the already mentioned stereotype about low-income residents coming from the Brazilian Northeast. In this sense, middle-income residents believe that informal residents have been protected while they are facing all the burdens. In most of the cases, though, it is not the public sector that has been pushing the middle-income residents out, which lead us to the second argument about the protection of informal residents.

As mentioned in Chapter 3, urban operations were created as an instrument of redevelopment also associated with real estate valorization. In this sense, by the concentration of public investments and construction benefits within the perimeter, the area would attract private investors that would in turn increase property values. This valorization might not be happening in a homogeneous form. For instance, as already mentioned, the Brooklin Velho neighborhood has a restrictive zoning that has been preventing a more intense process of redevelopment. However, in other neighborhoods, even if they are only partially included in the perimeter of the OUCAE, as seen in Figure 5.38, the impacts of the project have been felt throughout the entire area with their valorization. In this sense, there are different ways in which the urban

operation might promote urban change. For the households, this relates either to the attraction of new residents that buy the houses to move in or to the real estate companies buying the properties to construct new developments. While this last one seems to be the target of the urban operation instrument, given that it would only work if the private investors buy the construction benefits, residents have been approached to sell their properties not only within the perimeter, but also in the nearby parcels. It is interesting to mention that there is a general sense of inevitability of the process, also confirmed by public officials in the Sub-City Halls, who state that their advice is *"there is not solution for you to stay there. The best solution for you is to sell your parcel for a good price and buy another one in another place because your IPTU [property taxes] is going up even more, your land is going to value even more (...)"*. If the presence of the elderly population that does not understand the valorization of the neighborhoods within the perimeter has been a concern of local residents' associations as mentioned before, the real estate market has been using also of other strategies to pressure them to sell. This is especially important considering that the urban operation gives extra benefits for the construction of larger developments using land assemblage. In order to do that, developers buy several houses or all properties in one block. However, the offers are strategically done, based on the location of the parcel within the block and how important it is for the project.

In a similar way to the negotiations between public departments and informal residents, private developers have been negotiating individually and paying different amounts for similar properties. According to one resident *"it is hellish, the deal; really dirty game"*. There were cases in which the resident refuses to sell the parcel and the real estate agent, after buying all the nearby parcels, uses the argument that the house would not be exposed to sun light and would be trapped between buildings, thus, decreasing its value and, consequently, the developer's offer. There were also cases in which the company would start the demolition of the nearby houses. With the noise level, lowering quality of life, and even risks of structural damages, the residents that resisted would feel pressured and finally sell their houses, similar to the informal community Buraco Quente. According to the president of one of the associations, *"the people in the houses, they are on the weak side. The real estate company has the vision of the whole. They do not have*

the vision of the whole." That is why local associations have been advising residents to act together, i.e., once an initial offer is made to one resident, he/she would inform the neighbors and get to a common resolution about selling and for which price. They also state that they have been recommending that local residents try to get an apartment in the new development as the offer. In this sense, also similarly to the cases in Mooca, the development companies have been offering apartment units in exchange for the current properties. However, most of the residents have received only cash offers and, according to one of the associations' leaders, *"if they get out of here to buy a house as the one they had, it will be very hard to find. Nearby, you don't find. The square meter is very expensive, really expensive."*

The explanation usually follows with an association with the informal communities that have a guaranteed right to be relocated within the perimeter of the urban operation while the middle-income residents do not have the same opportunity. It is also important to remember that these residents have been suggesting the selling of the parcels of the housing developments for the construction of the units in other areas. As mentioned by one of the informants, *"when they established these ZEIS, if the municipal government had sold these parcel to construct in other areas, in farther places... I am not saying in the East zone, but up in the avenue, they would have more 'benefits."* Additionally, some public officials seem to agree with this reasoning, as demonstrated by an official from HABI: *"but, wait there, the middle class is not able to buy 80 square meters at Brooklin. We cannot benefit one while harming the other. Or can we? CAN WE? I don't know. I don't know if we can."* Therefore, although the established right to be relocated within the perimeter is recognized, the conclusion is that while formal residents would not be able to acquire a similar property in the perimeter of the OUCAE, low-income residents have been protected by the legislation.

When asked about what is happening with the residents that sold their properties, informants state that they are not sure. However, they are certain that they are not staying in the neighborhoods. Because of the valorization of the entire area, they were not able to buy a house or apartment in this location and *"they end up in more distant and cheaper neighborhoods"*. This is an interesting aspect considering that informal residents face a similar problem given that with small housing assistance amounts, they end up in the

peripheries of the city or in another informal settlement. However, in this case, private companies are the ones using the same strategies as public departments to accomplish their goals, such as individual negotiations, low initial offers, and surrounding demolitions, among others. Therefore, the pressure of these companies demonstrate the attractiveness that the OUCAE had for the real estate market and its promotions of a new pattern of spatial production

5.9. A NEW PATTERN OF SPATIAL PRODUCTION: CEPACS, TOWERS, AND POSTMODERN DESIGNS

One of the major pillars of the urban operation is the selling of construction benefits, whereas building rights, changes in uses and/or construction parameters. In the case of OUCAE, these benefits were associated with selling financial bonds (CEPACs) in public auctions at São Paulo’s stock market (BM&FBOVESPA) and private distributions to finance the public works on the perimeter. According to one of the public official at SP Urbanismo responsible for the project, this was a positive aspect, especially considering the learning involved in the previous experiences of urban operations in São Paulo. Gathering the resources up front, before starting the investments, would guarantee the self-sustainability of the project. On the one hand, as already mentioned, the OUCAE has been using external resources, especially for the construction of the housing developments. On the other hand, the use of resources was still under debate by the public departments and the management council in 2013. This is especially important considering the extensive list of public works that has not been pushed forward yet while the potential of resources to be gathered from CEPACs has almost reached its limit, as seen in Table 5.3.

5.3. Summary of CEPACs (June 2013).

TOTAL OFFERED	3,390,999	90.43%
Used	2,525,156	67.34%
In circulation	865,843	23.09%
Remaining	359,001	9.57%
TOTAL AVAILABLE	3,750,000	100%

Source: PMSP, 2013.

Therefore, even if the OUCAE can be considered a success in terms of gathering resources, their use has been raising several questions about the role of the state and that it might not be keeping with its part of the public-private partnership. In this sense, there is a general complaint that the stimulus to new

constructions was not followed by investments in public infrastructure as stated by the president of one of the local associations, *"there is no planning of anything, just a building clogging"*. For instance, residents state that the sewage system was not adapted to the higher densities, as in the Mooca District. One resident remembers the case of a 27-floor residential building in the perimeter of the OUCAE in the Campo Belo neighborhood. When the households started moving into the apartments, the sewage tubes in the street exploded because of the higher pressure of the tower and larger quantity of material from the units. Therefore, even with the presence of the state and the enactment of the policy, the same problems happening in the Mooca District are found in here.

On the other hand, the financial success of the OUCAE can also be seen in the prices of CEPACs that have increased constantly since the first public auction in 2004. According to the first promoters of the instrument, the price of CEPAC should be below its market value to attract new developments. This is also confirmed by informants of the real estate monitoring agencies that explain that if the price of CEPACs is larger than the price of land, it would be preferable to buy a larger parcel and construct a horizontal development, instead of the densification by verticalization intended by the policy. The informant from SP Urbanismo working in the project since its beginning confirms this reasoning, stating that the basic model demonstrated that the price should be only 70% of the market value of the square meter of a parcel in the perimeter of OUCAE. In the first CEPAC public auction, thus, the price was established at R\$300.00 (US\$125.39). As seen in Table 5.4, the bonds were following the initial auction price, even if there were periods in which the final value reached peaks, such as in 2012 when the bonds were ending. It is noticeable that since the first auctions, the value of CEPACs increased by 327.33%. If we consider the rate of 70% of the market value of the land, this means that the price of the square meter has risen from R\$428.57 (US\$179.12) to R\$1,831.42 (US\$765.45). Additionally, informants from the real estate market agree that the prices in the perimeter are actually higher than this, which means that the calculation used by the City Hall is not accurate and leaves a large part of the land value to be accumulated by the companies. In any case, this is a high valorization in the primary market, indicating the interest of the real

estate market in the OUCAE. This also happened in the secondary markets.

5.4. CEPACs' valorization on the primary market.

AUCTIONS		INITIAL VALUE		FINAL VALUE
1st Public Distribution	2004	Auction 1	R\$300.00 / US\$125.39	R\$300.00 / US\$125.39
		Auction 2	R\$310.00 / US\$129.57	R\$310.00 / US\$129.57
	2005	Auction 3	R\$370.00 / US\$154.64	R\$371.00 / US\$155.06
		Auction 4	R\$370.00 / US\$154.64	R\$370.00 / US\$154.64
2nd Public Distribution	2007	Auction 1	R\$400.00 / US\$167.18	R\$411.00 / US\$171.78
		Auction 2	R\$411.00 / US\$171.78	R\$411.00 / US\$171.78
		Auction 3	R\$411.00 / US\$171.78	R\$411.00 / US\$171.78
3rd Public Distribution	2008	Auction 1	R\$460.00 / US\$192.26	R\$1,100.00 / US\$459.75
4th Public Distribution	2008	Auction 1	R\$535.00 / US\$223.61	R\$535.00 / US\$223.61
		Auction 2	R\$611.00 / US\$255.37	R\$615.50 / US\$257.25
	2009	Auction 3	R\$700.00 / US\$292.57	R\$700.00 / US\$292.57
		Auction 4	R\$715.00 / US\$298.84	R\$715.00 / US\$298.84
	2010	Auction 5	R\$721.50 / US\$301.55	R\$721.50 / US\$301.55
		Auction 6	R\$735.00 / US\$307.20	R\$735.00 / US\$307.20
		Auction 7	R\$750.00 / US\$313.47	R\$750.00 / US\$313.47
5th Public Distribution	2012	Auction 1	R\$900.00 / US\$376.16	R\$1,261.00 / US\$527.04
		Auction 2	R\$1,282.00 / US\$535.82	R\$1,282.00 / US\$535.82

Source: PMSP, 2013.

As established by the City's Statute, CEPACs can be sold in secondary markets. These secondary markets were thought to prevent that both investors keep bonds that are not needed and that developers that need CEPACs can buy them in between or after public auctions. Because of these markets, though, there is the possibility of speculation with the bonds. While authors (Sandroni, 2008 and 2010) and public officials go against this notion, especially considering the large number of CEPACs already bounded to a specific construction, real estate informants confirm that it is an active market. Most of the buyers of CEPACs were indeed developers and construction companies, as confirmed by the list provided by SP Urbanismo.²⁶¹ However, informants that participated in the auctions have mentioned that there are informal agreements between companies to guarantee that the "big players" buy the bonds, excluding smaller buyers and setting the final values. Several informants – from consultancy companies, the management council, policy researchers and developers – mentioned the names of four companies as those "big players" of the OUCAE. It seems that they are actually "CEPAC riggers", setting the prices and winning

²⁶¹ Available at http://www.prefeitura.sp.gov.br/cidade/secretarias/upload/desenvolvimento_urbano/sp_urbanismo/arquivos/ouae/ouc_agua_e_spraiada_estoque_consumido_08_01_2014.pdf. Retrieved on January 10, 2014.

companies of the auctions in a similar way as “bid riggers” do. As stated by the informant of one of the real state consultancy agencies, “CEPACs have become a crazy thing. They are only for those who have clout [cacife]”. On the other hand, these informal agreements can also be considered oligopolistic practices that restrict the market for CEPACs. In this sense, the urban operation has a direct effect on the type of companies that can invest in these areas, concentrating resources in those big players. Additionally, developers state that during the auctions it is “good practice” to buy more CEPACs than necessary to manage assets for future developments. With “CEPAC riggers” and “CEPAC banks” it is no surprise that informants state that there was and still is a high level of speculation with CEPACs.

On the one hand, developers confirm that CEPAC sellers have approached them. On the other hand, real estate consultancy companies explain that developers have reached them to ask for CEPAC sellers. According to them, the price of CEPACs in the secondary market is around R\$2,000.00 (US\$835.91), which is 56% higher than the price of the last auction and once again does not fit the calculations of the public department that sets the prices of CEPACs 30% lower than the market price of the square meter in the urban operation. While real state consultancy companies confirm that the Urban Operation Faria Lima still reaches the highest prices in CEPACs,²⁶² the increase in price in the primary and secondary markets of the OUCAE confirms the attractiveness of the local real estate market. As explained by one of the architects involved in developing the first studies for the OUCAE, “there was no resistance [to CEPACs]. The real estate market was paying attention and since the beginning glimpsed the immense profits that it would get.”

Additionally, while defenders of the urban operation instrument stated during the interviews that the price of CEPACs does not influence the final price of the square meter in the perimeter, developers and real estate monitoring agencies have confirmed that it does generate an impact on the local real estate market. According to them, the costs of CEPACs have to be diluted in the general budget from the developer not to prevent its profits, increasing the overall final price of the square meter for both residential and office developments. In this sense, the functioning of the urban operation itself causes real estate valorization

²⁶² According to informants, the price of CEPAC at the Faria Lima Urban Operation reaches R\$4,000.00 (US\$1,671.82) and the final square meter is around R\$20,000.00 (US\$8,359.10) for sale.

while there must be a prospective demand for more expensive developments in that location. It is also important to mention that the urban operations more successful in terms of socio-spatial change are the ones where the real estate market already had interests in promoting new developments, i.e. there was already a demand. Additionally, the only ones using CEPACs in São Paulo are located in the new business centrality, the Urban Operation Faria Lima and OUCAE. It seems, thus, that setting the value of CEPACs lower than the market price of the square meter to attract investors, as justified by the public departments, was unnecessary. With the lower price, the high demand, and the overall promotion of the Marginal Pinheiros region, new developments in the perimeter of the OUCAE were already profitable investments.

This profitable business is mostly related to constructing more on each parcel. It is important to remember that CEPACs can be used both for additional potential of construction or for changes in uses and other urban parameters. In June 2013, out of the 2,205,603 CEPACs that had been bounded to a new development in the perimeter of the OUCAE, 87.19% were used for additional building rights, as seen in Table 5.5. This confirms the goal of the policy in promoting densification by establishing the floor-area ratio of up to 4 within its perimeter and establishing a major contrast with the current zoning policy as seen in Appendices V and VI. As mentioned in Chapter 2, although verticalization became a generalized feature of São Paulo's urbanization, its association with high-income or socially valuable areas extracts more profits out of these parcels. Therefore, the verticalization in urban operations is not only related to the objectives of the densification to better use of urban infrastructures, as promoted by the policy objectives. It is also a strategy for unlocking land values by multiplying the parcels' area in the final developments while it has been used for both residential and non-residential uses.

5.5. Number of CEPACs sold and used (June, 2013).

SECTOR	ADDITIONAL AREA	CHANGE OF USE	TOTAL
Brooklin	621,230 (76.23%)	193,704 (23.77%)	814,934
Berrini	234,641 (90.83%)	23,698 (9.17%)	258,339
Marginal Pinheiros	168,709 (71.69%)	66,629 (28.31%)	235,338
Chucui Zaidan	1,178,603 (97.25%)	33,362 (2.75%)	1,211,965
Jabaquara	2,420 (52.84%)	2,160 (47.16%)	4,580
Total	2,205,603 (87.19%)	323,917 (12.81%)	2,529,520

Source: PMSP, 2013.

It is important to remember that the construction benefits for the policy included and stimulated mixed uses. This was done by setting the mandatory share of at least 30% of the additional potential of construction for residential uses. While for public officials these aspects represent the urban planning process of SP Urbanismo in diversifying uses, for developers and agencies monitoring the real estate market this was a great solution for the needs of corporate offices in the business centrality in terms of providing nearby housing options. As seen in Table 5.6., there is almost a parity between the consumption of the stocks in additional potential of construction for residential and non-residential uses in each sector. The only exception is the Brooklin sector, which encompasses those residential neighborhoods mentioned in the previous section. Actually, in this sector, the proportion of 30% residential and 70% non-residential as established by the 2001 law was bypassed to support more residential uses, thus, confirming the changes local residents have identified.

5.6. Additional potential of construction (m2) by use (June, 2013).

SECTOR	MAXIMUM AREA (m2)	AREA BY USE (m2)		AREA USED AND IN ANALYSIS (m2)	
		RESIDENTIAL (minimum 30%)	NON-RESIDENTIAL (maximum 70%)	RESIDENTIAL	NON-RESIDENTIAL
Brooklin	1,500,000.00	450,000.00	1,050,000.00	642,184.15 (142.71%)	132,144.85 (12.59%)
Berrini	250,000.00	75,000.00	175,000.00	74,156.47 (98.88%)	174,884.38 (99.33%)
Marginal Pinheiros	600,000.00	180,000.00	420,000.00	139,694.39 (77.61%)	273,471.72 (65.11%)
Chucrí Zaidan	2,000,000.00	600,000.00	1,400,000.00	443,021.84 (73.84%)	1,011,489.62 (72.25%)
SUBTOTAL	3,250,000.00	975,000.00	2,275,000.00	1,319,540.49 (135.34)	1,880,529.19 (82.66%)
		3,250,000.00		3,200,069.68 (98.46%)	
Jabaquara	500,000.00	150,000.00	350,000.00	7,709.85 (5.14%)	0.00
TOTAL	3,750,000.00	1,125,000.00	2,625,000.00	1,327,250.34 (117.98)	1,880,529.19 (71.64%)
		3,750,000.00		3,207,779.53 (85.54)	

Source: calculated out of data provided by PMSP, 2013.

From 1985 until the enactment of the policy in 2001, as seen in Table 5.7, 218 residential developments were constructed in the perimeter of the policy. From 2002 to 2012, though, there were 356 new developments. This means that almost 62% of the new residential developments are from the 10 years of

the policy or an almost 63% increase in relation to the previous years.

5.8. New developments in the OUCAE (1985-2012).

TIME PERIOD	RESIDENTIAL		COMMERCIAL	
	TOTAL	PERCENTAGE	TOTAL	PERCENTAGE
1985-1990	71	12.33%	11	9.82%
1991-2001	147	25.52%	20	17.86%
2002-2006	159	27.60%	9	8.04%
2007-2012	199	34.55%	72	64.29%
TOTAL	576	100.00%	112	100.00%

Source: original dataset provided Embraesp after request by the author.

The table above also shows that there have been 112 new commercial developments from 1985 to 2012. However, it is also clear that since the enactment of UOAE there has been a large increase in the number of new commercial buildings, even if still well-below the new residential developments. Although, it is not the purpose of this research to analyze the office developments per se, the dynamics analyzed in the OUCAE demonstrates a reinforcing cycle between residential and non-residential uses. Therefore, while the corporate towers have been stimulating new residential developments and transforming the socio-spatial character of the neighborhoods, these last ones also stimulate the business centrality given the valorization of the proximity between work and home in recent decades.

Additionally, as mentioned in Chapter 3, the policy enacted maximums that could be reached in each sector and use up to a maximum of 500,000.00 square meters for the Jabaquara sector and 3,250,000.00 square meters for the sum of the other sectors, totalizing 3,750,000.00. Therefore, when looking at the percentages of the total additional potential of construction already used in the OUCAE, it is possible to see where the real attractiveness for the real estate market is. As demonstrated in Table 5.8, the Jabaquara sector still has a very small percentage of CEPACs bounded to new developments (1.54% out of 500,000.00 square meters). This is due mainly to the location of those several informal communities on the river stream as well as the instabilities in the definition of the connection between the Immigrants Road and the Água Espraiada Avenue, represented in the transformations of the project for the tunnel explained before.

5.8. Consumption of additional potential of construction (m²) by sector (June, 2013).

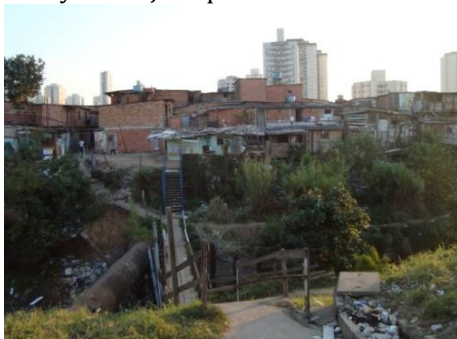
SECTOR	MAXIMUM AREA (m ²)	TOTAL AREA USED*	PERCENTAGE
Brooklin	1,500,000.00	774,329.00	51.62%

Berrini	250,000.00	249,040.85	99.62%
Marginal Pinheiros	600,000.00	413,166.11	68.86%
Chucrí Zaidan	2,000,000.00	1,454,511.46	72.73%
SUBTOTAL	3,250,000.00	3,200,069.68	98.46%
Jabaquara	500,000.00	7,709.85	1.54%
TOTAL	3,750,000.00	3,207,779.53	85.54%

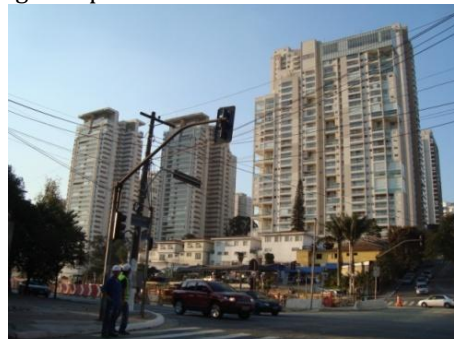
* Both already used in a specific development and those still in analysis (without approval).

Source: calculated out of data provided by PMSP, 2013.

5.37. The contrasting spaces: informal community in the Jabaquara sector.



5.38. The contrasting spaces: new developments in the first blocks of Água Espraiada Avenue.



Source: author's archive.

On the other hand, for the other sectors, the limit almost has been reached (98.46% out of 3,250,000.00 square meters). Out of these sectors, it is important to mention the different attractiveness of each one. First, the almost entire consumption of the additional potential of construction in the Berrini sector represents the great interest in the expansion of the business centrality.²⁶³ It is important to remember that these corporate developments are a result of the stabilization of the Brazilian economy and its recent growth; the decentralization of manufacturing in São Paulo and the unfolding of its business centrality; as well as new real estate market conditions with more sources of funding for both developers and final consumers. Regarding the last, there has been a new connection between the real estate market and financial markets established in three different levels. First, the connection between the real estate and financial markets was made with the opening of capital and commercialization of stocks of the largest development companies since 2006. With the large resources coming from the IPOs came also stronger

²⁶³ This is also represented by the minutes of the meeting of the management council of November 2008 in which SMDU presents a proposal to adjust the stock of the sectors considering the demand for non-residential uses in the area. While the management council did not vote on the proposal, the maximum area continued to be the same.

pressures to keep up competitiveness and margins of profits. Investing in areas of heated real estate market, such as OUCAE, has been one of the strategies. Second, since the end of the 1990s new investors emerged, such as pension and real estate funds. Even if at the turn of the century there was major concern about vacancy in these buildings and these investors were migrating back to financial markets (Ferreira, 2003), consultancy companies expressed no doubt that investing in a corporate building in this location was more profitable than investing in the financial market in 2013. Indeed, according to informants from the real estate consultancy agencies, a large number of office buildings in the OUCAE are owned by pension funds and rented to companies, including transnational corporations. The third connection between real estate and financial markets is the already mentioned selling of CEPACs as bonds in primary and secondary markets that elevates its price. It is, thus, no surprise that the final price of the square meter at OUCAE in residential developments also has been increasing.

The Brooklin sector, which includes the neighborhoods mentioned in the previous section (Brooklin Novo, Brooklin Velho, Campo Belo, and Vila Cordeiro), is the closest one to these office buildings in the Berrini Sector. It was estimated that this sector had approximately 1,006,087.00 of built area already in 2001 (PMSP, 2003a), which means that with the policy setting extra 1,500,000.00 square meters, it could get a total increase of 149% of built area. Indeed this seems to be happening given that out of the 576 new residential developments in the perimeter of the OUCAE from 1985-2012, 312 of them (or 54.17%) are in the Brooklin value zone. Out of this, 187 (or 59.93%) of the residential developments were constructed since 2002, i.e., after the OUCAE was enacted.²⁶⁴ Finally, there is a general sense that strong pressures from the real estate market have been pushing out residents from this sector. From the medium price per square meter of R\$1,000.00 (US\$417.96) in 1994 to R\$2,950.00 (US\$1,232.97) in 2003 (Amaral D'Avila, 2004), prices went up to R\$8,367.00 [US\$3,500.79] in 2012 (Embraesp, 2012). However, it is important to take into consideration that this growth is not homogenous on every neighborhood in the Brooklin sector.

²⁶⁴ Original dataset provided by Embraesp by request of the author.

5.39. Traditional middle-high income houses in Brooklin Velho.



5.40. Houses and new buildings in the perimeter of OUCAE in Campo Belo.



Source: author's archive.

In Brooklin Velho, as already mentioned, the single-family residential zoning was kept in almost all the neighborhood considering that only a few blocks were included in the perimeter of the OUCAE.²⁶⁵ In Vila Cordeiro, the policy has been stimulating the construction of residential buildings in the parcels that were not included in the legal agreement with the Public Prosecution Office. However, according to the president of the local association, younger couples have also bought several homes. This is the case, for instance, of the president of the association himself, who used to live in a nearby neighborhood and moved there in 2009. He is a young professional, married, with a toddler, and works in one of the transnational companies in São Paulo's metropolitan region. According to him, the area is very attractive because of its location close to major expressways, job locations in the corporate towers, social sports clubs, and shopping malls, i.e, the same factors that the real estate market has been using as justifications to invest in this area.

5.41. Middle-high income houses at Vila Cordeiro.



5.42. Traditional housing and new development at Vila Cordeiro.



5.43. Sign in the same development promoting the proximity between work and home.



Source: author's archive.

²⁶⁵ According to representatives of SABROVE, there is still a major debate in the neighborhood because of this decision. According to them, while nearby neighborhoods have been experiencing valorization, given the construction benefits of the OUCAE, Brooklin Velho stagnated in real estate prices. Actually, the residents state that property prices have decreased in recent decades as the result of restrictive zoning, increasing traffic problems, and the presence of informal communities. In this sense, some residents would be in favor of changing the local zoning to increase property values or even sell the parcels for new developments.

Nevertheless, according to the president of SABRON and Campo Belo and in contrast with the engaged new residents of Vila Cordeiro, new residents have not been participating in the other local organizations and it seems that there is no relationship between new and longtime residents. The president of SABRON, for instance, states that once there used to have a strong sense of community and *“today, I don’t know anybody here anymore, even if for four years I had the same neighbors”*. One of the reasons for this social change is the construction benefits that stimulate taller buildings occupying larger parcels. In a self-enclosed mode, these enclaves destroy the previous configuration of parcels and houses with direct connection to the streets. In this sense, these new developments are destroying the relationship between public and private spaces that these neighborhoods used to have. Similar to the Mooca District, these longtime residents express a sense of nostalgia. According to the president of the Campo Belo’s association, for instance, the problem is that the area is going to be transformed into another vertical neighborhood of São Paulo, without any local identity, such as Moema. It is important to remember that the same argument was used to talk about Mooca and the same examples are used to exemplify the future, especially the neighborhood Moema.

In the case of Brooklin Novo, because of its location, the president of the association stated that most of the new residents work in the nearby office towers while the new developments focus on the attraction of young couples because the neighborhood is known for a “quiet life” and good elementary schools. Additionally, the construction of the new business centrality had a direct impact on commerce and services. Although the new establishments are seen as improvements, they are more expensive and have been associated to new residents and the workers of the corporations. It is interesting also that out of the members affiliated to the residents’ association, 80% are residents and 20% are users of the neighborhood. According to its president, these are workers of the nearby office towers, commerce and business owners. Indeed, in the densification studies for the urban operation, it was predicted that the entire Brooklin sector would have a 92.6% increase of residents (from 30,892 in 2003 to 59,513) and 218.5% increase of users (from 11,252 in 2003 to 35,837) (PMSP, 2003a). While these numbers are certainly impressive, this

composition is a direct result of the transformation of the area that is corroborated by the fact that SABRON was invited to participate in a group of businessmen of the Berrini Avenue (Conexão Berrini).²⁶⁶

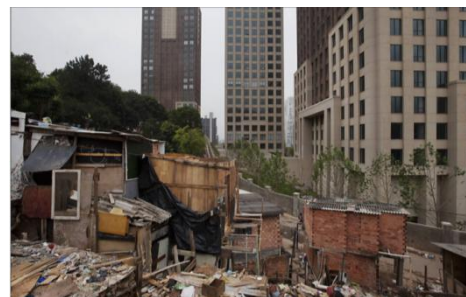
It was, nonetheless, in the Marginal Pinheiros sector, that one of the first developments using CEPACs was constructed. Located in what used to be a single-detached residential area in the previous zoning, with the OUCAE the floor-area ratio of 1 was turned into 4, as seen in Appendices V and VI. According to informants, the developers made offers to buy an entire informal community nearby,²⁶⁷ a strategy that has been used in other period and in areas of the OUCAE as already mentioned. Without success, though, only individual houses were bought and a large wall was constructed separating the development from the low-income residents. Finally, the first stage of the development was constructed with one of the most exclusive shopping malls in the country and four residential towers in neoclassical style, with one of the penthouses considered by real estate consultants as the most expensive residential transaction ever made in the city. The second stage included four corporate towers, including spaces already bought by pension funds. The entire development is not completed, though, and must include other residential and non-residential uses. Nevertheless, real estate consultants point out that its location at the other side of the river as a challenging aspect for its success. In this sense, it is in the parcels in the Chucri Zaidan sector that the large-scale mixed uses developments would promote another symbol of the OUCAE.

5.44. The river, corporate towers in the front and residential towers in the back.



Source: author's archive.

5.45. Proximity between informal communities and towers.



Source:<http://fotografia.folha.uol.com.br/galerias/10744-favela-panorama#foto-198820>. Retrieved in February 14, 2014.

²⁶⁶ It is also important to mention that the residents' association of Vila Cordeiro (Vivacor) has received proposals from the nearby companies to invest in the neighborhood. However, in this case, it would be in the form of donations and the president of the association is still analyzing how to make the process formal and abiding to all legislations.

²⁶⁷ <http://www1.folha.uol.com.br/fsp/cotidiano/72265-empresiteira-de-luxo-paga-para-morador-deixar-favela-vizinha.shtml>

Representing the single largest amount of additional potential of construction, it is important to remember that the Chucuri Zaidan sector was not in the original studies for the perimeter of the OUCAE and in the “click” of a computer button was transformed from the industrial to the service city. As seen in the maps in Appendix V, this transformation in uses also happened with the enactment of the 2004 Regional Plan for the Santo Amaro District. However, with the enactment of the OUCAE in 2001, the floor-area ratio of former manufacturing parcels can go from 1.0 to 4.0 as seen in Appendix VI. This is the case, for instance, of the parcel where Park of the City (Parque da Cidade) is located. Considered the largest real estate development in the city of São Paulo,²⁶⁸ it occupies almost 80,000 square meters of what used to be an industrial parcel and will have almost 595,000 square meters of total constructed area. However, this is not the only title of the development, which has also being considered as one of the most “audacious” in the country²⁶⁹ and that informants have called a “mini-city”. These titles refer to the type of development, which includes five office towers (one already completely bought by a pension fund), two residential buildings, one hotel, one shopping mall, bars, and restaurants. Additionally, the development has been promoted as a new “public space” for São Paulo, considering the many green areas and services that will be available not only for users and property owners.²⁷⁰ Given the large investments involved, though, it is clear that it will not be open to all the population, especially the nearby low-income residents. In a context of increasing problems with traffic while the high socio-economic inequality has been translated in the necessity of restricting movement and contact with others, this type of development is actually a high-income enclave that, similarly to the club-condominiums in Mooca, mimics urban life without its diversity.

Finally, if the mixed-uses constitute a goal of the OUCAE, they also became a commercial strategy for

²⁶⁸ Available at <http://exame.abril.com.br/brasil/noticias/empreendimento-no-brooklin-sera-o-maior-de-sao-paulo>. Retrieved in December 14, 2013.

²⁶⁹ Available at <http://exame.abril.com.br/brasil/noticias/empreendimento-no-brooklin-sera-o-maior-de-sao-paulo>. and <http://economia.ig.com.br/2012-09-10/novos-megapredios-mudam-a-cara-de-avenidas-empresariais-de-sao-paulo.html>. Retrieved in December 14, 2013.

²⁷⁰ Available at <http://exame.abril.com.br/brasil/noticias/empreendimento-no-brooklin-sera-o-maior-de-sao-paulo>. Retrieved in December 14, 2013.

new developments in São Paulo.²⁷¹ According to informants from the local real estate monitoring agencies, the proximity between work and home is a major aspect for new developments in São Paulo and one of the attractions of the OUCAE. While the reaction to the monofunctional style zoning has been a common criticism to modernist urban planning, its appropriation in large urban projects with mixed-uses became a feature of contemporary real estate market strategies worldwide. It is no surprise that some of the international references for the OUCAE, such as the redevelopment projects in Barcelona, use this strategy. It is also within this context that a city councilor that worked in the approval of the OUCAE connects the demands from developers and final consumer: *“You have a type of resident here in the city, a type of businessmen here in the city; he could be living in New York, in Paris, in London. [He] is a global citizen (...). These cities, each one of them has its own peculiarities, its cultures, but there is a dynamic and a behavior that is universal.”* Once again, the global aspirations for São Paulo are confirmed in the OUCAE.

5.46. Traditional houses in the front and new buildings in the Chucrí Zaidan sector.



5.47. One of the remaining manufacturing sites in the Chucrí Zaidan sector.



Source: author's archive.

5.48. Park of the City in the context of the business centrality.



5.49. The large scale of Park of the City.



Source: <http://www.orealizacoes.com.br/Empreendimentos-Galeria-De-Imagens.aspx?id=69#>. Retrieved in January 23, 2014.²⁷²

²⁷¹ Available at <http://www1.folha.uol.com.br/mercado/2013/09/1348939-empreendimentos-multiuso-apostam-no-apelo-de-evitar-deslocamentos.shtml>. Retrieved in December 14, 2013.

²⁷² In accordance to the terms of permission signed between the author and Odebrecht Realizações Imobiliárias for the reproduction of these figures, the text in which the authorized images are used does not necessarily reflects the image or opinion of the aforementioned company.

There is indeed a clear connection between the residents and companies investing locally and the style used in these new developments that could be located in any other great metropolis in the world. As previously mentioned, modernist designs have been associated with the cultural and social capital of academic elites, vanguards, and leftist ideologies in Brazil. If already in the opening of the first investments in the Berrini Avenue there was a tension about using postmodern designs (Frúgoli Jr., 2001), there has been an impulse to legitimize this type of project by the most popular as well as the specialized media in São Paulo. Local architect-urbanists' magazines have been publishing the designs and their credentials, such as LEED certifications, in flattering articles while the local media exposes the multiplication of "intelligent" buildings. This is especially the case for the corporate designs coming from famous São Paulo architecture offices, such as the case of Park of the City, Ecoberrini and Rochaverá.²⁷³ Designed by the same office, according to real estate analysts, these buildings are actually some of the most important icons for the project, i.e., when introducing the OUCAE for prospective investors, these are used as "best practices". Nevertheless, the transformation in style is also seen in new residential developments that, in contrast with the modernist social housing developments, draw from the eclectic postmodern combination between historic styles (especially neoclassicism) and technological designs, as can be seen in the figures below. Therefore, not only the verticalization, but also the use of postmodern styles confirms that investments in the built-environment have been transforming the area of the OUCAE.

5.50. Rochaverá, an office landmarks in the OUCAE.



5.51. Residential tower in the Berrini sector



5.52. Residential developments in the Brooklin sector.



Source: author's archive

²⁷³ However, international design offices are also becoming more representative in São Paulo. For instance, Skidmore, Owens and Merrill (SOM) developed, in partnership with local offices, the designs for some buildings in the Marginal Pinheiros centrality.

5.10. FINAL CONSIDERATIONS

With the formation of the “Global São Paulo”, the OUCAE speaks about the gentrification analytical framework proposed on Chapter 2 in its three fundamental dimensions. First, in the *production of gentrifiable space*, the definition of the perimeter of the urban operation establishes a state-created real estate gap that has increased the number of new developments and the price of the square meter. Additionally, the reinvestment of the resources within the perimeter is a guarantee for private investors, even if the delays in the list of works made several informants from the real estate market question whether the state is keeping up with its part of the public-private partnership. Second, as for the *upward socio-economic change with displacement*, the ever-changing list of works may cause a large number of expropriations in the Jabaquara sector with no guarantees that the residents will continue in the perimeter. Additionally, in the Brooklin sector, even if verticalization was already emerging before the OUCAE, the instrument gave it a stronger impulse with the selling of construction benefits. New developments are larger, taller, and more expensive, catering to the workers of the new business centrality. Finally, the functioning of the instrument itself brings about *built-environment upgrades*. Urban operations are successful only if resources are gathered from private investors to fund the list of works. This means that buying the construction benefits is an important piece of the redevelopment process and it is only when CEPACs are bounded to new developments that the state-created rent gap is ultimately closed.

There are two mediating structures, though, that contextualize these dimensions. The first one is the presence of a large number of informal residents in the perimeter of the project. Used as one of the justifications for the enactment of the OUCAE, the mandatory feature of relocation of those residents within the perimeter and the presence of ZEIS challenges their direct displacement, even if private and public agents alike have been using several tactics to remove them or at least reduce the number of residents to be relocated. The second and related mediating structure is the state, i.e. the force of legislation of the policy. With it, both formal and informal residents can challenge its most negative aspects. Therefore, public agents – public defenders and prosecutors – have been filling suits against the municipal and state

government, highlighting the multifaceted and conflictive roles the state plays in this case. The analysis of the OUCAE as a state-led gentrification case, thus, has to take into consideration that the alliances between public and private agents might not be as straightforward as some theories imply, even if there are indeed asymmetrical power relations.

Finally, there is a more fundamental challenge to a simple analysis of state-led gentrification. Even if the perimeter established a rent gap in relation to former uses, the interest of the real estate market was already there before the enactment of the policy. OUCAE unlocked this possibility by increasing floor-area ratios and establishing more permissive uses. Confirming this fact is that other urban operations in the city have not been as successful to produce socio-spatial change given the lack of interest of private developers. It is no surprise, thus, that similarly to the Mooca District developers consider themselves as “pioneers” in identifying and exploring the potential of this area, even if the state has enabled them since the beginning. Therefore, there is a symbiotic relationship between public and private agents that cannot be disregarded in any moment of this process of upward socio-spatial change.

CHAPTER 6. FINAL CONSIDERATIONS: LESSONS LEARNED, TASKS AHEAD AND BEYOND

Plus ça change, plus c'est la même chose.

[The more things change, the more they remain the same].

Jean-Baptiste Alphonse Karr

This research was motivated by current processes of urban redevelopment in Brazil that have been interpreted by the local media, public officials, scholars, and residents as gentrification. These narratives are consistently present on contemporary São Paulo in which, as theorized by Glass (2010 [1964]) on her foundational study of London, there has been a great reshuffle of residential spaces without effective social mobility. Even if several similarities can be drawn between these cases, on the one hand, I saw clear differences between the experiences in São Paulo and classical gentrification theory ranging from distinct patterns of urbanization to the demolitions and new constructions. On the other hand, I identified an ambiguity in the local use of the concept with some scholars, for instance, applying it only for cases in which the state has a leading role by establishing public policies of redevelopment and setting a contrast with a classical narrative of gentrification from North America and England.

Ultimately, this dissertation was motivated by the question “*what are the contributions and limitations of gentrification theory to understand cases of upward urban redevelopment in São Paulo.*” As I advanced in the research, though, I realized that it is not only in Brazil that there was not unified usage of the concept. In the birthplace of gentrification theory in North America and England, the expansion of its definition had promoted intensive debate with some authors arguing that the concept of gentrification had become all-embracing and ultimately “chaotic” (Beauregard, 1986); others arguing for a return to the classical definition (Bondi, 1999 and Glass, 1989); and a final group calling for the dismissal of the concept (Lambert & Boddy, 2002). Therefore, before I undertook my research on the application of gentrification theory to cases in São Paulo, it would be necessary first to understand what is and what is not gentrification.

With this perspective in mind, this research had two set of concerns: one theoretical and the other empirical. In terms of theoretical concerns, I got into the task of developing an analytical framework for gentrification analysis applicable not only to traditional cases, but also to more recent scenarios of global

gentrification. Regarding the empirical concerns, I sought to explore the applicability of gentrification theory to cases of upward urban redevelopment in São Paulo. The analytical framework, on the one hand, was constructed based on a careful literature review, drawing from the experiences of both classical and global definitions of gentrification. This original framework, in turn, served as the departure and end point of the research design, using the empirical work to confirm or adjust the framework or even to dismiss it as non-reflective of the realities of the cases examined. As I went back and forth between the proposed analytical framework and the case studies that have been locally recognized as gentrification, finally, I challenged not only its theoretical relevance, but also the local meanings that gentrification might assume. This chapter concludes the process by discussing the contributions of this research to theory and the cases under study, exposing a few of its limitations, the tasks ahead and beyond this work.

6.1. ANSWERING THE THEORETICAL AND EMPIRICAL CONCERNS

Gentrification is the process of upward urban redevelopment with displacement. For gentrification to happen three fundamental dimensions must be present. The first one is the *production of gentrifiable space*. Given that its ultimate motivation is the possibility of unlocking land values, gentrification is based on the possibility of generating profits from the redevelopment of a certain location for “better and higher uses” (Smith, 1996, 2010a). The second fundamental dimension is *upward socio-economic change with displacement*. Therefore, even if guided by different motivations, incomers (and uses) have a higher socio-economic profile than previous ones. Conversely, the pressures of the more dynamic real estate market displace lower-income households or less profitable uses (Atkinson, 1999; Hamnett, 1991; Marcuse, 1986a). The third and final fundamental dimension is the *built environment upgrades*. Given the shift in the social composition, reinvestment adapts the former spaces to the lifestyle of the new residents while also improving infrastructures and public spaces (Davidson & Lees, 2005 and 2010; Smith, 2002; Zukin, 1987).

Using these three necessary dimensions to define gentrification has the ultimate limitation of abstracting its complex trajectories to expand the range of its application, something that did not go unnoticed on other research to establish larger comparisons (Sartori, 1970; Tilly, 1987) and, indeed, was

already happening in theoretical debates on classical and global gentrification cases. I argue, though, that the contributions of this framework surpass this limitation. First, the definition did not dismiss the most fundamental aspect of gentrification, i.e., its class-based character. Second, by conceptualizing gentrification as a process, the framework establishes significant relationships between structural patterns and local materializations of spatial production, without attaching them to specific and universal empirical variables. Third and related, by understanding places as both products and producers of multiple social relations, this framework looks for substantive, rather than formal meanings of the process, thus, accounting for the diversity of gentrification. Therefore, the proposed analytical framework fits the purpose of establishing the necessary and minimal common denominators of the process in order to both keep its precision and its ability to be used in different spaces and times, i.e. its generalization.

Finally, this analytical framework also opens spaces for exploring mediating structures that make gentrification cases context-specific. By focusing on the state as a mediating structure, thus, I push for the recognition of its importance in gentrification analyses, against a simplistic distinction between classical and global cases. Rather, on a classical narrative, directing public resources to suburbanization had a constitutive role on producing the gentrifiable space of inner city neighborhoods. Meanwhile, strategies to reverse urban decline included stimuli to investment besides curtailing redlining practices that increased the financial options for “pioneer” gentrifiers and real estate developers. The global gentrification definition, conversely, follows the generalization of gentrification as a strategy for urban restructuring in the midst of neoliberal reforms. The formation of similar entrepreneurial policies in diverse cities worldwide, thus, represents the expansion of a strategy that puts spatial production in the forefront of capital accumulation and urban competitiveness. Nevertheless, this narrative dismisses two important points about global gentrification. First, the analysis of these structural changes has to take into consideration their embeddedness or path-dependencies given that the dialogues with previous national and local institutional arrangements may result in different approaches to urban restructuring and, consequently, to gentrification (Brenner & Theodore, 2002; Pierson, 2004). Second, by focusing on the

triumph of neoliberalism, the ambiguity resulting from the different roles of public policy and possibly conflictive positions among public agents/institutions are ignored. Even within a general pro-growth position, the state continues to mediate social conflicts, including those associated with an agenda of gentrification (Peck & Tickell, 2002; Smith A., 1989). In short, urban policies, and especially housing policies, maintain their function as instruments of both accumulation and legitimation of the economic system by mitigating some of its most negative social impacts.

These aspects are critical to understand the Brazilian government and planning reforms since the 1980s that do not fit the monolithic interpretation of the state solely as an economic agent. Coming out of a military regime, neoliberal reforms in the country were pushed by both international financial institutions and local elites. Yet, they are weaved into the economic and political crisis that the country was experiencing with the failures of a previous developmentalist government. Certainly, neoliberal reforms included monetarist policies of inflation control, privatizations and opening of the national economy resulting in greater dependence on foreign investments. In Brazil's "actually existing neoliberalism", though, reforms included further centralization of the federal government – against the narrative of the decline of national states – and larger tax bases with greater outlays from the federal to local governments – which directly contrast with the smaller outlays in the United States and England that justified the implementation of competitive urban policies. Finally, while public expenditures were curtailed, social policies were strengthened resulting in substantial decreases in socio-economic inequality in contrast with the increasing poverty levels of other neoliberal regimes, including the United States and England.

This conflict between economic growth and social development that has characterized Brazil since the 1980s is also present in urban planning. On the one hand, the modernist approach and its top-down and comprehensive plans was directly connected with the failures of the developmentalist state. Searching for alternative policies, contemporary Brazilian urban planning draws inspiration especially from external models, such as the strategic plan of Barcelona and flexible instruments of urban restructuring from the United States. On the other hand, the longstanding pressure for urban reform coming from social

movements, found in the re-democratization process a window of opportunity to push forward the first federal urban legislation in the country. Inspired by the notion of the right to the city, the formulation of the City's Statute drew on local instruments dealing with uneven spatial development, such as ZEIS or the zones for the implementation of public housing to guarantee the rights of informal communities, including those located in central locations and heated real estate markets. However, the legislation also included urban operations as a flexible and competitive approach to urban development within a unique blend of social reform and neoliberalism. Additionally, despite the previous experience of urban operations in São Paulo, where the instrument first emerged, it is the City's Statute that connects real estate and financial markets with the selling of construction benefits in the form of bonds negotiated in primary and secondary markets. It is, thus, in the negotiation between multiple and conflictive agendas that neoliberal goals are approached in Brazil by including instruments to combat real estate speculation within a legislation that consolidates a state-created speculative real estate market.

Given that the proposed analytical framework for gentrification pushes for the recognition of the substantive meanings of gentrification, the selection of São Paulo and two cases locally recognized as gentrifying locations further contributes to understand how these pushes and pulls are materialized. First, it is important to mention that if we use of the classical definition, these case studies cannot be considered as experiencing gentrification. This is especially true given that contexts of verticalization and corporate "pioneers" do not fit a classical narrative of renovations of the housing stock carried out by new residents and small real estate developers. Additionally, in the case of the OUCAE, although private agents had been investing in the area since the end of the 1970s, the accelerating intervention of the state by the designation of an area for redevelopment and the sale of construction rights does not fit a classical narrative either. To be clear, all gentrification cases include public actions, ranging from zoning changes to direct support to redevelopment. However, the more intensive role of the municipal government on the OUCAE contrasts with the enabling role of public institutions on a classical approach to gentrification and as seen in the Mooca District. Therefore, both the Mooca District and the OUCAE do not have strong formal

parallels to classical cases, despite similarities in the former given the reliance on the Italian identity and strong social relationships to promote new development. It is by using the proposed analytical framework and accounting for the socio-economic restructuring occurring since the concept was first coined that it is possible to conclude that these are indeed different process, but still cases of gentrification.

Several similarities, thus, can be traced with metropolises of core and peripheral countries alike given that, as the dominant economic center of Brazil, structural shifts and national reforms had a most direct impact on São Paulo. For instance, decentralization of manufacturing and urban restructuring towards a service-oriented economy affect not only New York City and London, but also cities in other latitudes. In São Paulo, this process – that has been attributed to logistic problems, tight and expensive land markets, high levels of unionization, and the incentives of other municipalities to relocations – was also stimulated by zoning policies that restricted industrial uses in the city, as it was in New York City (Curran, 2004 and 2007; Zukin, 1989) and Chicago (Gilloth & Betancur, 1988). If, on the one hand, decentralization of manufacturing led to areas of disinvestment and loss of industrial jobs, increases in finances, services, and the location of corporate headquarters had a direct impact on local real estate markets. Defined as the “vocation” of the city, public and private agents advance the image of a “Global São Paulo”. The two cases selected for this research speak about this restructuring dynamics given that the Mooca District was a former manufacturing neighborhood that became a “soft area” (Marcuse & van Kempen, 2005) for reinvestment and the OUCAE is located in the global business district that has been receiving most public and private investments. Therefore, these two cases represent a local spatial fix (Harvey, 1989b) for the new system of capital accumulation. However, in each of the dimensions of the gentrification analytical framework, they represent the localization of this restructuring process.

First, in terms of the *production of gentrifiable space*, the Mooca District and the OUCAE do not fit the narratives of gentrification from North America and England. In contrast with those cases, São Paulo did not experience an intense suburbanization process, even if there are some high-income enclaves in the outskirts of the city. Here, the urbanization pattern follows the urban model of a rich center and

impoverished peripheries (Rolnik & Bonduki, 1979; Singer, 1979; Villaça, 2001). Still, processes of capital disinvestment and expansion can be seen, for instance, in the movement of elite neighborhoods and business centralities towards the Southwest of downtown – as is the case of the OUCAE in the Marginal Pinheiros region – leaving behind a traditional downtown and surrounding neighborhoods that can be considered in decline or “blight,” as is the Mooca District. Therefore, instead of a single narrative about high land values located close to central business districts, that support both traditional analysis of land markets and the gentrification rent gap, São Paulo has a highly differentiated land market in which the promotion of a new business centrality by both public and private agents increased property values nearby while disinvesting in the traditional core.

Additionally, there are low-income residences in the midst of highly invested areas that cannot be considered the same as the inner city neighborhoods in narratives of gentrification in North America and England. In contrast with these two societies, informality represents the spatial materialization of urban poverty and uneven development in São Paulo. As the major solution for the housing need of low-income groups, informality can be explained by the concentration of resources in small sectors and groups of society; the formation of large labor reserves while employment did not include costs of social reproduction; clientelist policies and exclusivist zoning; and a loose enforcement of liberal property ownership (Rolnik & Bonduki, 1979; Singer, 1979; Villaça, 2001). Above all, informal communities (favelas) and cortiços cannot be considered separated from formal markets (Kowarick, 2009; Santos, 1979 and 1993) and are indeed intermingled with middle and upper classes and uses. It is, thus, no surprise that the second fundamental dimension of gentrification – *upward socio-economic change with displacement* – in the Mooca District and the OUCAE has a different reach in São Paulo, affecting both formal and informal residents, middle and low-income classes.

Displacement is happening as the result of both public and private initiatives. Private investors had showed interest in both areas before any type of support from the state. In the case of Mooca, the municipal government has functioned as an *enabler* of the process, changing zoning legislations to restrict

manufacturing and increasing floor-area ratios that benefit the already existing interest of real estate developers. In the case of the OUCAE, by selling construction benefits, the instrument increases the potential profits from redevelopment. The already existing interest of developers increased after the widening of the local real estate gap in a reinforcing cycle. In this sense, with the creation of a formal speculative real estate market, the policy indeed resulted in high property values, rents, and taxes. However, the state is not taking the leading role solely. In contrast with urban renewal (Bellush & Murray, 1967; Hall, 2002; Wilson, 1966) and some TIFs in the United States (Weber, 2002; Weber et al., 2006), public institutions do not assemble land or have any direct input in construction, besides public housing and infrastructure work. Additionally, by not taking risks upfront – i.e. waiting for the sale of CEPACs before making public investments – urban operations is a public-private partnership in its most basic conceptualization. In the case of the OUCAE, the list of public works has become more expensive with changes in the connection between the Marginal Pinheiros Expressway and the Immigrants Road and public resources beyond those available from the urban operation financial account. This results in the stretching the law at the expense of social priorities while also making the instrument not self-sustainable as intended. Therefore, if the state acts as an *entrepreneur* and the partnership signifies that the instrument does not function without the interest of private investors, public institutions also absorb the risks and excesses of the redevelopment process.

In this context, formal residents are displaced mostly by developers in both cases. Similar to other gentrification experiences, at the Mooca District and the OUCAE, the elderly are the first ones targeted. Focusing mostly on the use value of their homes, they do not realize that the exchange value of their properties has increased making it easy for developers to take advantage of them. Additionally, by individualizing negotiations, demolishing next-door properties with ensuing negative effects on quality of life and diminishing financial offers over time, real estate agents can put pressure on property owners and renters alike to sell their properties. If there are few cases in which the owner is offered a unit in the new building as compensation for his/her property, which guarantee their permanence, most homeowners end

up accepting cash payments that do not allow them to find a housing option on the same location given the real estate valorization. Finally, in both cases, informants state that most of these owners end up trying to move to close, but cheaper neighborhoods.

Regarding informal residents, developers have tried to buy entire communities in the OUCAE and have indeed bought some of the houses within them. In the Mooca District, some cortiços were sold to developers and were demolished for the construction of residential towers, commerce and services. However, the state has had a fundamental role in the displacement of informal residents. In the case of Mooca, the establishment and enforcement of the first cortiços' legislation (Moura's Law) had the unintended effect of increasing rents and the closing down of units. Although cortiços continue to exist, they have decreased in Mooca and the major solution for residents is moving to another informal housing option, either another cortiço or a favela in the periphery. In the case of the OUCAE, although public housing is included in the list of public works, the use of displacement checks, problems in the registration processes and options outside the perimeter of the project have lowered the number of families that will be able to stay in this location. Additionally, with the low expectations of socio-economic mobility, property rights come with increasing financial burdens that these residents might not be able to bare and may ultimately sell their units and move to another informal housing option.

Therefore, despite ZEIS and public housing developments in both cases as well as the mandatory relocation of informal residents within the perimeter of the OUCAE, the rights of informal communities have not been guaranteed and housing and community organizations have had to resort to the judicial system. Actually, for both formal and informal residents, judicial institutions – especially the Public Prosecution Office and public defenders – have been an important mediating structure on these cases to guarantee housing rights, the preservation of relevant built structures in Mooca and the application of the OUCAE legislation. Only by taking into consideration that urban planning has to be approved in the form of legislation in Brazil and the expanded roles that these judicial institutions have in the country – both contextual aspects not explained by the cases that first inspired the analytical framework – it is possible to

understand the multiple and conflictive roles of public institutions. In these cases, thus, they have been mobilized as a strategy to prevent, contest and limit gentrification pushes.

Nevertheless, both the Mooca District and OUCAE have had large increases in property values, rents, and new developments that have exclusionary effects. Even if the process is not homogenous, happening with different intensities within the two cases, socio-economic change is verifiable in census data showing increases in property ownership, smaller households, and income increases above the city's average during the same period. This data confirms that the Brazilian and local economic growth, formation of a new middle-class, and heated real estate market during the period under study do not completely explain the cases per se. In both of them, informants state that new residents work in professional positions and, in the case of the OUCAE, in the corporate towers headquartering financial and service industries. In consonance with other gentrification narratives, population change in São Paulo fits patterns of urban restructuring resulting from the Fordism to Post-Fordism transition especially in jobs and housing markets. Informants and site visits also confirmed the distinct pattern of consumption of these new residents manifested in the transformation of local housing options and lifestyle as well as changes in commercial establishments exemplified by the fact that traditional pizzerias in Mooca have had to include more sophisticated and expensive flavors.

Within this context of greater social diversity, longtime residents have a conflictive interpretation about the process of urban change and its impact. On the one hand, there is the perception that these areas "are finally developing" and that the change represents a "progress" given the previous situation of disinvestment in the Mooca District and the larger presence of informal residents in both cases. On the other hand, the pressures of a heated real estate market forcing their friends and relatives to leave expose them to the exclusionary effects of the process. Additionally, there is a sense of loss of community in both cases that led to an idealistic construction of the past. This is related especially to transformations in socio-spatial relations replacing close, street level connection between houses and public spaces with gated residential towers with high security and residents with a minimum, if any, involvement with the local

community life. It is particularly telling that out of all residents' associations in both cases, only in Vila Cordeiro at the OUCAE the incomers are directly involved in these organizations. This transformation in socio-spatial relationships, though, is also a result of the type of investment taking place in the built environment in both these cases, which lead us to the third and final dimension of the gentrification analytical framework – *built environment upgrades*.

In the case of Mooca, reforms and renovations are mostly done for non-residential uses, such as in the case of the palacetes that are transformed into commerce and service sites and the transformation of former manufacturing plants into a university and a supermarket. Even if on both cases, there are incomers that buy existing houses, the most common sign of investment in the built environment is demolition for the construction of residential towers. It is important to remember that verticalization in São Paulo has been widespread given its correlation with population growth, scarce provision of urban infrastructure, permissive zoning policies, and housing financing programs that stimulated homeownership, among others (Somekh, 1997; Souza, 1994). However, there are two distinctive features in the process. First, verticalization has been justified by an increasing urban criminality in which houses were seen as more vulnerable than apartments (Caldeira, 2000). Second, verticalization has been associated with middle and high-income neighborhoods as developers have the opportunity to multiply their construction rights on a tight land market and, consequently, further exploit these valuable locations. Therefore, areas that achieved social and economic status not only had a greater demand from households, but also could yield higher profits for real estate agents via verticalization. These are the case of both the Mooca District and the OUCAE where verticalization and valorization go hand in hand.

The two case studies, thus, are not merely verticalization processes – which could be a possible alternative explanation – given the upward socio-economic changes previously mentioned. However, this verticalization constitutes the most visible sign of redevelopment while at the same time attracting the complaints of residents for its impact on housing conditions, traffic, and urban infrastructures such as the water and sewage systems. While catering to the new demand for more expensive housing, verticalization

has also had a large impact on community life. In both cases, the new developments, whereas large investments occupying entire blocks or single towers, include extensive and intensive security systems with hundreds of cameras, security guards and double gates that control their entry and create a sharp separation between public and private space, public and private life.

The extreme example of this entrenchment of social life has come from the construction of club-condominiums in the Mooca District. These developments include several options of leisure, entertainment, and even services that reduce the connections between residents and the rest of the local population. Although this process of privatization of social life within walls is not recent in São Paulo and is not exclusive to Mooca (Caldeira, 2000), it definitely threatens the local identity and close networks that attracted the new residents and development in the first place. This is the case, for instance, of community festivities no longer shared by all, but mimicked within walls by hiring the same providers of food and entertainment, but restricting access to residents, friends, and family. Therefore, the club-condominium replaces the community of Mooca itself. In the OUCAE, a similar process is taking place with the construction of large-scale mixed-use developments that generate elite enclaves that include shopping centers, office and residential towers, and green spaces. Even if developers seek to create “mini-cities,” it is clear that urban diversity and especially lower-income residents are not welcome in these spaces.

It is possible to conclude, thus, that these two case studies in São Paulo are experiencing gentrification. Although they do not approximate the cases of classical gentrification, the analytical framework advanced on this dissertation allows to see them as such by combining the fundamental dimensions of gentrification with the contextual factors that incorporate the diversity that the process can assume on the ground. Additionally, these case studies show the importance of the state on all three necessary dimensions of the process. However, this does not mean that the role of the state is consistently or exclusively pro-growth. Rather, the mediation of multiple agents and goals results in public policies that actually limit gentrification, even if not been able to prevent it. Finally, to answer my main research question, I should point to the limitations of the proposed analytical framework to understand these cases. Although hinted

already throughout this section, it is important to take a moment to explore them further.

First, the theoretical framework does not explain by itself why some areas are gentrified while others that also have gentrifiable space and even greater potential for profits from gentrification, are not. Other authors (Beauregard, 1986; Lees et al., 2008; Ley, 2010a) have also noticed this issue, as already mentioned. The problem is related to the conceptualization of gentrification as unlocking land values by using real estate or rent gaps as a theoretical device while not accounting for other variables that might have an impact on the investment decision of real estate agents. Therefore, during this research, it was necessary to include other factors. For instance, for the Mooca District the image of a friendly neighborhood, a “village within a metropolis”, translated in the “migratory power” of the area. This means that demand was never a problem. Rather, housing options needed to be improved and real estate developers realized this potential. In the second case study, given that other urban operations have not been as successful because of lower demand, the role of the OUCAE instrument and the state in creating rent gap does not explain completely the upward redevelopment process. Rather, it was necessary to incorporate the formation of the central business in the Marginal Pinheiros region and the location of elite neighborhoods near the OUCAE to understand the changes on the local housing markets, increasing demand from real estate developers, companies and households.

The *production of the gentrifiable space*, thus, is not the result solely of the gap between current and more profitable uses of a space. As analyses of other cases suggested and this research confirmed, aspects such as risk aversion on the part of developers, location, and socio-cultural aspects such as the presence of specific groups and architectures become important for explaining gentrification. Given this multiplicity of explanations, though, it is not possible to include any of them as a necessary aspect of gentrification even if they can be the trigger that sets upward redevelopment in motion. Therefore, even if there is a limitation in the explanatory power of the proposed theoretical framework, the real estate gap continues to be the only common denominator in the production of gentrifiable space while it is the historical joint presence of all three necessary dimensions in a specific place that constitutes gentrification.

Second, using gentrification theory does not completely explain the displacement of informal residents given the minimal attention that the theory can give to the formalization of property rights and housing policies that might have unintended exclusionary effects. Even with the goal of providing better housing conditions, the construction of public housing units in Mooca and especially the high-quality architecture of buildings in the OUCAE might become a burden to low-income families due to the accompanying increases in costs, such as mortgages, taxes, and utilities, among others. For groups with low expectations of social mobility or dire needs, selling these units can become a solution to immediate financial problems, although not a resolution to their housing needs given that they may end up living in other informal condition or locations. Additionally, the establishment and enforcement of legislation that guarantees the rights of cortiço residents had the unintended effects of increasing rent prices and closing down units with the ensuing displacement of current households. Therefore, public housing policies that focus on property ownership and/or cannot guarantee the financial viability of units for low-income residents have to be reconsidered in the learning process of policy-making as the goals of improving housing conditions might have displacement effects (Bonduki, 2000 and 2011; Maricato, 1979; Valladares, 1983).

Third and related, by focusing on displacement, the gentrification framework does not fully acknowledge the gains (even if small or reactive) of informal residents. In this sense, the long trajectory of the housing movement and its accomplishments, the fundamental role played by public officials and institutions – especially the judicial system’s support of informal communities –, and the actual sense of accomplishment of those residents that are able to stay in place and/or move into public housing developments gets neglected. There is indeed a great sense of pride among these groups in resisting and even curtailing displacement pushes from public and private agents that the gentrification framework does not fully account for, such as in the polemic history of Jardim Edith and its residents now having the privileged view of the “Global São Paulo” from their apartments. Even considering the state as a mediating arena of social conflicts that still has to deal with consumption and social reproduction, the proposed framework does not reflect the multiple power relations involved, nor the ability in these cases of the local

housing movement in affecting policy in their favor, mitigating or standing on the way of gentrification.

Overall, by focusing on displacement, my analysis does not fully recognize the several forms to resist it present on both cases. Even if analyzing the struggles and difficulties of these communities to stay in place and improve their housing conditions, there is not enough space for including transformative action in this work (Castells, 1993). Therefore, advocacy planning, social theory and social movement organization, among others, could be used as different lenses to understand the cases at hand and focus on the dispute between two ideals of urban change: competitive urban restructuring and the right to the city agenda (Rolnik, 2012). This does not mean that every gentrification case will have similar limitations, given that the formation and strategies of the urban reform and housing movement correspond to specific dynamics of the Brazilian society and the cases at hand. Although displacement is indeed happening, as mentioned throughout this dissertation, I end this research in gratitude to all the lessons I have learned from informal residents and public officials that have put a genuine effort to push forward the right to the city agenda. But also, with a sense of debt to them for not fully recognizing the results of their efforts.

6.3. LIMITATIONS OF THE RESEARCH DESIGN AND TASKS AHEAD

Besides the above-mentioned limitations of the proposed analytical framework to understand the case studies, there are limitations of this research design that need acknowledging at this point. First, this research intended to use mixed-methods to inform the multiple case study. Among others, I planned to use secondary data to contrast the socio-spatial transformation experienced on these cases with quantitative measures of gentrification that have been developed for other urban contexts, such as the Neighborhood Change Index for Chicago.²⁷⁴ Additionally, I intended to construct a citywide profile in which districts and neighborhoods could be contrasted directly to establish the ways and levels of socio-spatial transformation in the two case studies compared with the rest of São Paulo. However, several difficulties in the fieldwork made me dismiss this type of analysis. On the one hand, it is necessary to acknowledge the difficulties of

²⁷⁴ The Neighborhood Change Index was developed by the Nathalie P. Voorhees Center for Neighborhood and Community Improvement at the University of Illinois at Chicago. Available at <http://www.uic.edu/cuppa/voorheesctr/Gentrification%20Index%20Site/Main%20Neighborhood%20Change%20Revised.htm>.

accessing data in any fieldwork. From confidential data on new developments to gaining access to certain documents, even if of public domain, conducting an empirical research always runs into limitations to the ideal proposed versus the actual situation. On the other hand, it is important to point out that other difficulties emerged that are locally specific.

Property prices are an interesting example when it comes to the reality of both public and private agents and the difficulties of doing research in São Paulo. While the municipal government uses a registration base to assign property taxes, this resource is not available digitally. The base is published in long – some over 500 pages – books in newspaper style: large, thin pages with fading ink and small font size. During the fieldwork, I located all these books in a library and copied them. However, I learned that urban taxes are considered outdated in Brazilian cities (Carvalho Jr, 2006) and especially considering the recent expansion of the real estate market, they would not represent current prices (Sandroni, 2011). Thus, when mentioning this data to informants, all of them considered this source for property prices inaccurate given the high political costs of increasing property taxes in São Paulo that go hand-in-hand with the gridlock in urban planning.²⁷⁵ This inaccuracy also fits the common complains heard during my years living in the city and conducting this fieldwork from local urbanists in terms of the low property taxes paid by elite neighborhoods and business centralities, draining resources from the municipal government. As a strategy to overcome the problem, after the first round of fieldwork, I intended to use data directly from the real estate market. On a first moment, I tabulated all ads from one of the major local newspaper (Folha de São Paulo) on Excel Spreadsheets, using the second Sunday of each month for the years 1980, 1985, 1990, 1995, 2000, 2005, 2010, and 2012. However, after analyzing the dataset, I realized that it was not representative of the universe in terms of the small number of adds for the cases and prices, given that usually the owner stipulates a higher price to be able to negotiate while several did not have the price at all.

²⁷⁵ An example of the problem happened in 2013 when the mayor intended to increase property taxes given its outdated values in relation to market prices. Considering the valorization of properties during the 2007-2012 expansion, the proposal increased the taxes at a rate higher than the inflation rate for the period. For this reason, local entities were able to file a direct action of unconstitutionality against the increase, which the City Hall contested, but was finally defeated in the Brazilian Supreme Court. Therefore, in 2014, property taxes only increased by the same rate as inflation for the year (6%). Information available at <http://www.estadao.com.br/noticias/cidades,sem-reajuste-maior-prefeitura-divulga-data-de-envio-e-pagamento-de-ipitu,1114657,0.htm>. Retrieved in January 20, 2014.

As a second option, private agents that monitor the local real estate market were approached. On the one hand, only one agency has consistently monitored rent prices in the city. While it has not made this information available, it would be impossible to compare current and previous prices given that the methodology of research has change throughout time. This lack of attention to rent prices fits the local assumption that the “health” of São Paulo’s real estate market, as put by the informants of this research, is related to new developments and the price of the units within them. This focus on new developments are included also in a context, as already mentioned, of verticalization as well as high level of property ownership. On the other hand, besides the difficulty of establishing contacts with private consultancy companies, they refused to share their datasets on new developments for the entire city given that this is the major source of the analyses done for clients. Therefore, only the data for new developments in the case studies were made available. This dissertation, thus, uses of this data and information provided during the interviews with real estate agents and residents, who might have a biased position given the interests involved in promoting these locations or focusing on the exclusionary effects of the process. For my future research agenda, getting access to other cases in São Paulo can provide not only a more comprehensive analysis of the urban restructuring process in the city as well as important contrasts with other local cases that might, for instance, demonstrate original aspects or even fit a more classical narrative of gentrification coming from England and North America.

The second limitation of this research design is that the use of the gentrification analytical framework for the period under study (1980 until 2013) brings questions about the sustainability of the process for the cases examined. By including the past decades of economic growth, formation of a new Brazilian middle-class, heated real estate market and aggressive strategies from corporate developer since the first IPOs, I have to recognize that gentrification might not be sustainable over time. Even if these factors do not completely explain upward redevelopment on the case studies – given the data that extrapolates the city’s average – they do have an impact on the local processes in terms of the historical timing (Beauregard, 1986; Pierson, 2004) in which the three necessary dimensions of gentrification materialized in the case

studies. For instance, even with the location and community identity that has been attracting new residents to the Mooca District, were it not for the increasing funding lines available to developers and final consumers, gentrification probably would not have happened. In the case of the OUCAE, increased foreign investments occurred also in a period of global economic crisis in which investments in Brazil were generating more returns than in other markets. However, there is a limit to the globalization of capital and companies while decreases in demand for housing close to the business district may slow down or even stop the upward redevelopment in the OUCAE. Given that previous phases of economic growth and social development in Brazil have ultimately stumbled upon the interests of local and international elites to reproduce uneven development domestically and dependency on core countries (Deák, 1991; Fernandes, 1981 and 2006; Oliveira, 2003), no stability can be guaranteed regarding the results achieved in the past decades. Reaching once again the limits of this process, there is a great uncertainty about the future ability of the country to implement more effective strategies of accumulation, i.e. capital-intensive systems of production, while also expanding social benefits, such as higher wages and housing that also fueled the processes examined here. If these developments slow down and the context that generated economic growth stops, demand for higher-income housing can diminish in general. For better or worse, given that for gentrification to happen there must be gentrifiers, i.e. those residents with a higher socio-economic profile, demand is still uncertain in these cases and in Brazil in general. While this is an empirical matter of the case studies, there is a limit indeed to understand gentrification in Brazil by using the period here under study (1980 until 2013) and it would be important to analyze following developments in these cases.

The third limitation of this work, which also has a bearing on my future research agenda, is the limited possibility of generalizing the empirical findings from São Paulo to other Brazilian cities. As mentioned in Chapter 3, if it is difficult to generalize conclusions about gentrification processes in New York City and London to the rest of the United States and England, São Paulo also does not represent the reality of most Brazilian cities. Certainly, processes of urban restructuring are happening throughout the country, promoting a new spatial fix for capital accumulation. However, as the dominant economic center of Brazil,

São Paulo mediates local, national, and international pressures that might not be present or at least not with the same intensity on other cities. This point is well illustrated by the emergence of urban operations in São Paulo. As summed up by a former city councilor that worked in the first approval of the instrument locally and before it was consolidated in the federal legislation, “[urban operation] *only could have started here [in São Paulo] (...). Because it is an instrument, let’s be clear, it is an instrument of a capitalist society (...) of a strong private sector; of the vision that property is an important instrument of society.*” Given this “strong private sector”, thus, neoliberal reforms and entrepreneurial urban policies might have a stronger impact in São Paulo than in other Brazilian cities. For instance, the relations between financial and real estate capital are clear in the two cases under study. On the one hand, this is the result of the development of the global business district in which financial institutions – especially pension funds, real estate funds, and secondary markets – support the construction of the corporate towers for transnational companies. On the other hand, the largest development companies in Brazil that currently have bonds traded in the stock market continue to invest mostly in the largest and most competitive real estate markets, i.e. São Paulo and Rio de Janeiro. This means that even if the 2002-2007 period has been marked by a heated real estate market throughout the country, the number of new developments in São Paulo has been steadily higher than at the national level (Secovi, 2012), as already mentioned.

Fourth, and related, the contradictory goals of economic growth and social development represented in the federal urban legislation have a heterogeneous impact on urban planning. The City’s Statute works like a “toolbox” (Bassul, 2002; Rolnik, 1997 and 2012) given that municipalities can decide which instruments are going to be implemented locally and which ones will not. Therefore, delinking property rights and construction potentials are not implemented in all Brazilian cities and neither are the more progressive instruments of ZEIS that recognize the rights of informal communities, giving them the possibility of resorting to judicial institutions to limit displacement. Besides, there are still incipient experiences in the application of the urban operations instrument in other Brazilian cities – actually the enactment of a new urban operation in Rio de Janeiro might entail an intensive (and extensive) process of socio-spatial

transformation directly lead by the federal and municipal governments that can result in variations in the use of the instrument.²⁷⁶ With these aspects in mind, it would be important to understand the role of the state as a contextual dimension of gentrification in other Brazilian cities by checking the implementation of the City's Statute instruments, the soft zones for urban restructuring, the viability of urban operations, and the interests from private developers, among others.

Nevertheless, the reassessment of the theory, with the establishment of the necessary dimensions of gentrification, serves as a guide for further research given that these elements must be present in each case to guarantee the generalization of the analytical framework. This framework, thus, establishes a frame for future research, including comparative cases, and it is applicable not only to traditional cases in North America and England, but also to more recent scenarios of gentrification, such as other upward redevelopment processes in São Paulo and other Brazilian cities. For instance, although concluding that the Mooca District and the OUCAE cannot be understood within a classical definition of gentrification, there might be similar cases in São Paulo and other Brazilian cities. If this is the case, the analytical framework advanced by this dissertation could be used to understand them.

6.4. A FINAL REFLECTION

"what I fear is that the community becomes only history, becomes [academic] works, becomes books, but no legacy is guaranteed for the futures of the children, the grandchildren (...) the housing of those who used to live there."

I share the same fear of this former resident of the community Buraco Quente that was being displaced from the OUCAE in 2013. Even with the relative gains of social movements and housing organizations, it is impossible to deny the displacement process happening in these cases. If his concern is with guaranteeing the physical space of the community – i.e., the presence of housing for current and future residents –, the

²⁷⁶ In the case of the urban operation in Rio de Janeiro's port zone, a federal bank (Caixa Econômica Federal) bought all CEPACs to resell to developers on secondary markets. This means that the national government is partnering with the municipality in the redevelopment process as well as in the real estate speculation. Additionally, international developers, such as Trump Real Estate, are investing in local projects. For more information on the topic, refer to <http://portomaravilha.com.br/materias/cepacs/c.aspx>. Retrieved on April 4, 2013.

legacy of the lived space for both formal and informal residents in the Mooca District and the OUCAE is in jeopardy. It is no surprise, thus, that current residents feel a sense of nostalgia from the past that can be interpreted as pressures of displacement given that it may generate the feeling of not belonging to that community anymore.

The resident from Buraco Quente with whom I share the fears of transforming these communities in books, nonetheless, was making a direct inference to the findings of Fix's research (2001) on the first displacements in the Água Espraiada Avenue. Even with the many polemics that resulted from this publication, the academic work was not able to guarantee the legacy of those communities, i.e. it was unable to change the displacement process. For the case of this research, although there are improvements over the removals that took place in that period – especially with the legal marks of the City's Statute and local legislations that support reactions against these processes –, displacement continues to happen and the strategies of public and private agents reproduce exclusionary practices in both the Mooca District and the OUCAE. It is, thus, no surprise that I started this final chapter with the quotation from Karr that "*the more things change, the more they remain the same*". It is also with the same notion in mind that I advance a final reflection on the result of this PhD dissertation.

If Fix's work was not able to stop the coalitions between public and private agents from displacing local communities, in my case, who guarantees that this dissertation will ever be read, whom would read it, or will it have an effective impact on the cases at hand? Therefore, as I finish my doctoral studies, I look back at the reasons that first motivated me to follow the academic path, namely the belief on the importance of socially committed knowledge. In my research proposal, I wrote that I expected that this analysis could contribute to more socially inclusive and economically just urban planning processes. I still hope this is the case. However, the separation between theory and practice – urban planning research and practice, in specific – continues to challenge activist scholars and myself to find strategies to keep the legacy of these communities alive. Beyond books and dissertations, this is the major task ahead.

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APPENDIX I. List of interviews.

CASE	INTERVIEW
1 BOTH	Academic on gentrification 1
2 BOTH	Academic on gentrification 2
3 BOTH	Public defender 1
4 BOTH	Public defender 2
5 BOTH	São Paulo Public Prosecution Office - prosecutor 1
6 BOTH	São Paulo Public Prosecution Office - Prosecutor 2
7 BOTH	São Paulo Housing Department (Sehab) - Superintendent of social housing (HABI)
8 BOTH	Metro - Public official of the Company of the Metropolitan of São Paulo
9 BOTH	Real estate consultancy and management company 1
10 BOTH	Real estate consultancy and monitoring agency 2
11 BOTH	Real estate company (developer and constructor) 1
12 BOTH	Real estate company (developer and constructor) 2
13 BOTH	Developer 1
14 BOTH	Union of Housing Movements (União dos Movimentos de Moradia) - president
15 BOTH	Gaspar Garcia Human Right's Center - member of the urban reform movement
16 BOTH	Urban preservation movement
17 MOOCA	Mooca Sub-City Hall - coordinator of urban planning and development
18 MOOCA	Mooca Sub-City Hall - housing official
19 MOOCA	Department on Historic Heritage (DPH) - public official
20 MOOCA	Director of the Program PROCENTRO (PMSP)
21 MOOCA	SP Urbanismo (at SMDU) - coordinator of the Urban Operation Mooca - Vila Carioca
22 MOOCA	Company of Housing and Urban Development (CDHU - state level) - coordinator of the Cortiços Action Program
23 MOOCA	Residents' association "Amo a Mooca" 1
24 MOOCA	Residents' association "Amo a Mooca" 2
25 MOOCA	Local activist and resident 1
26 MOOCA	Local activist and resident 2
27 MOOCA	Local activist and resident 3
28 MOOCA	Resident 1
29 MOOCA	Resident 2
30 MOOCA	Resident 3
31 MOOCA	Union for the Cortiços' Struggle (União de Luta de Cortiços - Mooca)
32 MOOCA	Condominium administrator 1
33 MOOCA	Condominium administrator 2
34 MOOCA	Developer 1
35 MOOCA	Developer 2
36 MOOCA	Real estate company - broker 1
37 MOOCA	Real estate company - broker 2

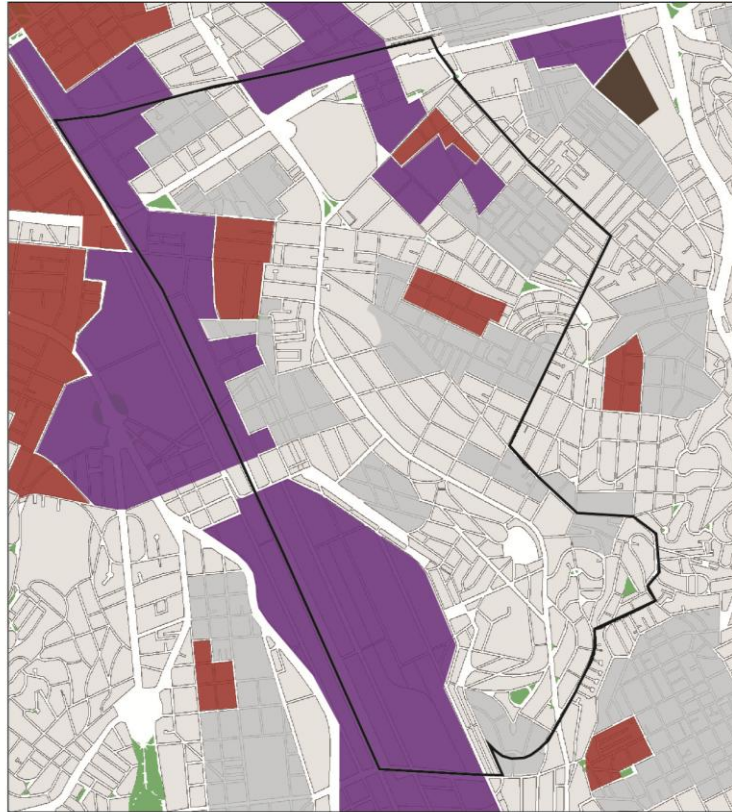
38	MOOCA	Architect and Urbanist
39	MOOCA	Activist scholar 1 - social housing
40	MOOCA	Activist scholar 2 - built heritage
41	MOOCA	Activist scholar 3 - built heritage
42	OUCAE	Elected politician 1
43	OUCAE	Elected politician 2
44	OUCAE	Butantã Sub-City Hall - public official in urban planning
45	OUCAE	Campo Limpo Sub-City Hall - public official in urban planning
46	OUCAE	Jabaquara Sub-City Hall - public official in urban planning
47	OUCAE	Pinheiros Sub-City Hall - public official in urban planning
48	OUCAE	Santo Amaro Sub-City Hall - public official in urban planning
49	OUCAE	SP Urbanismo (at SMDU) - public official working since the first studies of the UOCAE
50	OUCAE	São Paulo Housing Department (Sehab) - Superintendence of social housing (HABI) - Sector Centro/downtown
51	OUCAE	São Paulo Housing Department (Sehab) - Superintendence of social housing (HABI) - Sector Sudeste/southeast
52	OUCAE	Architect and Urbanist - responsible for second study on the project
53	OUCAE	Architect and Urbanist - responsible for final project
54	OUCAE	Architect and Urbanist - responsible for Jardim Edith Housing Development
55	OUCAE	Architect and Urbanist - responsible for Corruíras Housing Development
56	OUCAE	Architect and Urbanist - from Defenda São Paulo, former official of the planning department, resident
57	OUCAE	Defenda São Paulo movement
58	OUCAE	Brooklin Novo residents' association
59	OUCAE	Brooklin Velho residents' association (SABROVE) 1
60	OUCAE	Brooklin Velho residents' association (SABROVE) 2
61	OUCAE	Campo Belo residents' association
62	OUCAE	Vila Cordeiro residents' association
63	OUCAE	Movement against expropriations and the tunnel
64	OUCAE	Forum of Leadership - president; Vietna residents' association
65	OUCAE	Forum of Leadership - secretary; Nova Minas Gerais / Calipal residents' association - president
66	OUCAE	Jardim Edith residents' association - president
67	OUCAE	DERSA residents' association - president
68	OUCAE	Buraco Quente - former resident
69	OUCAE	Lawyer defending the communities Buraco Quente and Comando
70	OUCAE	Real estate consultancy and management company
71	OUCAE	Developer 1
72	OUCAE	Developer 2
73	OUCAE	Planner and academic 1, first to introduce the instrument urban operations
74	OUCAE	Planner and academic 2, worked on the first urban operations in the city

APPENDIX II. Mayors of São Paulo.

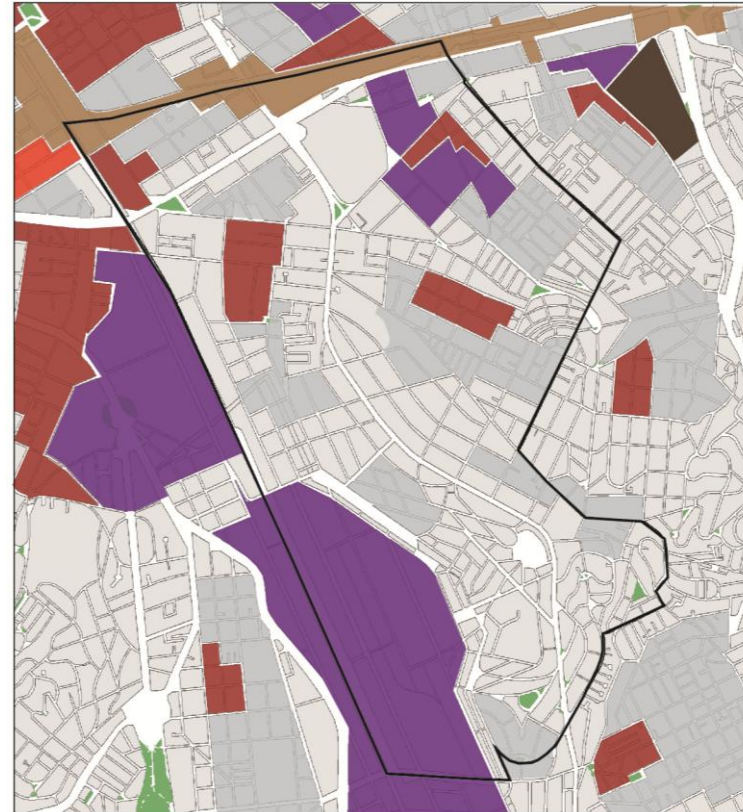
MAYOR	FROM	UNTIL	PARTY	POLITICAL INCLINATION
Reynaldo de Barros	7/12/1979	5/14/1982	Democratic Social Party (PDS)	Right wing
Antônio Salim Curiati	5/15/1982	3/14/1983	Democratic Social Party (PDS)	Right wing
Francisco Altino Lima	3/15/1983	5/10/1983	-	Right wing
Mário Covas	5/11/1983	1/1/1986	Party of the Brazilian Democratic Movement (PMDB)	Center
Jânio Quadros	1/1/1986	1/1/1989	Brazilian Labor Party (PTB)	Center-right
Luiza Erundina	1/1/1989	1/1/1993	Workers' Party (PT)	Center-left
Paulo Salim Maluf	1/1/1993	1/1/1997	Brazilian Progressive Party (PPB)	Right wing
Celso Pitta	1/1/1997	5/26/2000	Brazilian Progressive Party (PPB)	Right wing
Régis de Oliveira	5/26/2000	6/13/2000	Party of the National Mobilization (PMN)	Center
Celso Pitta	6/13/2000	1/1/2001	Brazilian Progressive Party (PPB)	Right wing
Marta Suplicy	1/1/2001	1/1/2005	Workers' Party (PT)	Center-left
José Serra	1/1/2005	3/31/2006	Party of the Brazilian Social Democracy (PSDB)	Center
Gilberto Kassab	3/31/2006	1/1/2009	Party of the Liberal Front (PFL), in 2007 Democrats (DEM)	Right wing
Gilberto Kassab	1/1/2009	1/1/2013	Democrats (DEM), in 2011 establishes the new Social Democratic Party (PSD)	Center-right
Fernando Haddad	1/1/2013	current	Workers' Party (PT)	Center-left

APPENDIX III. Mooca District: zoning from 1972 to 2004.

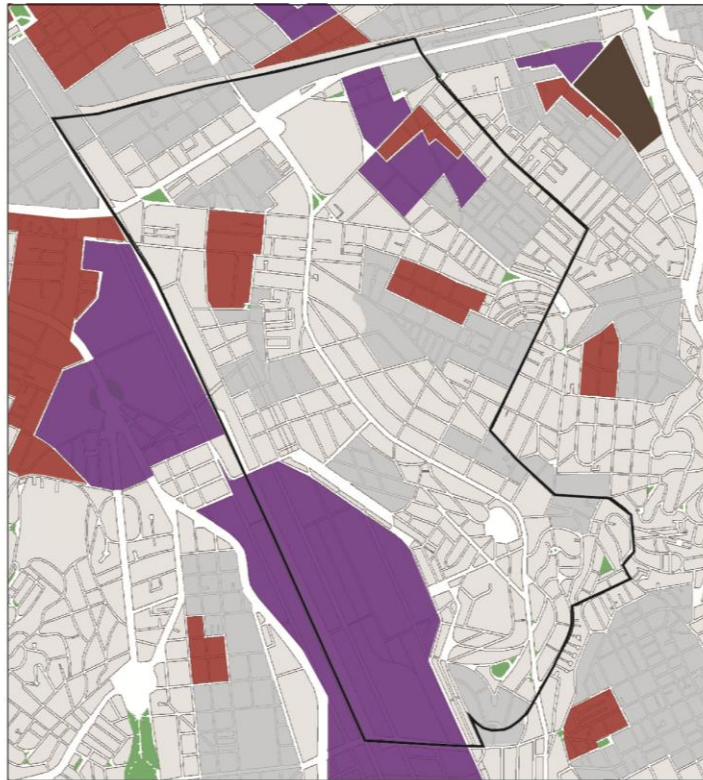
ZONING 1972



ZONING 1984



ZONING 1997



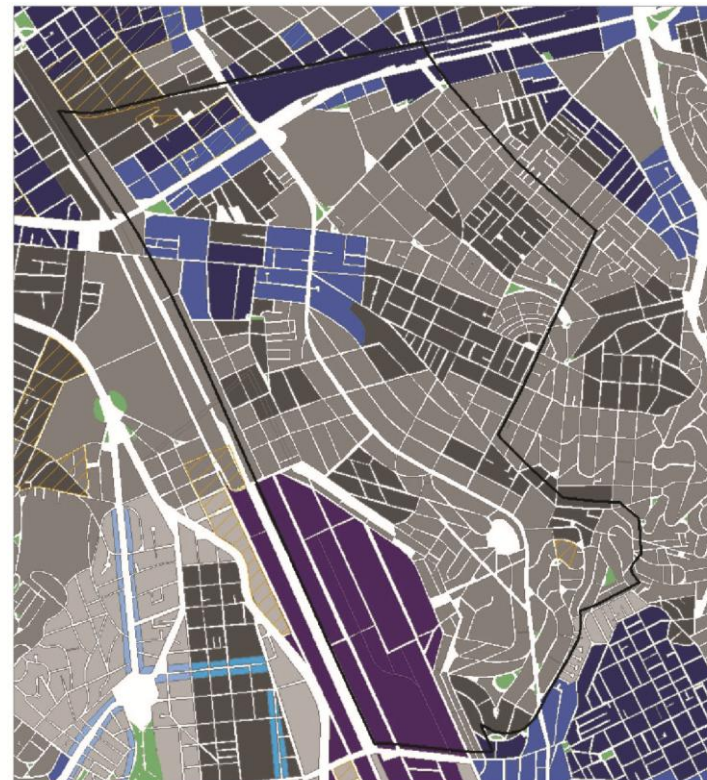
— Mooca District boundaries
 ■ Cemetery



ZONE	USES	FAR
Z2	Mostly residential, local commerce and service	2.0
Z3	Mostly residential, medium commerce and service	4.0
Z4	Mixed uses, high density	4.0
Z6	Mostly industrial	1.5

Sources: 1. 1972 zoning – created based on Folha de São Paulo (November 1972).
 2. 1984 zoning – created based on Guia Mapograf (1984).
 3. 1997 zoning – created based Guia Mapograf (1997).
 4. 2004 zoning – shapefile from Diagonal Sul.

ZONING 2002-2004

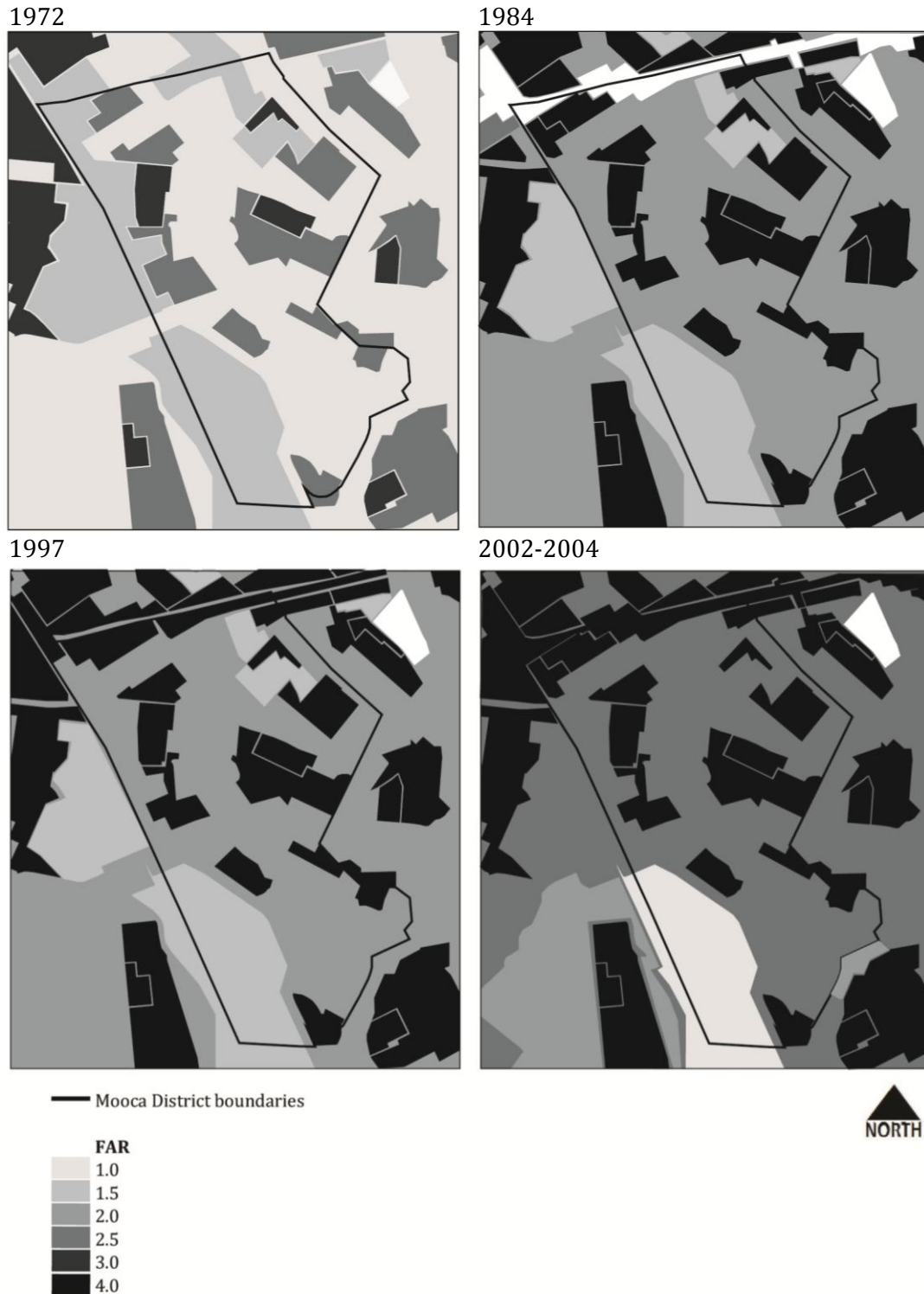


— Mooca District boundaries
 ■ Cemetery



ZONE	USES	FAR		
		minimum	basic	maximum
ZM 2	Mixed uses, medium density	0.2	1.0	2.0
ZM 3a	Mixed uses, high density	0.2	1.0	2.5
ZM 3b	Mixed uses, high density	0.2	2.0	4.0
ZCP a	Centrality, medium density	0.2	1.0	2.5
ZCP b	Centrality, high density	-	2.0	4.0
ZCL a	Linear centrality, medium density	0.2	1.0	2.5
ZCL b	Linear centrality, high density	-	2.0	4.0
ZPI	Mostly industrial	0.1	1.0	1.0
ZEIS 3	Special Zone of Social Interest	location zone		
ZEPEC	Special Zone of Cultural Preservation (building)	location zone and heritage designation's parameters		

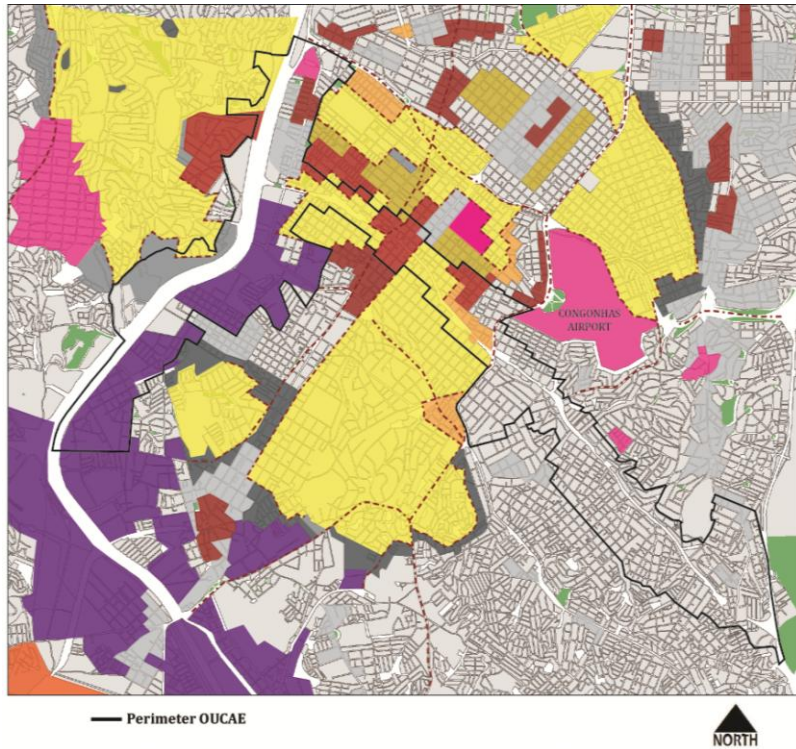
APPENDIX IV. Mooca District: increase in FAR from 1972 to 2004.



Sources: 1. 1972 zoning – created based on Folha de São Paulo (November 1972).
 2. 1984 zoning – created based on Guia Mapograf (1984).
 3. 1997 zoning – created based Guia Mapograf (1997).
 4. 2004 zoning – shapefile from Diagonal Sul.
 5. FAR – municipal legislation available at <http://lei.prefeitura.sp.gov.br/paginas.html>. Retrieved in January 12, 2014.

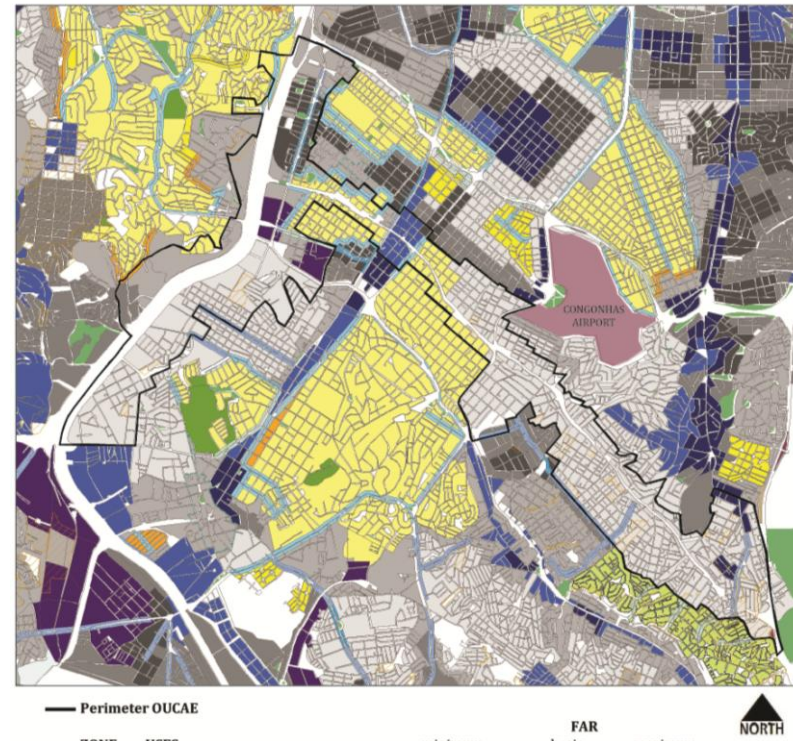
APPENDIX V. Urban Operation Consortium Água Espraiada: zoning maps 1997 and 2004.

ZONING 1997



ZONE	USES	FAR
Z1	Strictly residential	1.0
Z2	Mostly residential, local commerce and service	2.0
Z3	Mostly residential, medium commerce and service	4.0
Z4	Mixed uses, high density	4.0
Z6	Mostly industrial	1.5
Z8	Special uses	---
Z9	Mostly residential, low density	1.0
Z10	Strictly residential, medium density	2.5
Z11	Mostly residential, low density	2.0
Z12	Mostly residential, medium density	2.5
Z13	Mostly residential, medium density	1 - 2.5
Z17	Mostly residential, with small commerce and service	1.0 to 2.0
Z18	Mostly residential, with medium commerce and service	1 to 2.0
---	Z8-CR Corridor	---

ZONING 2002-2004

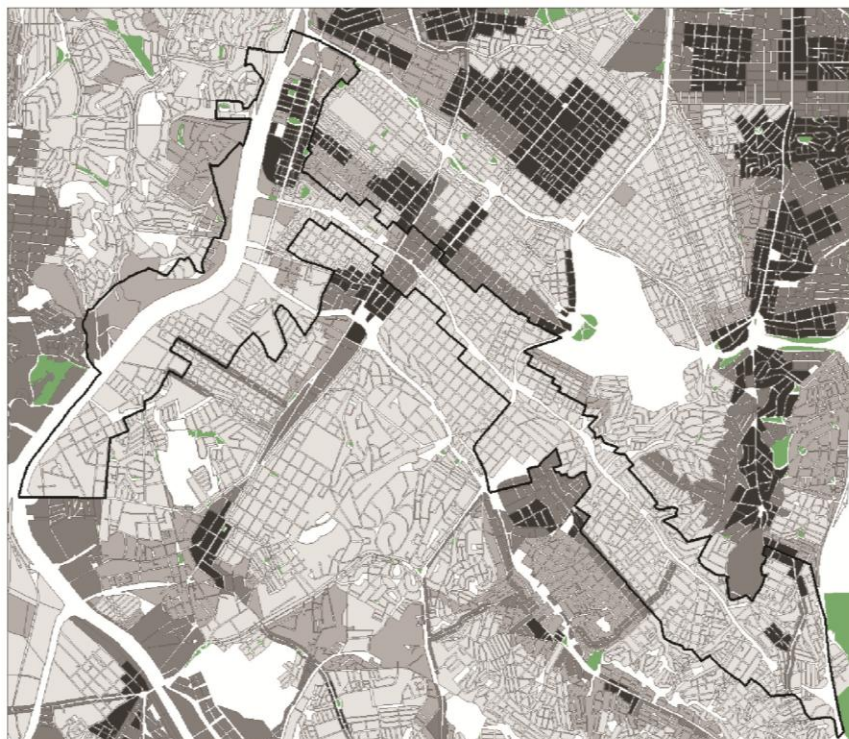


ZONE	USES	minimum	basic	maximum
ZER 1	Strictly residential, low density	0.5	1.0	1.0
ZER 2	Strictly residential, medium density	0.5	1.0	1.0
ZER 3	Strictly residential, high density	0.5	1.0	1.0
ZM 1	Mixed uses, low density	0.2	1.0	1.0
ZM 2	Mixed uses, medium density	0.2	1.0	2.0
ZM 3a	Mixed uses, high density	0.2	1.0	2.5
ZM 3b	Mixed uses, high density	0.2	2.0	4.0
ZCP a	Centrality, medium density	0.2	1.0	2.5
ZCP b	Centrality, high density	-	2.0	4.0
ZCL z	Linear centrality for services, low density	0.5	1.0	1.0
ZCL a	Linear centrality, medium density	0.2	1.0	2.5
ZCL b	Linear centrality, high density	-	2.0	4.0
ZPI	Mostly industrial	0.1	1.0	1.0
ZMP	Mixed uses, environmental protection	-	1.0	1.0
ZEPAM	Special zone of environmental protection	-	0.1	0.1
ZEIS 3	Special zone of social interest	location zone		
ZEPEC	Special zone of cultural preservation	location zone and heritage designation's parameters		
ZOE	Special occupation	specific parameters		

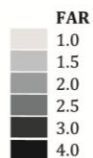
Sources: 1. 1997 zoning – created based Guia Mapograf (1997).
 2. 2004 zoning – shapefile from Diagonal Sul.
 3. Perimeter OUCAE – created based on image from SP Urbanismo.

APPENDIX VI. Urban Operation Consortium Água Espraiada: increase in FAR with the instrument.

Floor-area ratio of zoning 2002-2004 – without the OUCAE.



— Perimeter OUCAE



Floor-area ratio of zoning 2002-2004 – with the OUCAE.



Sources: 1. 1972 zoning – created based on Folha de São Paulo (November 1972).
 2. 1984 zoning – created based on Guia Mapograf (1984).
 3. 1997 zoning – created based on Guia Mapograf (1997).
 4. 2004 zoning – shapefile from Diagonal Sul.
 5. FAR – municipal legislation available at <http://lei.prefeitura.sp.gov.br/paginas.html>. Retrieved in January 12, 2014.
 6. Perimeter OUCAE – created based on image from SP Urbanismo.



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Fonte: Reis Filho, 1994: 38.

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Marina Tonelli Siqueira

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Marina Toneli Siqueira
Marina Toneli Siqueira
RG 3085199-B / CPF 036407319-56

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Dr. C. C. Lima
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16/05/2014
DATE/DATA

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Chicago, Illinois, United States, ZIP 60610

Dear Manoela Rossinetti Rufinoni
Cara Manoela Rossinetti Rufinoni

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Source: DPH-PMSP in Rufinoni, 2004: 43.



Source: Rufinoni, 2004: 98.



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Thank you very much. Sincerely,
Muito obrigada. Atenciosamente,

Marina Tuneli Siqueira
Marina Tuneli Siqueira

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Manoela Rufinoni
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05.07.2014
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1260 North Dearborn Street, Apt 910
Chicago, Illinois, United States, ZIP 60610

Dear Ivan Fortunato,
Caro Ivan Fortunato,

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Se você(s) tiver qualquer pergunta, por favor não hesite em me contatar, seja por telefone (1) 312-475-0954 ou por email msique2@uic.edu.

Thank you very much. Sincerely,
Muito obrigada. Atenciosamente,

Marina Toneli Siqueira
Marina Toneli Siqueira

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MAY 28th, 20

DATE/DATE

Marina Toneli Siqueira
1260 North Dearborn Street, Apt 910
Chicago, Illinois, United States. ZIP 60610

Dear representative(s) from Bratke Collet
Caros representantes da Bratke Collet

I am a student in the University of Illinois at Chicago and I am completing my dissertation in the PhD program in Urban Planning and Policy in the same institution. I would like your permission to reprint in my work images from your designs available on your website <http://www.bratke-collet.com.br/>. These images are copied bellow for your evaluation.

Eu sou uma estudante da Universidade de Illinois em Chicago e estou finalizando minha tese no programa de doutorado em planejamento urbano e políticas públicas da mesma instituição. Eu gostaria da sua permissão para reimprimir no meu trabalho imagens dos seus projetos disponíveis no seu website <http://www.bratke-collet.com.br/>. Estas imagens estão copiadas abaixo para a sua avaliação.

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Thank you very much. Sincerely,
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7/5/2014
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Marina Toneli Siqueira
1260 North Dearborn Street, Apt 910
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Dear editors of Folha de São Paulo
Caros editores da Folha de São Paulo

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Cristiano Pombo
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9/5/2014
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VITA

EDUCATION

- 2009-2014 PhD in Urban Planning and Policy.
University of Illinois at Chicago, College of Urban Planning and Public Affairs, Chicago, USA.
Advisor: John Betancur.
- 2006-2008 Master in Architecture and Urban Planning.
University of São Paulo, School of Architecture and Urbanism, São Paulo, Brazil.
Advisor: Maria Irene Szmrecsanyi.
- 2001-2006 Undergraduate studies in Architecture and Urban Planning.
Federal University of Santa Catarina, Florianópolis, Brazil.
Advisor: Margareth de Castro Afeche Pimenta.

PRIZES AND HONORS

- 2008 Master's dissertation approved with honors and recommended for publishing.
- 2004 Best paper award in Environmental Science, Brazilian Congress of University Activities and Research, Brazil. National level.
- 2004 Best paper award in Urban Planning, Scientific Research Initiation Seminar, Federal University of Rio Grande do Sul, Brazil. Regional level.
- 2003 Best paper award in Urban Planning, Scientific Research Initiation Seminar, Federal University of Rio Grande do Sul, Brazil. Regional level.

SCHOLARSHIPS AND AWARDS

- 2009-2013 PhD Fellowship, Fulbright/Capes, United States Department of State and Brazilian Ministry of Education.
- 2006-2008 Master's Study Scholarship, São Paulo's Foundation for Scientific Research, Brazil.
- 2003-2005 Scientific Initiation Scholarship, Brazilian Ministry of Science and Technology, Brazil.
- 2002-2003 Field Research Scholarship, Department of Field Research Support, Federal University of Santa Catarina, Brazil.

PUBLICATIONS

- (2012) Urban operations: public-private partnerships globalizing São Paulo. In: Yeakey, Carol (Ed.). *Living on the Boundaries: Urban Marginality in National and International Contexts*. Bingley, UK, pp. 389-413.
- (2012) Postmodern symbolic spaces: forming a new image for contemporary Florianópolis, 1981-2008. In Szmrecsanyi, Maria Irene (Ed.). *From modern to postmodern society in Brazil: urban continuities and changes in the 20th and 21st century*. São Paulo: Annablume; FAPESP, pp. 213-235. (In Portuguese).

(2004) Urbanization and Environmental Preservations: the communitary plan of the Maciço Central of Florianópolis. *Expressa Extensão UFPel* 9, pp. 1-6. (with Susan Eipper, Maria Buss, Margareth Pimenta, Luís Fugazzola Pimenta, Luiz Fernando Scheibe and Antonio Carlos Silva). (In Portuguese).

WORKING PAPERS AND PRESENTATIONS

(2012) Gentrifying the Brazilian city: convergences and divergences in urban studies. *2012 International Planning History Society Conference*. São Paulo/Brazil.

(2012) The politics of redevelopment: the emergence of new Brazilian land use policies into the local and national political agendas. *2012 Midwest Political Science Association 2012*. Chicago/USA.

(2012) Redeveloping planning cultures: a comparative approach to land use planning in Brazil and the United States. *2012 Urban Affairs Association Conference*. Pittsburgh/USA.

(2011) Setting the stage for urban redevelopment policies: comparing planning cultures in Brazil and the United States. *2011 Midwest Political Science Association*. Chicago/USA.

(2011) Urban Operations: public-private partnerships in globalizing São Paulo. *2011 Urban Affairs Association Conference*. New Orleans/USA.

(2010) Why São Paulo is not Chicago? A study on why the global cities projects cannot make the world flat. *2010 ACSP Annual Conference*. Minneapolis/USA.

(2010) Participatory budget, policy council and master plan referendum: three models of communication and participation in Brazilian urban planning. *2010 Midwest Political Science Association*. Chicago/USA.

(2008) A new private planning ideal: the case study of a planned community in the South of Brazil. *International Planning History Society Conference 2008*. Chicago/USA.

(2007) From undeveloped city to the Brazilian capital of better quality of life: how Florianópolis changed. *XII Encontro Nacional da Associação Nacional de Pós-Graduação e Pesquisa em Planejamento Urbano e Regional*. Belém/Brazil. (In Portuguese).

(2006) Between locals and outsiders: the cultural identity of Florianópolis. *X Colóquio Internacional sobre Poder Local*. Salvador/Brazil. (In Portuguese).

(2005) Developing a methodology to locate urban services in underprivileged areas: the case of the Maciço Central in Florianópolis. *XV Seminário de Iniciação Científica da Universidade Federal de Santa Catarina*. Florianópolis/Brazil, 2005. (In Portuguese).

(2005) Developing a methodology to locate urban services in underprivileged areas: the case of the Maciço Central in Florianópolis. *XVII Salão de Iniciação Científica e XIV Feira de Iniciação Científica da Universidade Federal do Rio Grande do Sul*. Porto Alegre/Brazil, 2005. (In Portuguese).

(2004) Urban and Preservation Plan of the Maciço Central in Florianópolis. *II Congresso Brasileiro de Extensão Universitária e III Congresso Nacional de Avaliação Institucional de Extensão Universitária*. Belo Horizonte/Brazil (with Maria Buss, Margareth Pimenta, Luís Fugazzola Pimenta, Luiz Fernando Scheibe) (In Portuguese).

(2004) Urbanizations and Environmental Preservation - Urban and Preservation Plan of the Maciço Central in Florianópolis. *Seminário de Extensão Universitária da Região Sul - SEURS*. Londrina/Brazil (with Susan

Eipper, Maria Buss, Margareth Pimenta, Luís Fugazzola Pimenta, Luiz Fernando Scheibe) (In Portuguese).

(2004) Urban Poverty: the population of the Maciço Central in Florianópolis. *XVI Salão de Iniciação Científica e XIII Feira de Iniciação Científica da Universidade Federal do Rio Grande do Sul*, Porto Alegre/Brazil. (In Portuguese).

(2004) Urban Poverty: the population of the Maciço Central in Florianópolis. *XIV Seminário de Iniciação Científica da Universidade Federal de Santa Catarina*, Florianópolis/Brazil. (In Portuguese).

(2003) The urbanization process in the Florianópolis' Maciço Central and its (il)legality. *XIII Seminário de Iniciação Científica da Universidade Federal de Santa Catarina*, Florianópolis/Brazil. (In Portuguese).

(2003) The urbanization process in the Florianópolis' Maciço Central and its (il)legality. *Simpósio Internacional de Iniciação Científica da USP*, São Paulo/Brazil. (In Portuguese).

(2003) Social and Spatial Analysis of the Maciço Central in Florianópolis: the public spaces. *Seminário de Pesquisa e Extensão Universitária*. Florianópolis/Brazil (with Anelise Macari, Margareth Pimenta, Luís Fugazzola Pimenta). (In Portuguese).

(2002) Housing in the Florianópolis' Maciço Central. *XIV Salão de Iniciação Científica da Universidade Federal do Rio Grande do Sul*, Porto Alegre/Brazil. (In Portuguese).

(2002) Urbanization Process in the Maciço Central in Florianópolis. *XII Seminário de Iniciação Científica da Universidade Federal de Santa Catarina*, Florianópolis/Brazil. (In Portuguese).

PROFESSIONAL APPOINTMENTS

UNIVERSITY OF ILLINOIS AT CHICAGO

Spring 2014	Teaching Assistant for the course UPP 505 – Plan Making.
Fall 2013	Teaching Assistant for the course UPP 502 – Planning Skills.
Spring 2013	Teaching Assistant for the course UPP 505 – Plan Making.
Fall 2012	Teaching Assistant for the course UPP 205 – Cinema and the City.
Spring 2012	Teaching Assistant for the course UPP 505 – Plan Making.
Spring 2011	Teaching Assistant for the course UPP 505 – Plan Making.

UNIVERSITY OF SÃO PAULO, BRAZIL

2006 - Present	Research Fellow at the Research Group From modern to post-modern city/society: conflicts, continuities and changes (registered in the Brazilian Directory of Research Groups as <i>Da (so)CI(e)DADE moderna à pós-moderna: conflitos, continuidades, mudanças</i>).
2007 - 2007	Teaching Assistant of the course Social Foundations of Architecture and Design.

FEDERAL UNIVERSITY OF SANTA CATARINA, BRAZIL

2003 - 2005	Research Assistant.
2002 - 2003	Field Researcher.
2002 - 2005	Teaching Assistant of the course Brazilian Urbanization.